



FAIR WORK  
AUSTRALIA

17 December 2011

Mr Rodney Allen  
President  
Master Grocers Australia Limited

email: [andy@iandm.com.au](mailto:andy@iandm.com.au)

Dear Mr Allen

**Re: Financial Report for the Master Grocers Australia Limited for year ended 30 June 2011 – FR2011/2803**

I acknowledge receipt of the financial report for the Master Grocers Australia Limited (the MGAL) for the year ended 30 June 2011. The report was lodged with Fair Work Australia on 28 November 2011.

The financial report has now been filed.

I make the following comments to assist you when you next prepare a financial report. You are not required to take any further action in respect of the report lodged.

### **Audit Report**

#### Scope of Audit Report

Paragraph 27 of Australian Auditing Standard 700 (ASA 700) requires the introductory paragraph of an auditor's report to identify the title of each of the financial statements that comprise the financial report and to refer to the summary of significant accounting policies, other explanatory notes and the Committee of Management statement.

The introductory paragraph of the Audit Report excludes reference to the Committee of Management Statement. Future Audit Reports are required to include, in its scope, reference to the Committee of Management Statement.

### **Distribution of the full report to members**

Section 265(5) of the Fair Work (Registered Organisations) Act 2009 required a reporting unit to distribute the full report to members 21 days prior to a general meeting of members to consider the reports. In this instance the full report was distributed to members 20 days prior to the general meeting and I also note rule 13.2 249F(1). Could the MGAL ensure that if the full report is referred to a general meeting of members that it is distributed to members 21 days prior to the general meeting.

If you wish to discuss any of the matters referred to above I can be contacted on (03) 8661 7764.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Kevin Donnellan', with a long horizontal flourish extending to the right.

Kevin Donnellan

Organisations, Research and Advice

Fair Work Australia

Email: [kevin.donnellan@fwa.gov.au](mailto:kevin.donnellan@fwa.gov.au)

**MASTER GROCERS AUSTRALIA LIMITED  
A.C.N. 004 063 263**

**FINANCIAL RETURN  
FOR THE YEAR ENDED 30 JUNE 2011**

**I N D E X**

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**MASTER GROCERS AUSTRALIA LIMITED**  
**A.C.N. 004 063 263**

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2011**

	NOTE	2011 \$	2010 \$
Operating Revenue	4	1,621,489	1,116,637
Cost of Sales		(78,855)	(66,334)
Gross Profit		1,542,634	1,050,302
Other Revenues	4	238,230	409,764
National Development Expenses		(6,970)	(16,876)
Training Expenses		(166,163)	(76,477)
Employment Law Expenses		(19,998)	(92,846)
Occupancy Expenses		(48,525)	(41,298)
Employee Expenses		(1,112,248)	(893,880)
Commercial Bill Facility Expenses		(48,342)	(43,205)
Administration Expenses		(248,941)	(207,784)
Depreciation and Amortisation Expense		(125,409)	(20,887)
Other Expenses from Ordinary Activities		(155,777)	(113,665)
Proceeds from Sale of Investments	5	653,848	606,542
Carrying Amount of Investments Sold	5	(634,544)	(555,384)
Profit / (Loss) from Ordinary Activities before Income Tax		(132,205)	4,307
Income Tax Expense	7	-	-
<b>Profit / (Loss) attributable to Members</b>		<b>(132,205)</b>	<b>4,307</b>

