

MASTER GROCERS AUSTRALIA LIMITED  
A.C.N. 004 063 263  
FINANCIAL RETURN  
FOR THE YEAR ENDED 30 JUNE 2015

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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 2015

|   | NOTE | 2015<br>\$       | 2014<br>Restated<br>\$ |
|---|------|------------------|------------------------|
| Operating Revenue   | 3a   | 2,283,870        | 2,251,880              |
| Cost of sales   |      | (63,054)         | (89,735)               |
|   |      | <hr/>            |                        |
| Gross Profit  |      | 2,220,816        | 2,162,145              |
| Other revenue   | 3b   | 240,906          | 657,423                |
| Net gains on disposal of available-for-sale financial investments             | 4    | 170,132          | 112,417                |
| Training expenses   |      | (393,204)        | (348,720)              |
| Employment law expenses   |      | (58,041)         | (32,795)               |
| Occupancy expenses  |      | (40,854)         | (56,785)               |
| Employee expenses   |      | (1,449,384)      | (1,774,406)            |
| Commercial bill facility expenses   |      | (19,610)         | (21,265)               |
| Administration expenses   |      | (180,008)        | (164,461)              |
| Energy Efficiency Information Program Expenses                                |      | -                | (179,256)              |
| Depreciation and amortisation   |      | (132,026)        | (135,126)              |
| Other expenses  |      | (232,529)        | (221,474)              |
|   |      | <hr/>            |                        |
| Profit (loss) before tax  |      | 126,198          | (2,303)                |
| Income tax expense  | 7    | -                | -                      |
|   |      | <hr/>            |                        |
| <b>Profit (loss) for the year</b>   |      | <b>126,198</b>   | <b>(2,303)</b>         |
| <b>Item that may be reclassified subsequently to profit &amp; loss:</b>       |      |                  |                        |
| Net change in fair value of available-for-sale financial investments          | 9    | (164,440)        | 49,251                 |
|   |      | <hr/>            |                        |
| <b>Other comprehensive income, net of tax</b>                                 |      | <b>(164,440)</b> | <b>49,251</b>          |
|   |      | <hr/>            |                        |
| <b>Total comprehensive income (loss) for the year attributable to members</b> |      | <b>(38,242)</b>  | <b>46,948</b>          |
|   |      | <hr/> <hr/>      |                        |

**MASTER GROCERS AUSTRALIA LIMITED**  
**A.C.N. 004 063 263**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2015**

|  | NOTE | 2015<br>\$       | 2014<br>Restated<br>\$ |
|--|------|------------------|------------------------|
| <b>CURRENT ASSETS</b>                    |      |                  |                        |
| Cash                                     |      | 518,690          | 262,083                |
| Receivables                              | 8    | 277,305          | 318,078                |
| Special purpose projects                 | 14   | -                | 99,064                 |
| <b>Total current assets</b>              |      | <u>795,995</u>   | <u>679,225</u>         |
| <b>NON CURRENT ASSETS</b>                |      |                  |                        |
| Available-for-sale financial investments | 9    | 1,782,778        | 1,871,081              |
| Intangible assets                        | 10   | 4,868            | 7,304                  |
| Property, plant & equipment              | 11   | 1,416,147        | 1,381,757              |
| Training program development             | 12   | 535,483          | 642,571                |
| <b>Total non-current assets</b>          |      | <u>3,739,275</u> | <u>3,902,713</u>       |
| <b>TOTAL ASSETS</b>                      |      | <u>4,535,270</u> | <u>4,581,938</u>       |
| <b>CURRENT LIABILITIES</b>               |      |                  |                        |
| Creditors & borrowings                   | 13   | 518,334          | 560,216                |
| Provisions                               | 15   | 114,494          | 93,102                 |
| <b>Total current liabilities</b>         |      | <u>632,828</u>   | <u>653,318</u>         |
| <b>NON CURRENT LIABILITIES</b>           |      |                  |                        |
| Creditors & borrowings                   | 13   | -                | -                      |
| Provisions                               | 15   | 67,388           | 55,323                 |
| <b>Total non current liabilities</b>     |      | <u>67,388</u>    | <u>55,323</u>          |
| <b>TOTAL LIABILITIES</b>                 |      | <u>700,216</u>   | <u>708,641</u>         |
| <b>NET ASSETS</b>                        |      | <u>3,835,054</u> | <u>3,873,297</u>       |
| <i>Represented by:</i>                   |      |                  |                        |
| <b>MEMBERS' EQUITY</b>                   |      |                  |                        |
| Fair value reserve                       |      | 59,764           | 224,204                |
| Accumulated surplus                      |      | 3,775,290        | 3,649,093              |
| <b>TOTAL MEMBERS' EQUITY</b>             |      | <u>3,835,054</u> | <u>3,873,297</u>       |

