



**Australian Government**  
**Australian Industrial Registry**

Level 35, Naum House  
80 Collins Street, Melbourne, VIC 3000  
GPO Box 1994S, Melbourne, VIC 3001  
Telephone: (03) 8661 7777  
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Mr Greg McCormack  
President  
Victorian Association of Forest Industries  
320 Russell Street  
MELBOURNE VIC 3000

By facsimile: [info@vafi.org.au](mailto:info@vafi.org.au)

Dear Mr McCormack,

**Re: Financial Reports for year ending 30 June 2004 - FR 2004/316**

**Schedule 1B of the Workplace Relations Act 1996 (the RAO Schedule)**

I acknowledge receipt of the financial reports for the Victorian Association of Forest Industries for the year ended 30 June 2004. The documents were lodged in the Industrial Registry on 26 July 2005. The Designated Officer's Certificate was lodged separately on 22 September 2005.

This is the first lodgment by the organisation of its audited financial reports under the RAO (Registration and Accountability of Organisations) Schedule which commenced on 12 May 2003.

The documents have been filed.

The following comments may assist you when you next prepare financial reports. No further action is required regarding these issues with respect to the lodged documents.

Due date for next financial return is 15 January 2006

Financial reports must be prepared, provided to members, presented to a meeting and lodged in the Registry within 6 ½ months of the end of the financial year - see the enclosed *RAO Timeline*.

Therefore organisations with a financial year ending 30 June must lodge their financial reports by 15 January of the next year. The maximum extension that is available is a further 1 month. In future financial years the organisation should ensure that this time frame is complied with.

Auditor's Report

The Auditor's Report should be revised so that it:

- confirms whether, in the Auditor's opinion, the accounts are presented fairly in accordance with the *Australian Accounting Standards* and the requirements of the RAO Schedule – see s257(5) of the RAO Schedule,
- confirms that the auditor is an *approved auditor*. Regulation 4 of the RAO Regulations defines an approved auditor as a person who is a member of CPA Australia, The Institute of Chartered Accountants in Australia or the National Institute of Accountants and holds a current Public Practice Certificate,
- refers to s253 of the RAO Schedule in place of s273 of the Workplace Relations Act, and s257(2)-(4) of the RAO Schedule in place of s276(2) Workplace Relations Act.

I also note that the Audit Report for year ending 30 June 2004 referred to the *surplus* of the organisation – in fact, the accounts indicate there was a deficit of \$241,780.

### Operating Report

The Operating Report should give details of any officer or member of the branch who is a trustee of a superannuation entity or a director of a company that is a trustee of a superannuation entity – see section 254(2)(d).

### Designated Officer's Certificate

The reference in the Designated Officer's Certificate to s279 of the Workplace Relations Act should be amended to s268 of the RAO Schedule.

### Note 18 to the Accounts

The reference in Note 18 to the Accounts to s274 of the Workplace Relations Act should be amended to s272 of the RAO Schedule.


### Further information

For your assistance in future financial years, we recommend that you and your accountant/auditor refer to the following documents on the Commission's website at [www.airc.gov.au](http://www.airc.gov.au):

- RAO Schedule
- RAO Regulations
- Registrar's Reporting Guidelines - All General Purpose Financial Reports must comply with these Guidelines. Please note that the Guidelines set out requirements that are *in addition* to those required by the Australian Accounting Standards.
- RAO Fact Sheets - These Fact Sheets explain the requirements of the RAO Schedule - many of them deal with financial reporting matters.

If you have any queries, please contact me by email at [andrew.schultz@air.gov.au](mailto:andrew.schultz@air.gov.au) or by phone on (03) 8661 7799.

Yours faithfully,



Andrew Schultz  
Statutory Services Branch

22 September 2005



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Victoria 3000

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**Victorian Association of Forest Industries  
Financial documents for year ended 30 June 2004**

This is to certify that the financial documents lodged with the Australian Industrial Registry for the year ended 30 June 2004 are copies which were presented to the Annual General Meeting on 19 November 2004 in accordance with section 279 of the *Workplace Relations Act 1996*.

Greg McCormack  
President

20 September 2005

FR2004/316

Rec'd 26/7/05  
SB

# Victorian Association of Forest Industries

ABN 99 752 910 589

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2004  
TOGETHER WITH REPORTS  
OF THE COMMITTEE MEMBERS AND AUDITORS**

**VICTORIAN ASSOCIATION OF FOREST INDUSTRIES**  
**ABN 99 752 910 589**

**OPERATING REPORT**

Operating Report prepared in accordance with the requirements of Schedule 1B of the Workplace Relations Act 1996:

Members of the committee of management

The names of the committee members throughout the year and at the date of this report are:

Ms Diane Tregoning  
Mr Greg McCormack  
Mr Peter Ward

Mr David Goding  
Mr James Neville Smith  
Mr Bob Humphreys

Principal activities

The Association is the peak industry body for Victoria's native hardwood timber industry. The Association provides information, advice and referral services as well advocating on behalf of members at State and Federal Government levels.