The accompanying notes form part of these accounts

**MASTER GROCERS AUSTRALIA LIMITED**  
**A.C.N. 004 063 263**

**BALANCE SHEET**  
**AS AT 30 JUNE 2011**

	NOTE	2011 \$	2010 \$
<b>CURRENT ASSETS</b>			
Cash		133,620	185,724
Receivables	8	411,355	111,338
<b>Total Current Assets</b>		<b>544,975</b>	<b>297,062</b>
<b>NON CURRENT ASSETS</b>			
Investments	9	1,605,251	1,717,455
Property, Plant & Equipment	10	1,386,994	1,340,342
Intangible Assets	11	14,610	17,045
Training Programme Development	12	963,844	1,109,937
<b>Total Non Current Assets</b>		<b>3,970,699</b>	<b>4,184,778</b>
<b>TOTAL ASSETS</b>		<b>4,515,674</b>	<b>4,481,841</b>
<b>CURRENT LIABILITIES</b>			
Creditors & Borrowings	13	538,703	368,684
Provisions	14	74,122	53,373
Special Purpose Projects	15	-	24,730
<b>Total Current Liabilities</b>		<b>612,825</b>	<b>446,787</b>
<b>NON CURRENT LIABILITIES</b>			
Creditors & Borrowings	13	594,000	594,000
<b>Total Non Current Liabilities</b>		<b>594,000</b>	<b>594,000</b>
<b>TOTAL LIABILITIES</b>		<b>1,206,825</b>	<b>1,040,787</b>
<b>NET ASSETS</b>		<b>3,308,849</b>	<b>3,441,054</b>
<i>Represented by:</i>			
<b>MEMBERS' EQUITY</b>			
Accumulated Surplus		3,308,849	3,441,054
<b>TOTAL MEMBERS' EQUITY</b>		<b>3,308,849</b>	<b>3,441,054</b>

The accompanying notes form part of these accounts

**MASTER GROCERS AUSTRALIA LIMITED**  
**A.C.N. 004 063 263**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Equity at the beginning of the financial year	3,441,054	3,436,747
Profit / (Loss) attributable to Members	(132,205)	4,307
<b>Equity at the end of the financial year</b>	<u>3,308,849</u>	<u>3,441,054</u>

The accompanying notes form part of these accounts

**MASTER GROCERS AUSTRALIA LIMITED**  
A.C.N. 004 063 263

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Receipts from members ( GST inclusive)	1,469,989	1,041,281
Government funding (GST inclusive)	221,858	255,555
Dividend & trust Income received	91,129	123,279
Interest received	8,391	14,463
Rents received (GST inclusive)	70,352	62,323
Sundry Receipts	77,969	79,116
Surplus from absorption of LSAV business operations	-	150,900
Payments to suppliers and employees	<u>(2,060,767)</u>	<u>(1,946,587)</u>
Net Cash Provided by (used in) Operating Activities	<u>(121,079)</u>	<u>(219,670)</u>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Proceeds from sale of investments	653,848	606,542
Proceeds from sale of plant & equipment		
Payments for plant and equipment	(62,533)	(12,285)
Payments for investments	<u>(522,340)</u>	<u>(439,049)</u>
Net Cash Provided by (used in) Investment Activities	<u>68,975</u>	<u>155,208</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	-	-
Repayment of borrowings	-	(17,000)
Net Cash Provided by (used in) Financing Activities	<u>-</u>	<u>(17,000)</u>
<b>NET INCREASE / (DECREASE) IN CASH HELD</b>	<u>(52,104)</u>	<u>(81,462)</u>
<b>CASH AS AT START OF FINANCIAL YEAR</b>	<u>185,724</u>	<u>267,186</u>
<b>CASH AS AT END OF FINANCIAL YEAR</b>	<u>133,620</u>	<u>185,724</u>
 (a) Reconciliation of Operating Profit after income tax to net cash provided by (used in) operating activities:		
Operating Profit / (Loss) after income tax	(132,205)	4,307
<b>Non-cash flows in operating profit:-</b>		
(Profit) / Loss on sale of investments	(19,304)	(51,158)
(Profit) / Loss on sale of plant & equipment		
Depreciation and amortisation	125,409	20,887
<b>Change in assets and liabilities:</b>		
(Increase) / Decrease		
- Trade debtors	(288,159)	12,442
- Sundry debtors, prepayments & receivables	(11,857)	32,035
- Training strategy	39,000	(455,252)
(Decrease) / Increase		
- Trade creditors & accruals	170,019	243,687
- Employee provisions	20,748	8,232
- Special purpose grants & projects	(24,730)	(34,850)
Net cash provided by operating activities	<u>(121,079)</u>	<u>(219,670)</u>

NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2011

**NOTE 1 STATEMENT OF ACCOUNTING POLICIES**

The financial statements are a general purpose financial report (GPFR) that has been prepared in accordance with applicable Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views), the *Fair Work (Registered Organisations) Act 2009*, and the *financial reporting guidelines issued* by the General Manager of Fair Work Australia. Accounting standards include Australian equivalents to International Financial Reporting Standards.

The financial statements have been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair value of the consideration given in exchange for assets. The accounting policies have been consistently applied unless otherwise stated.

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

**(a) Revenue recognition**

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

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

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

**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.

**(d) 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.

**(f) Training Programme Development**

Investment in the development of the Compliance Management System training programme 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 programme is considered to be finite. The cost of the programme is being amortised equally over ten years commencing from the current financial year.



**MASTER GROCERS AUSTRALIA LIMITED**  
**A.C.N. 004 063 263**

**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**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.

**NOTE 3 DIRECTORS EMOLUMENTS**

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

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
(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	65,000	65,000
- Adjustment of Prior Year Fees	-	-
	65,000	65,000

**MASTER GROCERS AUSTRALIA LIMITED**  
A.C.N. 004 063 263

**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 4 REVENUE FROM ORDINARY ACTIVITIES</b>		
Operating Revenue		
Membership Subscriptions	779,626	572,634
Corporate Partner Memberships	251,111	107,081
Training Programmes	528,988	169,038
MGA Agreement and Fees for Service	47,007	150,457
Magazine Income	5,097	97,061
Other related income	9,660	20,366
	<b>1,621,489</b>	<b>1,116,637</b>
Other Operating Revenue		
Interest	8,101	13,468
Dividends	87,859	108,744
Trust Distributions	3,037	4,928
Rental income	66,082	56,657
Commissions	20,434	13,797
Project Cost Recoveries	24,730	31,850
Surplus from absorption of LSAV Business Operations	-	150,900
Other Income	27,987	29,420
	<b>238,230</b>	<b>409,764</b>

**NOTE 5 PROFIT FROM ORDINARY ACTIVITIES**

**(a) Profit / (Loss) from Ordinary Activities has been determined after the following Items:-**

Auditors' Remuneration		
- Audit of the Accounts	8,000	8,000
- Other Services	-	-
Bad Debts	-	3,287
Depreciation and Amortisation Expense	125,409	20,887
Annual fee for affiliation with:	-	-
- Political Parties	-	-
- A.R.A.V.	-	-
- International Bodies	-	-
Donations	-	-
Benefits to Holders of Office	65,000	65,000
Benefits to Employees (other than Holders of Office)	1,112,248	893,880
Legal Cost	-	-
Transfers to Provisions for Annual Leave	20,748	8,231
Transfers to Provisions for Long Service Leave	-	-

MASTER GROCERS AUSTRALIA LIMITED  
A.C.N. 004 063 263

NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$	\$
<b>NOTE 5 PROFIT FROM ORDINARY ACTIVITIES (CONT)</b>		
<b>(b) Specific Net Gains and (Losses):</b>		
Proceeds from Sale of Investments	653,848	606,542
Carrying Amount of Investments Sold	634,544	555,384
Profit/(Loss) on Sale of Investments	<u>19,304</u>	<u>51,158</u>
Proceeds from Sale of Plant & Equipment	-	-
Carrying Amount of Plant & Equipment Sold	-	-
Profit/(Loss) on Sale of Plant & Equipment	<u>-</u>	<u>-</u>