**MASTER GROCERS AUSTRALIA LIMITED**  
**A.C.N. 004 063 263**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2015**

|   | <b>Fair value<br/>Reserve<br/>\$</b> | <b>Accumulated<br/>Surplus<br/>\$</b> | <b>Total<br/>\$</b> |
|---|--------------------------------------|---------------------------------------|---------------------|
| <b>Balance at 1st July 2013</b>   | -                                    | 3,651,396                             | 3,651,396           |
| Net effect of change in accounting policy on available-for-sale financial investments | 174,952                              | -                                     | 174,952             |
| <b>Restated Balance at 1st July 2013</b>  | <u>174,952</u>                       | <u>3,651,396</u>                      | <u>3,826,348</u>    |
| <b>Comprehensive income</b>   |                                      |                                       | -                   |
| Profit (loss) for the year  | -                                    | (2,303)                               | (2,303)             |
| Net change in fair value of available-for-sale financial investments                  | 49,251                               | -                                     | 49,251              |
| <b>Total comprehensive income / (loss) for the year</b>                               | <u>49,251</u>                        | <u>(2,303)</u>                        | <u>46,948</u>       |
| <b>Balance at 30th June 2014</b>  | <u>224,204</u>                       | <u>3,649,093</u>                      | <u>3,873,297</u>    |

|  | <b>Fair value<br/>Reserve<br/>\$</b> | <b>Accumulated<br/>Surplus<br/>\$</b> | <b>Total<br/>\$</b> |
|--|--------------------------------------|---------------------------------------|---------------------|
| <b>Balance at 1st July 2014</b>                                      | 224,204                              | 3,649,093                             | 3,873,296           |
| <b>Comprehensive income</b>  |                                      |                                       | -                   |
| Profit (loss) for the year   | -                                    | 126,198                               | 126,198             |
| Net change in fair value of available-for-sale financial investments | (164,440)                            | -                                     | (164,440)           |
| <b>Total comprehensive income / (loss) for the year</b>              | <u>(164,440)</u>                     | <u>126,198</u>                        | <u>(38,242)</u>     |
| <b>Balance at 30th June 2015</b>                                     | <u>59,764</u>                        | <u>3,775,290</u>                      | <u>3,835,054</u>    |

**MASTER GROCERS AUSTRALIA LIMITED**  
**A.C.N. 004 063 263**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

|  | <b>2015</b>        | <b>2014</b>        |
|--|--------------------|--------------------|
|  | <b>\$</b>          | <b>\$</b>          |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                         |                    |                    |
| Receipts from members ( GST inclusive)                             | 2,468,308          | 2,550,533          |
| Government funding (GST inclusive)                                 | 177,501            | 517,384            |
| Dividend & trust Income received                                   | 100,926            | 103,228            |
| Interest received  | 20,843             | 22,085             |
| Rents received (GST inclusive)                                     | 66,479             | 61,720             |
| Sundry Receipts  | 30,513             | 27,423             |
| Payments to suppliers and employees                                | <u>(2,574,472)</u> | <u>(3,451,840)</u> |
| Net cash provided by (used in) operating activities                | <u>290,098</u>     | <u>(169,467)</u>   |
| <b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>                        |                    |                    |
| Proceeds from disposal of available-for-sale financial investments | 1,614,260          | 1,792,256          |
| Proceeds from sale of plant & equipment                            | 582                | -                  |
| Purchase of plant and equipment                                    | (68,068)           | (9,181)            |
| Purchase of available-for-sale investments                         | <u>(1,520,265)</u> | <u>(1,853,823)</u> |
| Net cash provided by (used in) investment activities               | <u>26,509</u>      | <u>(70,748)</u>    |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                         |                    |                    |
| Repayment of borrowings  | <u>(60,000)</u>    | <u>(25,000)</u>    |
| Net cash provided by (used in) financing activities                | <u>(60,000)</u>    | <u>(25,000)</u>    |
| <b>NET INCREASE / (DECREASE) IN CASH HELD</b>                      | <u>256,607</u>     | <u>(265,215)</u>   |
| <b>CASH AS AT START OF FINANCIAL YEAR</b>                          | <u>262,083</u>     | <u>527,298</u>     |
| <b>CASH AS AT END OF FINANCIAL YEAR</b>                            | <u>518,690</u>     | <u>262,083</u>     |

(a) Reconciliation of operating profit after income tax to net cash provided by (used in) operating activities:

|  |                |                  |
|--|----------------|------------------|
| Operating profit after income tax                                | 126,198        | (2,303)          |
| <b>Non-cash flows in operating profit:-</b>                      |                |                  |
| (Profit) on disposal of available-for-sale financial investments | (170,132)      | (112,417)        |
| Loss on disposal of plant & equipment                            | 10,594         | 3,777            |
| Depreciation and amortisation                                    | 132,026        | 135,126          |
| <b>Change in assets and liabilities:</b>                         |                |                  |
| (Increase) / decrease  |                |                  |
| - Trade debtors  | 7,342          | 285,407          |
| - Sundry debtors, prepayments & receivables                      | 33,431         | (54,490)         |
| - Special purpose grants & projects                              | 99,064         | -                |
| (Decrease) / increase  |                |                  |
| - Trade creditors & accruals                                     | 18,118         | (87,788)         |
| - Employee provisions  | 33,458         | 15,130           |
| - Special purpose grants & projects                              | -              | (351,909)        |
| Net cash provided by operating activities                        | <u>290,098</u> | <u>(169,467)</u> |

**MASTER GROCERS AUSTRALIA LIMITED**  
**A.C.N. 004 063 263**  
**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**NOTE 1 STATEMENT OF ACCOUNTING POLICIES**

**A Basis of Preparation**

**Reporting Basis and Conventions**

The financial statements are general purpose financial statements and have been prepared in accordance Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that apply for the accounting period and the Fair Work (Registered Organisation) Act 2009.

Master Grocers Australia Limited is a not-for-profit entity for the purpose of preparing financial statements.. Tier 1 reporting requirements as per the Australian Accounting Standard AASB 1053 Application of Tiers of Australian Accounting Standards have been applied in the preparation of this report as required under the Reporting Guidelines for the purpose of section 253 of the Fair Work (Registered Organisations) Act 2009.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilities that have been measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the 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.

