

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

FINANCIAL RETURN
FOR THE YEAR ENDED 30 JUNE 2006

I N D E X

Page	General Purpose Financial Reports
1	- Statement of Financial Performance
2	- Statement of Financial Position
3	- Statement of Cash Flows
4	- Notes to the Financial Statements
10	- Committee of Management Statement
11	Operating Report
13	Auditors Report
15	Designated Officers Certificate

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

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2006

	NOTE	2006 \$	2005 \$
Operating Revenue	4	436,023	363,391
Cost of Sales		65,840	60,892
Gross Profit		370,183	302,499
Other Revenues from Ordinary Activities	4	324,693	301,902
Training Expenses		(65,387)	(12,926)
Occupancy Expenses		(21,470)	(25,121)
Employee Expenses		(360,052)	(270,129)
Administration Expenses		(248,162)	(173,617)
Other Expenses from Ordinary Activities		(91,098)	(119,416)
Proceeds from Sale of Investments / Assets	5	1,136,495	1,158,532
Carrying Amount of Assets Sold	5	(954,280)	(845,258)
Write Off Carrying Amount of Investment		-	(182,407)
Profit from Ordinary Activities before Income Tax Expense		90,922	134,059
Income Tax relating to Ordinary Activities	7	-	-
Net Profit from Ordinary Activities after Income Tax Expense attributable to Members of the Company		90,922	134,059
Total Changes in Association Membership Funds		90,922	134,059

The accompanying notes form part of these accounts

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2006

	NOTE	2006 \$	2005 \$
CURRENT ASSETS			
Cash		339,177	607,620
Receivables	8	80,409	109,966
Total Current Assets		419,586	717,586
NON CURRENT ASSETS			
Investments	9	2,722,253	2,323,181
Property, Plant & Equipment	10	1,256,410	1,254,805
Total Non Current Assets		3,978,663	3,577,986
TOTAL ASSETS		4,398,249	4,295,572
CURRENT LIABILITIES			
Creditors & Borrowings	11	8,200	31,228
Provisions	12	52,662	37,019
Total Current Liabilities		60,862	68,247
NON CURRENT LIABILITIES			
Creditors & Borrowings	11	-	-
Provisions	12	19,140	-
Total Non Current Liabilities		19,140	-
TOTAL LIABILITIES		80,002	68,247
NET ASSETS		4,318,247	4,227,325
<i>Represented by:</i>			
ASSOCIATION MEMBERSHIP FUNDS			
Accumulated Funds	13	4,318,247	4,227,325
TOTAL MEMBERSHIP FUNDS		4,318,247	4,227,325

The accompanying notes form part of these accounts

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2006

STATEMENT OF CASH FLOW

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

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

NOTE 1 STATEMENT OF ACCOUNTING POLICIES

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

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

(a) Depreciation

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

(b) Employee entitlements

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

(c) Investments

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

NOTE 2 INFORMATION TO BE PROVIDED TO MEMBERS

In accordance with the requirements of the *Workplace Relations Act 1996* the attention of members of the Master Grocers' Association of Victoria Limited is drawn to the provisions of subsections (1), (2) and (3) of Section 272, which reads as follows:

- (1) A member of a reporting unit, or a Registrar, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- (2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
- (3) A reporting unit must comply with an application made under subsection (1).

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

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

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

- (4) A Registrar may only make an application under subsection (1) at the request of a member of the reporting unit concerned, and the Registrar must provide to a member information received because of an application made at the request of the member;
- (5) A general purpose financial report prepared under section 253, a concise report prepared under section 265 and a report prepared under subsection 270(4) must include a notice drawing attention to subsections (1), (2) and (3) of this section and setting out those subsections.
- (6) Without limiting the information that may be prescribed under subsection (1), the information prescribed must include details of any fees paid by the reporting unit for payroll deduction services provided by a person who is an employer of:
 - (a) the member making the application for information; or
 - (b) the member at whose request the application was made.