**NOTE 6 DIVIDENDS POLICY**

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

**NOTE 7 INCOME TAX**

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

**MASTER GROCERS AUSTRALIA LIMITED**  
**A.C.N. 004 063 263**

**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 8 RECEIVABLES</b>		
<i>Current</i>		
Trade Debtors	405,741	99,682
Less: Provision Doubtful Debts	(18,560)	(660)
Accrued Income	2,126	524
Sundry Debtors & Prepayments	22,048	11,792
	<b>411,355</b>	<b>111,338</b>
	<b>-</b>	<b>-</b>
<i>Non Current</i>		

<b>NOTE 9 INVESTMENTS</b>		
<i>Non Current</i>		
Shares in listed corporations		
* At cost	1,477,251	1,589,455
(Market Value at 30.06.11 \$1,931,824)		
Units in listed managed funds		
* At cost	110,000	110,000
(Market Value at 30.06.11 \$86,050)		
Units in listed property trusts		
* At cost	18,000	18,000
(Market Value at 30.06.11 \$18,000)		
	<b>1,605,251</b>	<b>1,717,455</b>
	<b>-</b>	<b>-</b>

<b>NOTE 10 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	317,789	255,256
Less accumulated depreciation	(150,357)	(134,476)
	<b>1,386,994</b>	<b>1,340,342</b>
	<b>-</b>	<b>-</b>

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.

<b>NOTE 11 INTANGIBLE ASSETS</b>		
Corporate Branding	24,350	24,350
Less: accumulated amortisation	(9,740)	(7,305)
	<b>14,610</b>	<b>17,045</b>
	<b>-</b>	<b>-</b>

**MASTER GROCERS AUSTRALIA LIMITED**  
A.C.N. 004 063 263

**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 12 TRAINING PROGRAMME DEVELOPMENT</b>		
Opening balance	1,109,937	654,685
Invested during the year in Compliance Management Systems:		
- Directly Attributable Costs	11,000	399,158
- Employee Expenses Recovered	-	106,094
<i>Less:</i>		
- Funding from Canberra Institute of Technology	(50,000)	(50,000)
- Funding allocated from PLIDTF	-	-
- Accumulated Amortisation	(107,093)	
	<u>963,844</u>	<u>1,109,937</u>
<b>NOTE 13 CREDITORS AND BORROWINGS</b>		
<i>Current</i>		
Trade Creditors	66,963	165,629
Sundry Creditors & Accruals	162,190	138,224
Subscriptions in Advance	299,129	59,343
Credit Card	10,421	5,488
	<u>538,703</u>	<u>368,684</u>
<i>Non Current</i>		
ANZ Bank - Commercial Bills	594,000	594,000
	<u>594,000</u>	<u>594,000</u>
<b>NOTE 14 PROVISIONS</b>		
<i>Current</i>		
Employee Entitlements - Provision for Annual Leave	74,122	53,373
	<u>74,122</u>	<u>53,373</u>
<b>NOTE 15 SPECIAL PURPOSE PROJECTS</b>		
<b>(i) Planning Review Committee (PRC)</b>		
Opening balance	24,730	59,580
<i>Less:</i>		
Project costs recovered during the year	(24,730)	(34,850)
	<u>-</u>	<u>24,730</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 2011**

**NOTE 16 RELATED PARTY TRANSACTIONS**

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

**ALLEN**, Rodney  
**BRAY**, Andrew  
**COWLEY**, Jean  
**DALY**, Michael

**DIXON**, Jillian  
**GARRETT**, Leigh  
**MILLER**, Stephen  
**SMITH**, Deborah

Emoluments due to the Directors for the 2011 financial year were as follows:

Mr. R. Allen received remuneration, being President Allowance from the company, of \$5,000  
Mr. R. Allen, Mr. A. Bray, Ms. J. Cowley, Mr. M. Daly, Ms J. Dixon, Mr L. Garrett, Mr. S. Miller and  
Ms. D. Smith received remuneration, being director fees, from the Company of \$7,500 respectively  
Travel costs paid on behalf of and/or reimbursed by the Company for Mr. R. Allen was \$332.  
Travel costs paid on behalf of and/or reimbursed by the Company for Mr. A. Bray was \$1,760  
Travel costs paid on behalf of and/or reimbursed by the Company for Mr. M. Daly was \$3,431.  
Travel costs paid on behalf of and/or reimbursed by the Company for Mr. L. Garrett was \$2,153.  
Travel costs paid on behalf of and/or reimbursed by the Company for Ms. D. Smith was \$892.

(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 2011, there were 1,894 members, 32 associate members and 41 corporate members.

**NOTE 18 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 2011**

On *October* the *24<sup>th</sup>* 2011 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 2011:

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 Australia (FWA);
- (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 FWA duly made under section 272 of the Fair Work (Registered Organisations) Act 2009 has been furnished to the member or General Manager of FWA; and
  - (v) No orders have been made by FWA under section 273 of the Fair Work (Registered Organisations) Act 2009 during the period.

For the Committee of Management:



Title of Office held: President

**DATED** this *24<sup>th</sup>* day of *October* 2011.

**MASTER GROCERS AUSTRALIA LIMITED  
A.C.N. 004 063 263**

**OPERATING REPORT  
FOR THE YEAR ENDED 30 JUNE 2011**

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 2011 and on the state of affairs of the Company as at that date.

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

<b>ALLEN, Rodney</b>	<b>President</b>	<b>DALY, Michael</b>	<b>Director</b>
<b>MILLER, Stephen</b>	<b>Vice President</b>	<b>DIXON, Jillian</b>	<b>Director</b>
<b>BRAY, Andrew</b>	<b>Director</b>	<b>GARRETT, Leigh</b>	<b>Director</b>
<b>COWLEY, Jean (Resigned 19/8/2011)</b>	<b>Director</b>	<b>SMITH, Deborah</b>	<b>Director</b>

**PRINCIPAL ACTIVITY**

Master Grocers Australia Limited is a national Industry Employer Association providing independent retail food and liquor stores with services and support in the areas of Workplace Relations, Training and Compliance, Industry Community and Industry Representation to protect the status and best interests of its members.

The Company has its own Consent Awards negotiated with the trade unions on behalf of its members.

The Company 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. The Company also provides a suite of face to face and On Line Compliance Training programmes for its members and a widespread series of valuable store assistance programmes presented at a store level.

**OPERATING RESULTS**

The net result of the Company for the year is a loss of \$132,205. (2010: Profit of \$4,307)

**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 1,894 members, 32 associate members and 41 corporate members.

**NUMBER OF EMPLOYEES**

As at year end the number of employees was 14 full time, 1 part time and 1 contracted.

**REVIEW OF OPERATIONS**

Master Grocers Australia Limited (MGA) has had another very busy year providing vital support services to its independent supermarket and liquor store members around Australia.

Retailer Membership continues to grow in all states. The State Retailers Association of South Australia was wound up and absorbed by MGA resulting in SA membership growth of 240 new independent supermarket members and 125 non food and beverage retailers .

This financial year has again provided many challenging circumstances for our industry including the on going challenges of a less than confident consumer, a weak retail economy and increased competition from the 2 dominant chain stores. Despite economic adversity and an increase in competition from the Chains and Aldi, our members continue to trade vigorously albeit less profitably. Owing to the market dominance and power of the chains and their investment in unsustainable retailing developments (approved by ill informed councils and government) our Members confidence to invest in their business has reached an all time low.

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 to invest into their businesses. Our industry continues to change with many new store owners entering our industry. MGA's Board has recognised this industry growth by continuing to commit to a substantial investment toward the growth and development of MGA's membership services and support such as workplace relations and compliance for independent supermarkets and liquor store members. The Compliance Management System (CMS) is a unique industry specific compliance solution that, after considerable development and investment, has been completed and will become a valuable tool for all.