**Significant accounting policies**

Except as described below, the accounting policies set out below have been applied consistently to all periods. In the current year, the Company has adopted the following new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are effective for the current reporting period and relevant to the Company.

**Changes in accounting standards adopted:**

**AASB 139 - Financial Instruments: Recognition and Measurement.** The standards require available-for-sale financial assets to be remeasured at fair value with the difference recognised in equity until the financial asset is derecognised, at which point the cumulative gain or loss will be recognised in the profit or loss.

To comply with the standard, additional disclosure have been made in note 9 and cumulative fair value changes as a separate component in the opening statement of changes in equity.

**AASB 13 - Fair Value Measurement:** AASB 13 does not change the requirements regarding which items should be measured or disclosed at fair value but expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. To comply with the new standard, additional disclosures have been included in note 9.

**AASB 119 - Employee Benefits (revised).** The revised standard changes the distinction between short-term and long-term employee benefits which is now based on whether the benefits are "expected to be settled" wholly within 12 months after the reporting date rather than "due to be settled" within 12 months. The adoption of the standard has no material impact on the financial statements.

**(a) Revenue recognition**

Members' subscriptions or fees are accounted for when invoiced and taken to profit over the period to which they apply.

Revenue in respect of training, workplace agreements and sundry income is accounted for when invoiced.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

**(b) Property, plant and equipment**

Property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses..

**Depreciation**

Items of property improvements, plant and equipment are depreciated using the straight-line method or diminishing value method over their estimated useful lives commencing from date of acquisition.

The estimated useful lives are as follows:-

|                       |               |
|-----------------------|---------------|
| Property Improvements | 40 years      |
| Plant and equipment   | 3 to 25 years |

The residual value, the useful life and the depreciation method applied to an asset is reassessed annually.

**MASTER GROCERS AUSTRALIA LIMITED**  
**A.C.N. 004 063 263**  
**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**NOTE 1 STATEMENT OF ACCOUNTING POLICIES (CONT)**

**(c) Employee entitlements**

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

Long service leave is provided for in respect of employees with more than 5 years service.

**(d) Available-for-sale financial investments**

Available-for-sale assets are those financial assets that are designated as available for sale. When available-for-sale financial investments are recognised initially, they are measured at fair value.

After initial recognition available-for sale financial investments are measured at fair value with gains or losses being recognised in other comprehensive income until the investment is derecognised or until the investment is determined to be impaired, being either a significant or prolonged decline in value below cost, at which time the cumulative gain or loss previously recognised in other comprehensive income is reclassified to the statement of profit or loss and other comprehensive income.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis; and option pricing models.

**(e) Receipt of grant funding**

Grants received are reconciled against the cost of providing services particular to the objective of each grant. The component of funding not yet expensed is shown as a current liability. Grant income is recognised in accordance with the grant offer upon the meeting of performance criteria and is calculated on the basis of the sum of out of pocket expenses incurred in performance of the grant service and the market value of the time (in hours) taken in performance of the grant service.

**(f) Training program development**

Investment in the development of the Compliance Management System training program is carried at cost. This includes an appropriate recovery of internal costs as well as outgoings to external parties.

The useful life of the Compliance Management System training program is considered to be finite. The cost of the program is being amortised equally over ten years.

**B Significant Accounting Judgements, Estimates and Assumptions**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

MASTERS GROCERS AUSTRALIA LIMITED  
A.C.N. 004 063 263  
NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2015

**NOTE 2 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**  
**A.C.N. 004 063 263**  
**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

|  | 2015             | 2014             |
|--|------------------|------------------|
|  | \$               | \$               |
| <b>NOTE 3 REVENUE</b>  |                  |                  |
| (a) Operating revenue  |                  |                  |
| Membership subscriptions   | 1,229,320        | 1,137,282        |
| Corporate partner memberships  | 314,198          | 290,444          |
| Training programs  | 640,231          | 688,652          |
| Workplace relations  | 81,542           | 124,168          |
| Other related income   | 18,579           | 11,334           |
|  | <u>2,283,870</u> | <u>2,251,880</u> |
| (b) Other revenue  |                  |                  |
| Interest   | 20,843           | 22,085           |
| Dividends  | 93,604           | 91,142           |
| Trust distributions  | 7,322            | 12,086           |
| Rental income  | 60,513           | 56,187           |
| Commissions  | 28,624           | 24,930           |
| Donations  | 30,000           | -                |
| Energy Efficiency Information Program grant                              | -                | 450,993          |
| Recovery of unclaimed monies   | -                | -                |
| Recovery of wages  | -                | -                |
| Other income   | -                | -                |
|  | <u>240,906</u>   | <u>657,423</u>   |
| <b>NOTE 4 NET GAINS FROM AVAILABLE-FOR-SALE FINANCIAL INVESTMENTS</b>    |                  |                  |
| Proceeds from available-for-sale financial investments                   | 1,614,260        | 1,792,256        |
| Carrying amount of available-for-sale financial investments sold         | 1,444,128        | 1,679,839        |
|  | <u>170,132</u>   | <u>112,417</u>   |
| <b>NOTE 5 EXPENSES</b>   |                  |                  |
| <b>Profit (loss) before tax includes the following specific expenses</b> |                  |                  |
| Auditors' remuneration   |                  |                  |
| - Audit of the accounts  | 10,300           | 9,000            |
| - Other services   | 2,300            | 3,100            |
| Bad debts  | 504              | 8,820            |
| Depreciation   | 22,502           | 25,603           |
| Amortisation   | 109,524          | 109,523          |
| Annual fee for affiliation with:   |                  |                  |
| - Political parties  | 345              | 345              |
| - A.L.S.A.   | 1,125            | 16,425           |
| Council of Small Business Association                                    | 7,000            | 7,000            |
| Donations  | -                | -                |
| Legal cost   | -                | -                |
| Penalties - via RO Act   | -                | -                |
| Fees/allowances - meeting and conferences                                | 24,000           | 24,000           |
| Employee expenses  |                  |                  |
| <i>Holders of Office:</i>  |                  |                  |
| - Wages and salaries   | 73,226           | 75,972           |
| - Superannuation   | 6,957            | 7,028            |
| - Separation and redundancies  | -                | -                |
| - Transfers to provisions for annual leave                               | 11,270           | 5,634            |
| - Transfers to provisions for long service leave                         | -                | -                |
| <i>Employees other than Holders of Office:</i>                           |                  |                  |
| - Wages and salaries   | 1,142,096        | 1,407,287        |
| - Superannuation   | 109,830          | 134,293          |
| - Separation and redundancies  | 12,566           | 41,463           |
| - Transfers to provisions for annual leave                               | 10,121           | 21,238           |
| - Transfers to provisions for long service leave                         | 12,066           | (11,742)         |
| - Other employee expenses  | 71,252           | 93,234           |
| <b>Total employee expenses</b>   | <u>1,449,384</u> | <u>1,774,406</u> |