Review of principal activities

The principal activities undertaken by the Victorian Association of Forest Industries during the financial year included;

- Representation of members interests to government and other agencies on industry restructuring, future resource pricing and allocation arrangements, future wood supply contract arrangements.
- Issues management, communications and public affairs
- Advice to members on employee relations, industrial relations, occupational health and safety and environmental management matters.
- Industrial representation for members in industrial tribunals

Significant changes to financial affairs

There were no significant changes in the Association during the year ended 30 June 2004.

Membership

The number of members of the Association as recorded in the register of members at 30 June 2004 was: 46.

Employees

The number of employees of the Association as at 30 June 2004 measured on a full-time equivalent basis was 5.

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES  
ABN 99 752 910 589

OPERATING REPORT  
(continued)

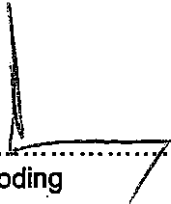
Details of the right of members to resign

Members have the right to resign from the Association under section 174(1) of the ROA Schedule which reads as follows:

*"A member of an organisation may resign from membership by written notice addressed and delivered to a person designated for the purpose in then rules of the organisation or a branch of the organisation."*

Details of superannuation trustees

Signed in accordance with a resolution of the Committee of Management

  
.....  
Mr David Goding

  
.....  
Mr Greg McCormack

Dated this 28<sup>th</sup> day of October 2004.

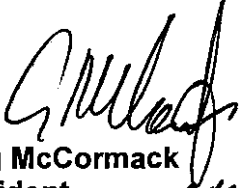
## Committee of Management Statement

On 3 June 2005 the Committee of Management of Victorian Association of Forest Industries passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 30<sup>th</sup> June 2004:

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 debt as and when they become due and payable;
- (e) during the financial year to which the GPFR relates and since the end of the year.
  - (i) meetings of the committee of management were held\* in accordance with the rules of the organisation including the rules of the 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 the 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) N/A The organisation consists of only (1) one reporting unit.
  - (v) N/A No information has been sought or requests made under S.272 of the RAO Schedule.
  - (vi) N/A No orders have been made by the Commission under S.273 of the RAO Schedule.

For Committee of Management:

  
**Greg McCormack**  
**President**

Date: 

**VICTORIAN ASSOCIATION OF FOREST INDUSTRIES**  
**ABN 99 752 910 589**

**COMMITTEE OF MANAGEMENT STATEMENT**

The Committee of Management of the Victorian Association of Forest Industries, declare that:

1. the financial statements and notes comply with Australian Accounting Standards and the reporting guidelines of the Industrial Registrar and the Workplace Relations Act 1996.;
2. the financial statements and notes give a true and fair view of the financial position of the Victoria Association of Forest Industries as at 30 June 2004 and of its financial performance and cash flows for the year ended on that date;
2. at the date of this statement, there are reasonable grounds to believe that the Victorian Association of Forest Industries will be able to pay its debts as and when they fall due.
3. during the financial year ended 30 June 2004 and to the date of this report:
  - (i) meetings of the committee of management were held in accordance with the rules of the organisation; and
  - (ii) the financial affairs of the Association have been managed in accordance with the rules of the organisation; and
  - (iii) the financial records of the Association 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 Association or a Registrar duly made under section 272 of the RAO Schedule has been furnished to the member or Registrar; and
  - (v) there has been compliance with any order for inspection of financial records made by the Commission under section 273 of the RAO Schedule.

This statement is made in accordance with a resolution of the Committee of Management of the Victorian Association of Forest Industries made on this day.

.....  
Mr David Goding

  
.....  
Mr Greg McCormack

Dated this 28th day of October, 2004.