**MASTER GROCERS AUSTRALIA LIMITED**  
**A.C.N. 004 063 263**

**OPERATING REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2011**

MGA's training presence has improved greatly over the past 12 months particularly in the areas of diploma and certificate training.

MGA continues to build its staff capability, skill and knowledge within its 4 Core Pillars, that underpins MGA's service and support for members in the areas of Workplace Relations and Employment Law, Training and Compliance and Industry Representation at a State and Federal government level.

Highlights this year have been the absorption of SA SRA and its 240 independent supermarket members and 125 non food retailers joining MGA and the ongoing membership growth in each state. MGA have engaged with the SPAR group and also Tasmanian Independent Retailers seeking full membership from their branded stores. The ongoing increase in membership of independent supermarket and liquor stores under the various brands has delighted all industry stakeholders, including governments at State and Federal levels. These industry stakeholders have recognised that it is vital there is one national and state industry voice for independent supermarkets

Over the past 12 months MGA and LRA has successfully faced many challenges and embraced many opportunities on behalf of its members around Australia.

**The Year in Review**

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

- Retailer membership has grown by 25% and Corporate Membership has grown by 19%.
- The profile of MGA as an industry organisation continues to lift, with State and Federal government representatives and the media seeking MGA's comments and insights into industry matters.
- MGA's Workplace Relations service and support has been well recognised for its excellent service.
- MGA Workplace Relations Team made numerous submissions to FWA with respect to minimising wage increases, reducing the minimum engagement for casuals from 3 to 2 hours and dealing with trading hours hearings in Queensland.
- 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. Further, investment and development of MGA's Filemaker Data Base system has enabled better understanding of resource allocation.
- MGA's and LRA's industry events in each state have been very well received - Guest Speakers continue to attract members and have included state ministers, bureaucrats and industry leaders. Events have included industry breakfasts and golf days.
- LRA's Committee has been working with much enthusiasm and vigour toward achieving fair and sustainable outcomes for Packaged Liquor License members.
- Workplace Relations seminars, such as the Know Your Award and National Retail Industry Award, have been well attended. MGA Retailer forums, workshops, visits to stores, and industry committees have been well supported and attended.
- MGA's attendance at industry events and functions, such as the FoodWorks Conference/Expo, IGA>D's Expo, IGA State conferences, FoodWorks and IGA Regional meetings around Australia, have been very well received by members.
- MGA continues to make many submissions to, and attended many hearings with, State and Federal government departments.
- Strong and sustainable partnerships have been formed with key industry stakeholders such as Metcash, IGA>D, FoodWorks, 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 improved with MGA delivering Diploma and Certificate courses in WA, SA, VIC, TAS, ACT and NSW. On line training courses continue to improve, particularly in the Food Safety and RSA areas. The Compliance Management System continues to be well supported and is a major compliance tool for over 100 MGA members.
- Membership services continues to expand and improve. Master Grocers Insurance Services continues to gain traction particularly since the underwriter, Latitude, was able to write specific Insurance Policies for the independent supermarket sector.
- MGA continues to consolidate its membership base in TAS, WA, VIC, QLD, the ACT and NSW. MGA will continue to develop new industry memberships in TAS, the NT, SA and QLD in the next financial year.

OPERATING REPORT  
FOR THE YEAR ENDED 30 JUNE 2011

**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, 2011

**LIKELY DEVELOPMENTS**

Investment of MGA funds and resources will continue to be allocated to the development of support services for members. Membership in South Australia and Queensland is forecasted to increase along with additional members being sourced from the liquor sector.