MASTER GROCERS AUSTRALIA LIMITED  
A.C.N. 004 063 263  
NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2015

|  | 2,015 | 2014 |
|--|-------|------|
|  | \$    | \$   |
| <b>NOTE 6 DIVIDENDS POLICY</b>   |       |      |
| 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 date of 18th July 2003

**NOTE 8 RECEIVABLES**

*Current*

|                                     |                |                |
|-------------------------------------|----------------|----------------|
| Trade debtors                       | 248,990        | 256,332        |
| Less: Allowance for impairment loss | -              | -              |
| Accrued income                      | 7,500          | 32,681         |
| Sundry debtors & prepayments        | 20,815         | 29,065         |
|                                     | <u>277,305</u> | <u>318,078</u> |

*Non Current*

|  |          |          |
|--|----------|----------|
|  | <u>-</u> | <u>-</u> |
|--|----------|----------|

**Allowance for Impairment Loss**

Trade debtors are non-interest bearing and are generally on 30 days term. A provision for impairment is recognised when there is objective evidence that an individual trade debtor is impaired.

At 30 June, the aging analysis of trade debtors and other debtors is as follows:-

|                                 |                |                |
|---------------------------------|----------------|----------------|
| 0-30 days                       | 228,857        | 291,399        |
| 31-60 days                      | -              | 19,980         |
| 61-90 days                      | 27,756         | 5,354          |
| 91+ days, past due not impaired | 20,693         | 1,345          |
| 91+ days, considered impaired   | -              | -              |
|                                 | <u>277,305</u> | <u>318,078</u> |

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

**NOTE 9 AVAILABLE-FOR-SALE FINANCIAL INVESTMENTS**

*Non Current*

|   |                  |                  |
|---|------------------|------------------|
| Shares at fair value                    | 1,613,157        | 1,698,131        |
| Fixed interest securities at fair value | 169,621          | 172,950          |
|   | <u>1,782,778</u> | <u>1,871,081</u> |

*Movement in available-for-sale financial investments*

|                      |                  |                  |
|----------------------|------------------|------------------|
| Balance at 1 July    | 1,871,081        | 1,647,846        |
| Purchases            | 1,520,265        | 1,853,923        |
| Disposals at cost    | (1,444,128)      | (1,679,839)      |
| Change in fair value | (164,440)        | 49,151           |
| Balance at 30 June   | <u>1,782,778</u> | <u>1,871,081</u> |

There are three possible valuation methods (or 'levels') for financial instruments that are measured at fair value. Those different levels are as follows:-

- Level 1: quoted prices in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The company's only financial instruments that are measured at fair value are available-for-sale financial assets. The current available-for-sale financial assets, being ASX listed securities, are categorised as Level 1 financial assets as they are valued at quoted market prices.

**MASTER GROCERS AUSTRALIA LIMITED**  
**A.C.N. 004 063 263**  
**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

|                                  | 2,015    | 2014     |
|----------------------------------|----------|----------|
|                                  | \$       | \$       |
| <b>NOTE 10 INTANGIBLE ASSETS</b> |          |          |
| Corporate branding               | 24,350   | 24,350   |
| Less: accumulated amortisation   | (19,482) | (17,046) |
|                                  | 4,868    | 7,304    |