	2006	2005
	\$	\$
NOTE 3 DIRECTORS EMOLUMENTS		
Total emoluments excluding amounts in respect of fixed salaries as employees received or due and received from the Company		
(i) Directors engaged in the full time employment of the Company	NIL	NIL
(ii) Other Directors of the Company - Fees/Allowance for attendance as representatives at meetings received by directors of the company		
- Current Year	61,250	25,729
- Underprovision for Last Year	-	2,500
	61,250	28,229

THE MASTER GROCERS' ASSOCIATION OF VICTORIA LIMITED
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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2006**

	2006	2005
	\$	\$
NOTE 4 REVENUE FROM ORINARY ACTIVITIES		
Operating Revenue		
Annual Membership Subscriptions	199,356	204,518
Membership Subscriptions - Industrial Awards	6,000	100,700
Magazine Advertising	37,350	35,845
Food Safety Workshop	7,873	15,120
Training Program - Other	138,097	1,280
RSA Workshop	10,372	2,445
Other related income	36,975	3,483
	<u>436,023</u>	<u>363,391</u>
Other Operating Revenue		
Interest	30,114	30,139
Dividends	98,467	133,430
Trust Distributions	85,956	53,005
Rental income	108,413	85,328
Other Income	1,743	
	<u>324,693</u>	<u>301,902</u>

NOTE 5 PROFIT FROM ORDINARY ACTIVITIES

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

Auditors' Remuneration		
- Audit of the Accounts	8,100	9,307
- Other Services	-	-
Bad Debts	4,500	3541
Depreciation	9,219	15,796
Annual fee for affiliation with:		
- Political Parties	-	-
- A.R.A.V.	-	-
- International Bodies	-	-
Donations	-	5,569
Benefits to Holders of Office	61,250	28,229
Benefits to Employees (other than Holders of Office)	356,478	267,725
Legal Cost	20,816	31,609
Meeting Cost	386	677
Transfers to Provisions for Annual Leave	15,643	2,896
Transfers to Provisions for Long Service Leave	19,140	-

(b) Specific Net Gains and (Losses):

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

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

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

NOTE 6 DIVIDENDS POLICY

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

NOTE 7 INCOME TAX

The Organisation is exempt from Income Tax.

	2006	2005
	\$	\$
NOTE 8 RECEIVABLES		
<i>Current</i>		
Trade Debtors	40,480	60,064
Less: Provision Doubtful Debts	(6,675)	-
Accrued Income	31,370	37,502
Withholding Tax Paid	9,512	3,584
Sundry Debtors & prepayments	5,722	8,816
	80,409	109,966
	80,409	109,966
 <i>Non Current</i>		
	-	-

NOTE 9 INVESTMENTS

Non Current

Shares in other corporations not listed on a prescribed stock exchange

* Shares in NARGA - At directors' valuation 2006

- -

Shares in related corporations

* At cost

- -

Shares in listed corporations

* At cost

2,028,656 1,748,784

(Market Value at 30.6.06 \$2,776,740)

Units in listed managed funds

* At cost

418,583 254,500

(Market Value at 30.6.06 \$477,611)

Units in listed property trusts

* At cost

275,014 319,897

(Market Value at 30.6.06 \$358,675)

2,722,253 2,323,181

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

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

	2006	2005
	\$	\$
NOTE 10 PROPERTY, PLANT AND EQUIPMENT		
<i>Property:</i>		
Suites 4, 5 & 9 / 1 Milton Pde, Malvern	1,219,562	1,219,562
Plant and equipment at cost	101,418	99,939
Less accumulated depreciation	<u>(64,570)</u>	<u>(64,696)</u>
	<u>1,256,410</u>	<u>1,254,805</u>

The properties at Malvern were valued independently as at 24th May 2000 by Ray White Valuations (Vic) at a market value of \$1,293,000.

NOTE 11 CREDITORS AND BORROWINGS

Current

Sundry Creditors & Accruals	8,200	28,122
Credit Card	-	3,106
	<u>8,200</u>	<u>31,228</u>

Non Current

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

NOTE 12 PROVISIONS

Current

Employee Entitlements - Provision for Annual Leave	52,662	37,019
	<u>52,662</u>	<u>37,019</u>

Non Current

Employee Entitlements - Provision for Long Service Leave	19,140	
	<u>19,140</u>	<u>-</u>

NOTE 13 ACCUMULATED FUNDS

Balance at the beginning of the financial year	4,227,325	4,093,266
Net Profit attributable to Members	90,922	134,059
Total Available for Appropriation	<u>4,318,247</u>	<u>4,227,325</u>
Dividends provided for or paid	-	-
Balance at the end of the financial year	<u>4,318,247</u>	<u>4,227,325</u>

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

NOTE 14 RELATED PARTY TRANSACTIONS

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

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

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

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

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

NOTE 15 MEMBERS GUARANTEE

The Company is limited by guarantee. If the company is wound up, the Constitution of the Company states that each member is required to contribute a maximum amount not exceeding one year's subscription towards meeting any outstanding obligations of the Company. At 30 June 2006 the number of members was 459 (across 600 member sites).