**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.

**MEMBERSHIP OF THE COMMITTEE OF MANAGEMENT**

The membership of the Committee of Management during the year ended 30th June 2011 is as follows:

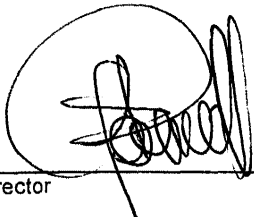
<b>Name</b>	<b>Position</b>	<b>Period Held</b>
ALLEN, Rodney	President	1 July 2010 - 30 June 2011
MILLER, Stephen	Vice President	1 July 2010 - 30 June 2011
BRAY, Andrew	Director	1 July 2010 - 30 June 2011
COWLEY, Jean	Director	1 July 2010 - 30 June 2011
DALY, Michael	Director	1 July 2010 - 30 June 2011
DIXON, Jillian	Director	1 July 2010 - 30 June 2011
GARRETT, Leigh	Director	1 July 2010 - 30 June 2011
SMITH, Deborah	Director	1 July 2010 - 30 June 2011

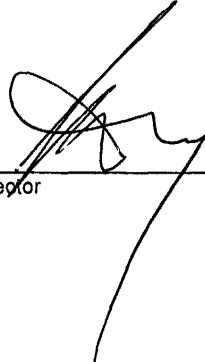
**AUDITORS INDEPENDENCE DECLARATION**

A copy of the independence declaration is set out on the page 16.

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

DATED this 24<sup>th</sup> day of October 2011.

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

**MASTERS GROCERS AUSTRALIA LIMITED  
A.C.N. 004 063 263**

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

In accordance with section 307C of the Corporations Act 2001, I declare that,  
to the best of my knowledge and belief, during the year ended 30 June 2011 there have been:

- (a) no contraventions of the auditors' independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

**DATED** this *24<sup>th</sup>* day of *October* 2011

**COBAIN & LIM PTY LTD**  
Chartered Accountants



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

211 / 566 St. Kilda Rd  
MELBOURNE 3004

**MASTER GROCERS AUSTRALIA LIMITED  
A.C.N. 004 063 263**

**INDEPENDENT AUDITORS REPORT**

**Scope**

We have audited the attached financial report, being the Income Statement, Balance Sheet, Statement of Changes in Equity and Statement of Cash Flows and Notes to and forming part of the accounts of Masters Grocers Australia Limited for the year ended 30th June 2011. The Company's Directors are responsible for the preparation and presentation of the financial report and the information they contain.

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

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

**Auditor's Independence Declaration**

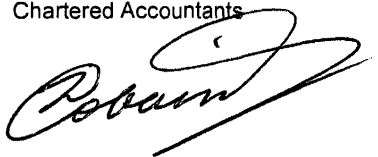
In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001

**Audit Opinion**

In our opinion, the attached general purpose financial report is presented fairly in accordance with applicable Australian Accounting Standards and other mandatory professional reporting requirements in Australia and the requirements imposed by Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009*.

DATED this *24<sup>th</sup>* day of *October* 2011

**COBAIN & LIM PTY LTD**  
Chartered Accountants



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

211 / 566 St. Kilda Rd  
MELBOURNE 3004

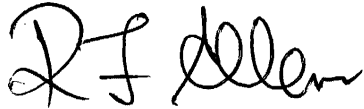
**MASTER GROCERS AUSTRALIA LIMITED  
A.C.N. 004 063 263**

**DESIGNATED OFFICER'S CERTIFICATE  
FOR THE YEAR ENDED 30 JUNE 2011**

I, Rodney Frederick Allen, being the President of Masters Grocers Australia Limited, certify:

- \* that the documents lodged herewith are copies of the full report referred to in s268 of the *Fair Work (Registered Organisations) Act 2009*; and
- \* that the full report was provided to members on *04 / 11 / 2011*; and
- \* that the full report was presented to a general meeting of members of the reporting unit on *24 / 11 / 2011* in accordance with section 266 of the *Fair Work (Registered Organisations) Act 2009*.

**DATED** this *24<sup>th</sup>* day of *November* 2011.



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President