**NOTE 11 PROPERTY, PLANT AND EQUIPMENT**

|                                | Property  | Property<br>Improvement | Plant &<br>Equipment | Total     |
|--------------------------------|-----------|-------------------------|----------------------|-----------|
|                                | \$        | \$                      | \$                   | \$        |
| <b>At 1 July 2013</b>          |           |                         |                      |           |
| Cost                           | 1,219,562 | 129,150                 | 258,771              | 1,607,483 |
| Accumulated depreciation       | -         | (15,100)                | (190,428)            | (205,528) |
| Net book value                 | 1,219,562 | 114,050                 | 68,343               | 1,401,955 |
| <b>Year ended 30 June 2014</b> |           |                         |                      |           |
| Opening net book value         | 1,219,562 | 114,050                 | 68,343               | 1,401,955 |
| Additions                      | -         | -                       | 9,182                | 9,182     |
| Disposals                      | -         | -                       | (3,777)              | (3,777)   |
| Depreciation                   | -         | (3,229)                 | (22,374)             | (25,603)  |
| Closing net book value         | 1,219,562 | 110,821                 | 51,374               | 1,381,757 |
| <b>At 30 June 2014</b>         |           |                         |                      |           |
| Cost                           | 1,219,562 | 129,150                 | 249,967              | 1,598,678 |
| Accumulated depreciation       | -         | (18,329)                | (198,593)            | (216,922) |
| Net book value                 | 1,219,562 | 110,821                 | 51,374               | 1,381,757 |
| <b>Year ended 30 June 2015</b> |           |                         |                      |           |
| Opening net book value         | 1,219,562 | 110,821                 | 51,374               | 1,381,757 |
| Additions                      | -         | 49,973                  | 18,095               | 68,068    |
| Disposals                      | -         | -                       | (11,176)             | (11,176)  |
| Depreciation                   | -         | (3,468)                 | (19,034)             | (22,502)  |
| Closing net book value         | 1,219,562 | 157,326                 | 39,259               | 1,416,147 |
| <b>At 30 June 2015</b>         |           |                         |                      |           |
| Cost                           | 1,219,562 | 179,123                 | 224,151              | 1,622,836 |
| Accumulated depreciation       | -         | (21,797)                | (184,892)            | (206,689) |
| Net book value                 | 1,219,562 | 157,326                 | 39,259               | 1,416,147 |

The properties comprising of suites 4, 5 & 9 at 1 Milton Pde, Malvern were valued independently as at 6 September 2007 by Antony Coady & Associates Pty Ltd at a market value of \$2,005,000.

|   | 2015      | 2014      |
|---|-----------|-----------|
|   | \$        | \$        |
| <b>NOTE 12 TRAINING PROGRAMME DEVELOPMENT</b> |           |           |
| Balance at 1st July                           | 642,571   | 749,659   |
| Less:   |           |           |
| - Amortisation charge for the year            | (107,088) | (107,088) |
| Balance at 30th June                          | 535,483   | 642,571   |

**MASTER GROCERS AUSTRALIA LIMITED**  
**A.C.N. 004 063 263**  
**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

|  | <b>2015</b>    | <b>2014</b>    |
|--|----------------|----------------|
|  | <b>\$</b>      | <b>\$</b>      |
| <b>NOTE 13 CREDITORS AND BORROWINGS</b>                  |                |                |
| <i>Current</i>   |                |                |
| Trade creditors  | 46,207         | 38,681         |
| Sundry creditors & accruals                              | 108,910        | 108,122        |
| Subscriptions in advance                                 | 73,217         | 63,413         |
| Commercial bills - ANZ Bank                              | 290,000        | 350,000        |
|  | <u>518,334</u> | <u>560,216</u> |
| <br><i>Non Current</i>                                   |                |                |
| Commercial bills - ANZ Bank                              | -              | -              |
|  | -              | -              |
| <br><b>NOTE 14 SPECIAL PURPOSE PROJECTS</b>              |                |                |
| <i>Energy efficiency information program (EEIP):</i>     |                |                |
| Balance at 1st July                                      | (99,064)       | 252,845        |
| Progress billings  | 99,064         | 99,084         |
|  | -              | 351,929        |
| <br><i>Less:</i>   |                |                |
| - Revenue recognised during the year                     | -              | (450,993)      |
| EEIP (receivable) at 30th June                           | -              | (99,064)       |
|  | -              | (99,064)       |
| <br><b>NOTE 15 PROVISIONS</b>                            |                |                |
| <b>Employee provisions</b>                               |                |                |
| <br><b>Office holders:</b>                               |                |                |
| Annual leave   | 11,270         | 5,634          |
| Long service leave                                       | -              | -              |
| Separations and redundancies                             | -              | -              |
| Other  | -              | -              |
| <b>Employee provisions - office holders</b>              | <u>11,270</u>  | <u>5,634</u>   |
| <br><b>Employees other than office holders</b>           |                |                |
| Annual leave   | 103,224        | 87,468         |
| Long service leave                                       | 67,389         | 55,323         |
| Separations and redundancies                             | -              | -              |
| Other  | -              | -              |
| <b>Employee provisions - other than office holders</b>   | <u>170,613</u> | <u>142,790</u> |
| <br><i>Current</i>                                       |                |                |
| Employee entitlements - provision for annual leave       | 114,494        | 93,102         |
| Employee entitlements - provision for long service leave | -              | -              |
|  | <u>114,494</u> | <u>93,102</u>  |
| <br><i>Non Current</i>                                   |                |                |
| Employee entitlements - provision for annual leave       | -              | -              |
| Employee entitlements - provision for long service leave | 67,389         | 55,323         |
|  | <u>67,389</u>  | <u>55,323</u>  |