**VICTORIAN ASSOCIATION OF FOREST INDUSTRIES**  
**ABN 99 752 910 589**

**INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 30 JUNE 2004**

	Note	2004 \$	2003 \$
Revenue from ordinary activities	2	1,649,085	1,634,290
Administration, management and organisation expenditure		(101,678)	(78,342)
Depreciation expense		(40,821)	(41,482)
Employee benefits expense		(837,739)	(538,710)
Office expenses		(105,048)	(97,285)
Legal expenses		(10,019)	-
Bad and doubtful debts		(29,043)	9,209
Consulting resource expenses		(308,978)	(222,682)
NAFI contribution and expenses		(105,971)	(103,352)
Public Affairs – TCA		(74,269)	(81,523)
Functional and other expenses from ordinary activities		<u>(277,299)</u>	<u>(562,012)</u>
Deficit from ordinary activities before income tax expense		(241,780)	(81,889)
Income tax expense	1(a)	<u>-</u>	<u>-</u>
Deficit from ordinary activities after income tax expense		<u>(241,780)</u>	<u>(81,889)</u>

The accompanying notes form part of these financial statements.

**VICTORIAN ASSOCIATION OF FOREST INDUSTRIES**  
**ABN 99 752 910 589**

**BALANCE SHEET**  
**AS AT 30 JUNE 2004**

	Note	2004 \$	2003 \$
<b>Current Assets</b>			
Cash assets	4	255,699	369,563
Receivables	5	269,517	323,539
Other	6	<u>14,570</u>	<u>14,618</u>
<b>TOTAL CURRENT ASSETS</b>		<u><b>539,786</b></u>	<u><b>707,720</b></u>
<b>Non-Current Assets</b>			
Investments	7	557	557
Property, plant and equipment	8	<u>1,315,959</u>	<u>1,379,642</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u><b>1,316,516</b></u>	<u><b>1,380,199</b></u>
<b>TOTAL ASSETS</b>		<u><b>1,856,302</b></u>	<u><b>2,087,919</b></u>
<b>Current Liabilities</b>			
Payables	9	142,007	152,704
Provisions	10	78,680	179,543
Other	11	<u>213,619</u>	<u>100,000</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u><b>434,306</b></u>	<u><b>432,247</b></u>
<b>Non-Current Liabilities</b>			
Provisions	10	<u>23,595</u>	<u>15,491</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u><b>23,595</b></u>	<u><b>15,491</b></u>
<b>TOTAL LIABILITIES</b>		<u><b>457,901</b></u>	<u><b>447,738</b></u>
<b>NET ASSETS</b>		<u><b>1,398,401</b></u>	<u><b>1,640,181</b></u>
<b>Represented by:</b>			
<b>Members' Funds</b>			
Accumulated funds	12	<u>1,398,401</u>	<u>1,640,181</u>
<b>TOTAL MEMBERS' FUNDS</b>		<u><b>1,398,401</b></u>	<u><b>1,640,181</b></u>

The accompanying notes form part of these financial statements.

**VICTORIAN ASSOCIATION OF FOREST INDUSTRIES**  
**ABN 99 752 910 589**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2004**

	Note	2004 \$	2003 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Membership fees and levies received		1,119,004	1,002,862
Consulting services and other income		479,131	502,608
Payments to suppliers and employees		(1,747,844)	(1,666,251)
Interest and dividends received		9,161	11,562
Net cash provided by operating activities	13(a)	<u>(140,548)</u>	<u>(149,219)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds on disposal of plant and equipment		70,591	-
Purchases of plant and equipment		<u>(43,907)</u>	<u>(47,621)</u>
Net cash provided by investing activities		<u>26,684</u>	<u>(47,621)</u>
Net decrease in cash held		(113,864)	(196,840)
Cash at the beginning of the financial year		<u>369,563</u>	<u>566,403</u>
Cash at the end of the financial year	4	<u><u>255,699</u></u>	<u><u>369,563</u></u>

The accompanying notes form part of these financial statements.

# VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Workplace Relations Act, 1996.

The financial report covers Victorian Association of Forest Industries as an individual entity. The Association is an association registered in Victoria under the Workplace Relations Act 1996.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the Association in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

#### (a) Income Tax

No provision for income tax is necessary as the Association is exempt from income tax under Section 50-15 of the Income Tax Assessment Act.

#### (b) Property, Plant and Equipment

Each class of property plant and equipment are carried at cost or fair value less, where applicable, any accumulated depreciation.

Freehold land and buildings are brought to account at cost or at independent or committee's valuation. Plant and equipment are measured on the cost basis.

The carrying amount of property plant and equipment is reviewed annually by the Association to ensure that it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

The depreciable amount of all fixed assets are depreciated on a straight line or reducing balance basis over the useful lives of the assets to the Association commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable asset are:

Class of fixed asset	Depreciation rate
Buildings	2.5%
Plant and equipment	10 - 25%

**VICTORIAN ASSOCIATION OF FOREST INDUSTRIES**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(c) Employee Benefits**

Provision is made for the Association's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with benefits arising from wages and salaries and annual leave which will be settled after one year, have been measured at their nominal amount. Other employee benefits payable later than one year, have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the Association to an employee superannuation fund and are charged as expenses when incurred.