NOTE 16 CONTINGENT LIABILITIES

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

NOTE 17 ECONOMIC DEPENDENCY

There is no economic dependency on another reporting unit.

NOTE 18 IMPACTS OF THE ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

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

COMMITTEE OF MANAGEMENT STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006

On 20th Sep 2006 the Committee of Management of The Master Grocers' Association of Victoria Limited passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 30th June 2006:



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

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the Industrial Registrar;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RAO Schedule and the RAO Regulations; and
 - (iv) the information sought in any request of a member of the reporting unit or a Registrar duly made under section 272 of the RAO Schedule has been furnished to the member or Registrar; and
 - (v) No orders have been made by the Commission under section 273 of the RAO Schedule during the period.

For Committee of Management:

Title of Office held:

DATED this 20th day of SEPTEMBER 2006.

R. F. Allen

D. M. Smith

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

OPERATING REPORT
FOR THE YEAR ENDED 30 JUNE 2006

The Directors of The Master Grocers' Association of Victoria Limited present their report to the members on the results of the Company for the financial year ended 30 June 2006 and on the state of affairs of the Company as at that date

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

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

PRINCIPAL ACTIVITY

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

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

The Company publishes its own bi-monthly magazine and provides a comprehensive industrial relations advice service to its members. The Company also provides a training program for its members and a widespread series of valuable store assistance programs presented at store level. There has been no significant change in its activities during the year.

OPERATING RESULTS

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

DIVIDENDS

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

NUMBER OF MEMBERS

As at year end the number of members was 459 (across 600 member sites).

NUMBER OF EMPLOYEES

As at year end the number of employees was 3 full time and 1 part time.

REVIEW OF OPERATIONS

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

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

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

SIGNIFICANT CHANGES

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

EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

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

- (i) the operations of the Company;
- (ii) the results of those operations, or
- (iii) the state of affairs of the Company, in the financial years subsequent to 30th June, 2006

LIKELY DEVELOPMENTS

An increased national presence is anticipated.

OPERATING REPORT
FOR THE YEAR ENDED 30 JUNE 2006

RIGHT OF MEMBERS TO RESIGN

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

SUPERANNUATION TRUSTEES

There is no superannuation trustee for the reporting unit.

In accordance with a resolution of the Directors

DATED this 20th day of SEPTEMBER 2006.



Director



Director

INDEPENDENT AUDITORS REPORT

Scope

We have audited the accounts, being the Statement of Directors, Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, and Notes to and forming part of the accounts of The Masters Grocers' Association of Victoria Limited for the year ended 30th June 2006. The Company's Directors are responsible for the preparation and presentation of the accounts and the information they contain.

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

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

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

Audit Opinion

In our opinion,

- (a) the accounts of The Master Grocers' Association of Victoria Limited are properly drawn up so as to give a true and fair view of:
 - (i) the state of affairs of the company as at 30th June, 2006 and of the profit and cash flows of the company for the year ended on that date; and
 - (ii) the other matters required by Division 4, 4A and 4B of Part 3.6 of the Corporations Law to be dealt with in the financial statements.
- (b) the attached general purpose financial report are presented fairly in accordance with applicable Australian Accounting Standards and other mandatory professional reporting requirements in Australia and the requirements of the RAO Schedule.
- (a) there were kept by the Company in respect of the year, satisfactory accounting records detailing the sources and nature of the income of the Company (including income from members) and the nature and purposes of expenditure; and
- (b) the attached financial statements, prepared in accordance with section 273 of the Workplace Relations Act 1996 are properly drawn up so as to give a true and fair view of:
 - (i) the financial affairs of the Company as at 30 June 2006;
 - (ii) the income and expenditure account, and result of the Company for the year ended on that date; and
 - (iii) all information, being information which was reasonably wanted for the purpose of this audit, which was required and sought by N A Cobain & Co. Pty Ltd or by any person authorised by it for the purpose of the audit, was provided.

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

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

INDEPENDENT AUDITORS REPORT

DATED this *22nd* day of *September* 2006

N A COBAIN & CO. PTY LTD
Chartered Accountants

A handwritten signature in black ink, appearing to read 'N A Cobain', written over a faint circular stamp or watermark.

N A COBAIN
Chartered Accountant

218 / 566 St. Kilda Rd
MELBOURNE 3004