**MASTER GROCERS AUSTRALIA LIMITED**  
**A.C.N. 004 063 263**  
**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

|   | <b>2015</b>    | <b>2014</b>    |
|---|----------------|----------------|
|   | <b>\$</b>      | <b>\$</b>      |
| <b>NOTE 16 RELATED PARTY TRANSACTIONS</b>   |                |                |
| <b>(a) Key management personnel compensation</b>  |                |                |
| Short term employee benefits  | 351,560        | 365,793        |
| Post employment benefits  | 31,629         | 31,980         |
| Other long term employee benefits   | 3,912          | 4,078          |
| Termination benefits  | -              | -              |
| Share based payments  | -              | -              |
| <b>Total</b>  | <b>387,101</b> | <b>401,851</b> |
| <b>(b) Other related party transactions</b>   |                |                |
| <b>(i) Payment of promotion expenses to a company owned by Ms J Dixon</b>   |                |                |
| - Giddyup Marketing   | -              | 9,018          |
| <b>(ii) Travel cost paid or reimbursed to officeholders</b>   |                |                |
| Rodney Allen (President)  | 3,265          | 1,439          |
| Stephen Miller  | 1,116          | 1,072          |
| Michael Daly  | 2,270          | 2,375          |
| Deborah Smith   | 3,320          | 3,897          |
| Andrew Bray   | 3,583          | 2,747          |
| Christopher Dos Santos  | 3,005          | 3,361          |
| Gino Divitini   | 3,659          | 5,516          |
| Grant Hinchcliffe   | 4,299          | 3,871          |
|   | <b>24,517</b>  | <b>24,278</b>  |
| <b>(iii) Committee meeting attendance fees paid directly or indirectly to officeholders who are not employees</b> |                |                |
|   | 24,000         | 24,000         |

**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 2015, there were 2,444 members, 24 associate members and 25 corporate members.

**NOTE 18 CONTINGENCIES**

There are no contingent assets or liabilities as at 30 June 2015 ( 2014: Nil)

**NOTE 19 CAPITAL EXPENDITURE COMMITMENTS**

There are no material capital expenditure commitments as at 30 June 2015. (2014: Nil)

**NOTE 20 RECOVERY OF WAGE ACTIVITY**

The Company has not undertaken any wage recovery activity.

**NOTE 21 ECONOMIC DEPENDENCY**

There is no economic dependency on another reporting unit.


**MASTER GROCERS AUSTRALIA LIMITED**  
**A.C.N. 004 063 263**  
**COMMITTEE OF MANAGEMENT STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

On the *26* of October, 2015, the Committee of Management of Master Grocers Australia 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 2015:

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 issued by the General Manager of Fair Work Commission (FWC);
- (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) the information sought in any request of a member of the reporting unit or the General Manager of FWC duly made under section 272 of the Fair Work (Registered Organisations) Act 2009 has been furnished to the member or General Manager of FWC; and
  - (v) No orders have been made by FWC under section 273 of the Fair Work (Registered Organisations) Act 2009 during the period.

For the Committee of Management:

  
\_\_\_\_\_  
Rodney Allen

Title of Office held:

President

DATED this *26* day of *October* 2015.

**MASTER GROCERS AUSTRALIA LIMITED**  
**A.C.N. 004 063 263**  
**OPERATING REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

The Directors of Master Grocers Australia Limited present their report to the members on the results of the Company for the financial year ended 30 June 2015 and on the state of affairs of the Company as at that date.

The following Directors of Master Grocers Australia Limited held office during the financial year and, unless noted, until the date of this report:

|                |                |                        |          |
|----------------|----------------|------------------------|----------|
| Rodney Allen   | President      | Christopher Dos Santos | Director |
| Stephen Miller | Vice President | Gino Divitini          | Director |
| Michael Daly   | Director       | Grant Hinchcliffe      | Director |
| Deborah Smith  | Director       |                        |          |
| Andrew Bray    | Director       |                        |          |

**PRINCIPAL ACTIVITIES**

Master Grocers Australia Limited (MGA) is a national Industry Employer Association providing independent retail food and liquor stores with services and support within its 5 core pillar areas of Workplace Relations, Training and Compliance, Industry Representation, Energy Efficiency Programs, Industry Community and to protect the status and best interests of its members.

MGA has its own Consent Awards negotiated with the trade unions on behalf of its members. MGA publishes 8 editions of its Independent Retailer magazine each year, provides a fortnightly E Checkout bulletin and conducts seminars, forums and workshops for its members. MGA also provides a suite of face to face and Online Compliance Training programs for its members and a widespread series of valuable store assistance programs presented at a store level.

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

**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 there were 2,444 members, 24 associate members and 25 corporate members.

**NUMBER OF EMPLOYEES**

As at year end, the number of employees was 9 Part Time and 10 Full Time

MASTER GROCERS AUSTRALIA LIMITED  
A.C.N. 004 063 263  
OPERATING REPORT  
FOR THE YEAR ENDED 30 JUNE 2015

## REVIEW OF OPERATIONS

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

Retailer membership continues to grow in all states. Additional Mitre 10 Hardware stores joined as Associate Members.

As per last financial year, the 2015 financial year has again provided many challenging circumstances for our industry including the ongoing challenges associated with the increased market power, dominance and competition of Coles and Woolworths, a less than confident consumer, increased competition from German discounter, ALDI and a generally weak retail economy. Minister for Small Business and Competition matters, Hon Bruce Billson MP, embarked upon his promise to conduct a "Root and Branch" review of the Competition and Consumer Act. A review that would look at the fitness for purpose of these laws and their relevance in building laws that drive the economy into the 21st Century. Professor Ian Harper was appointed and led an imminent Competition Policy Review Panel. MGA and its members worked very closely with the panel, attending various meetings around Australia, responding to two requests from the Panel to make comments to their background papers with 2 in depth submissions advocating to amend section 46 - misuse of market power with the introduction of an effects test, opposing any deregulation of trading hours, allowing supermarkets to apply for packaged liquor licenses in Qld, Tas and SA and introducing fair competition considerations into local planning laws. The Final Harper report was released 31st March 2015. MGA also conducted extensive focus group, qualitative and quantitative research around Australia to determine the consumers attitude towards the Market dominance of Coles and Woolworths. The insights were compelling and clearly indicated that a strengthening of Competition Laws is required as soon as possible. This research report was released at MGA's Perth Business Breakfast on 31st March 2015 to coincide with the ACCC Chairman, Rod Sims first MGA public address in WA.

Similar to the last financial year, despite economic adversity (Red Tape, wages increases) and an increase in competition from the chains, Costco and Aldi, our members continue to trade vigorously albeit less profitably.

Despite the less than robust trading conditions, independent supermarket and liquor store owners continue to explore minor improvements in their business and the development of a point of difference to attract customers to their stores. Our industry continues to change with many new store owners entering our industry, particularly from overseas.

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

Despite the Federal and State Governments withdrawing substantial funding support from the retail sector MGA's Board remains committed to providing members with a comprehensive training offer that allows choice and variety. Further work is being done to explore the growth in online training products.

The Legal and HR team is a core pillar of support and service that our members rely upon. The team has again had a very busy year activities, addressing the National Wage review, writing up many State and Federal submissions - tobacco, liquor, unfair contracts, Franchise Code and opposing the deregulation of trading hours in Qld to name a few.

The Training Team, for the second year in a row, has undergone some personnel cut backs as a consequence of Federal and State Government training incentives being removed or substantially lessened.

Training is a key driver for the independent retail sector to compete and meet the ever increasing business challenges they face everyday. Training is also vital for future business growth and succession planning.

Considerable resources has been allocated to ongoing improvement of the Workplace Health and Safety System (WH&S) MGA is the Author of the WH&S system and ICON Global is the on line platform developer and provider. The WH&S system will enable stores, upon implementation, to substantially reduce risk and compliance breaches. MGA continues to deliver On Line training for Food Safety, Responsible Service of Alcohol and WH&S modules

Industry representation and advocacy on behalf of members increased significantly this year. Visits to Canberra particularly increased to lobby for a change in Competition Laws

For the second year the highlight for the MGA and the Board was the industry business breakfast on the 14th June, held in Barton, Canberra followed by the board meeting being held in a Senate Committee meeting room Parliament House. Guests and Speakers at the breakfast included Minister for Small Business and Competition Matters, Bruce Billson Shadow Small Bus Minister, Bernie Rippoll, Greens Senator, Peter Whish Wilson and Senator Nick Xenophon MGA is the peak national industry employer body in Australia for independent supermarkets and liquor stores.

MGA's presence and profile has increased significantly with the increased engagement with state and federal politicians and its fight against unfair competition. MGA has achieved significant media (TV, print & radio) exposure as a consequence. Over the past 12 months MGA and LRA has successfully faced many challenges and embraced many opportunities on behalf of its members around Australia.



**MASTER GROCERS AUSTRALIA LIMITED**  
**A.C.N. 004 063 263**  
**OPERATING REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**The Year in Review**

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

- Membership continues to grow modestly in all states as well as an additional 15 Mitre 10 stores becoming Associate Members. Corporate membership has continued to play a vital support role for MGA - NAB, LION and BATA continue to show strong support
- The profile of MGA as a Peak industry organisation continues to lift, with State and Federal government representatives and the media seeking MGA's comments and insights into industry matters.
- The two thorough and in depth submissions lodged with the Harper Competition Policy review panel were significant. MGA was able to demonstrate its expertise in Competition Law reform as well highlight compelling reasons to amend and strengthen competition laws and to promote the protection for the competitive process.
- MGA's Legal and HR service and support continues to be well recognised for its excellent service.
- MGA's Legal and HR team continued to make numerous submissions to the FWC with respect to minimising wage increases whilst also teaming up with other industry organisations to advocate for a reduction of Sunday penalty rates. MGA also opposed additional Public Holidays as well as continuous SDA applications concerning adult wage rates for juniors, employers to pay staff car parking and casuals with 12 months service becoming permanent employees.
- The Legal and HR team have again been heavily engaged with the increase in deregulation of trading hours hearings in Qld
- MGA / LRA's Website has been significantly improved with member access and functionality simplified.
- MGA's communication mediums include the Independent Retailer magazine, fortnightly E Checkouts and the website. All mediums have significantly improved and been well received by members in all states.
- MGA's and LRA's industry events in each state have been very well received. Guest Speakers continue to attract members and have included Federal and State Ministers, Senior Bureaucrats and industry leaders. Significant events have included industry breakfasts, golf days and the very successful GALA Industry Ball held in August each year.
- LRA's Committee has been working with much enthusiasm and vigour toward achieving fair and sustainable outcomes for Packaged Liquor License members in Victoria, ACT and NSW. MGA/LRA's focus is to grow its membership of "stand alone" liquor retailers in each state. LRA continues to engage with Qld and SA governments in regard to liquor licenses for members. This work will continue.
- MGA Retailer forums, workshops, visits to stores, and industry committees have been well supported and attended.
- MGA's attendance at industry events and functions, such as the SPAR, FoodWorks Conference/Expo, Metcash Expo, IGA State conferences, FoodWorks and IGA Regional meetings around Australia, have been very well received by members.
- MGA continues to make many submissions to, and attended many hearings with, State and Federal government departments.
- Strong and sustainable partnerships continue to grow with key industry stakeholders such as Metcash, IGA, FoodWorks, Foodland, SPAR, Australian Liquor Marketers, Liquor Marketing Group, various industry service and product suppliers and State and Federal government politicians and bureaucrats.
- MGA's training offer has dramatically changed over the past 12 months owing to Government funding cut backs. Owing to these cuts MGA was forced to reassess its approach to providing sustainable training support to members by outsourcing its RTO administration to RTO Logic and its sales function to ICON Global. This resulted in MGA farewelling long serving employees, Chrissie Groat and Karley Jollands. MGA's online training offer has had a strong uptake and is gaining momentum, particularly Food Safety and RSA
- MGA, together with ICON Global, has developed a state of the art industry Workplace Health and Safety system for members to better manage risk. This system is being sold to members as a vital industry solution.
- Membership services continues to expand and improve. Master Grocers Insurance Services continues to gain traction.
- MGA continues to consolidate its membership base in SA, NT, TAS, WA, VIC, QLD, the ACT and NSW.

**MASTER GROCERS AUSTRALIA LIMITED**  
**A.C.N. 004 063 263**  
**OPERATING REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**SIGNIFICANT CHANGES**

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

As at year end, the number of employees were 9 Part Time and 10 Full Time.

**EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**

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

- (i) the operations of the Company;
- (ii) the results of those operations, or
- (iii) the state of affairs of the Company, in the financial year subsequent to 30th June, 2015.

**LIKELY DEVELOPMENTS**

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

**SUPERANNUATION TRUSTEES**

There is no superannuation trustee for the reporting unit.

MASTER GROCERS AUSTRALIA LIMITED  
A.C.N. 004 063 263  
OPERATING REPORT  
FOR THE YEAR ENDED 30 JUNE 2015

**MEMBERSHIP OF THE COMMITTEE OF MANAGEMENT**

The membership of the Committee of Management during the year ended 30th June 2015 is as follows:

| <b>Name</b>             | <b>Position</b> | <b>Period Held</b>         |
|-------------------------|-----------------|----------------------------|
| ALLEN, Rodney           | President       | 1 July 2014 - 30 June 2015 |
| MILLER, Stephen         | Vice President  | 1 July 2014 - 30 June 2015 |
| BRAY, Andrew            | Director        | 1 July 2014 - 30 June 2015 |
| DALY, Michael           | Director        | 1 July 2014 - 30 June 2015 |
| DIVITINI, Gino          | Director        | 1 July 2014 - 30 June 2015 |
| DOS SANTOS, Christopher | Director        | 1 July 2014 - 30 June 2015 |
| HINCHCLIFFE, Grant      | Director        | 1 July 2014 - 30 June 2015 |
| SMITH, Deborah          | Director        | 1 July 2014 - 30 June 2015 |

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

DATED this *26* day of *October* 2015



Rodney Allen, Director



Stephen Miller, Director

**MASTERS GROCERS AUSTRALIA LIMITED  
A.C.N. 004 063 263  
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 2015,  
I declare that, to the best of my knowledge and belief, during the year ended 30 June 2015 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.

DATED this *26* day of *October* 2015

**COBAIN & LIM PTY LTD**  
Chartered Accountants



**N A COBAIN**  
Registered Company Auditor Number: 10612

211 / 566 St. Kilda Rd  
MELBOURNE VIC 3004

**MASTER GROCERS AUSTRALIA LIMITED**  
**A.C.N. 004 063 263**  
**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF MASTER GROCERS AUSTRALIA LIMITED**

**Scope**

We have audited the accounts, being the statement by members of the committee, statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes to and forming part of the accounts of Master Grocers Australia Limited for the year ended 30th June 2015

**Committee of Management's Responsibility for the Financial Report**

The committee of management of Master Grocers Australia Limited are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Fair Work (Registered Organisations) Act 2009, and for such internal control as the committee determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the association's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee, as well as evaluating the overall presentation of the financial report.

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

**Auditor's Independence Declaration**

In conducting our audit, we have complied with the independence requirements of the Australian professional ethical pronouncements.

**Auditor's Opinion**

In our opinion, the financial report of Master Grocers Australia Limited is in accordance with the Fair Work (Registered Organisations) Act 2009, including:

- (i) giving a true and fair view of its financial position as at 30th June 2015 and its financial performance and its cash flows for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and reporting requirements as required by the Fair Work (Registered Organisations ) Act 2009.

MASTER GROCERS AUSTRALIA LIMITED  
A.C.N. 004 083 263  
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MASTER GROCERS AUSTRALIA LIMITED

**Approved Auditor**


We meet the definition of the approved auditor in Regulation 4 of the Fair Work (Registered Organisations) Regulation 2009

**Going Concern**

As part of the audit of the financial statements, we have concluded that management's use of the going concern basis of accounting in the preparation of the association's financial statements is appropriate.

DATED this *26* day of *October* 2015

**COBAIN & LIM PTY LTD**  
Chartered Accountants



**N A COBAIN**  
Registered Company Auditor Number: 10612

211 / 566 St. Kilda Rd  
MELBOURNE VIC 3004