**(d) Cash**

For the purpose of the Statement of Cash Flows, cash includes cash on hand, at banks and on deposit.

**(e) Revenue**

Revenue from membership fees and levies is recognised when due and payable by the member. Revenue from the provision of services is recognised when the Association becomes entitled to the consideration for the service. Interest revenue is recognised when received.

**(f) Goods and Services tax (GST)**

Revenue, expenses and assets are recognised, net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

**(g) Adoption of Australian Equivalents to International Financial Reporting Standards**

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective for future financial years commencing 1 January 2005. This requires the production of accounting data for future comparative purposes at the end of the current financial year. The Committee is reviewing the significance of these changes and preparing for their implementation in consultation with the Association's auditors. At this stage there are not expected to be significant differences in the Association's accounting policies which will arise from the adoption of IFRS.

**VICTORIAN ASSOCIATION OF FOREST INDUSTRIES**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2004**

	2004	2003
	\$	\$
<b>NOTE 2: REVENUE</b>		
Operating activities		
- membership fees and levies	787,354	966,079
- special levy	306,671	154,041
- consulting and industry representation	158,400	158,400
- rental, administration and service charges	125,250	125,250
- NAFI Contribution	95,293	84,279
- Australwood income	79,273	-
- grant income	-	100,000
- other income	17,092	34,679
	<u>1,569,333</u>	<u>1,622,728</u>
Non-operating activities		
- Interest and dividends from investments	9,161	11,562
- Proceeds on disposal of plant and equipment	70,591	-
	<u>79,752</u>	<u>11,562</u>
Total Revenue	<u>1,649,085</u>	<u>1,634,290</u>

**NOTE 3: DEFICIT FROM ORDINARY ACTIVITIES**

Deficit from ordinary activities before income tax has been determined after:

(a) Expenses:

Depreciation of non-current assets		
- buildings	11,685	11,951
- plant and equipment	29,136	29,531
Total depreciation	<u>40,821</u>	<u>41,482</u>
Bad and doubtful debts	29,042	(8,558)
Remuneration of auditor		
- audit services	4,400	4,000
- other services	3,600	-
Total remuneration	<u>8,000</u>	<u>4,000</u>

(b) Revenue and Net Gains

Net gain on disposal of plant and equipment	<u>3,823</u>	<u>-</u>
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VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2004

	2004	2003
	\$	\$
<b>NOTE 4: CASH ASSETS</b>		
Cash on hand	598	598
Cash at bank	141,482	368,965
Cash at bank held in trust for projects	113,619	-
	<u>255,699</u>	<u>369,563</u>
<b>NOTE 5: RECEIVABLES</b>		
Accounts Receivable	329,149	418,666
Less Provision for Doubtful Debts	<u>(67,000)</u>	<u>(95,791)</u>
	262,149	322,875
Sundry Debtors	<u>7,368</u>	<u>664</u>
	<u>269,517</u>	<u>323,539</u>
<b>NOTE 6: OTHER CURRENT ASSETS</b>		
Prepayments	<u>14,570</u>	<u>14,618</u>
<b>NOTE 7: INVESTMENTS</b>		
Shares in other corporations listed on a prescribed stock exchange at cost	555	555
Shares in other corporations at cost	<u>2</u>	<u>2</u>
	<u>557</u>	<u>557</u>
Market value of investments in listed corporations	<u>1,103</u>	
<b>NOTE 8: PROPERTY, PLANT AND EQUIPMENT</b>		
<b>LAND:</b>		
320 - 324 Russell Street, Melbourne at cost:	760,000	760,000
Allotment Y298, Creswick at cost	<u>35,155</u>	<u>35,155</u>
Total land	<u>795,155</u>	<u>795,155</u>
<b>BUILDINGS</b>		
320 - 324 Russell Street, Melbourne at cost	560,690	560,690
Less accumulated depreciation	<u>(106,268)</u>	<u>(94,583)</u>
Total buildings at cost	<u>454,422</u>	<u>466,107</u>
Total land and buildings	<u>1,249,577</u>	<u>1,261,262</u>

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2004

2004                      2003  
\$                              \$

**NOTE 8: PROPERTY, PLANT AND EQUIPMENT (continued)**

**PLANT AND EQUIPMENT**

Plant and equipment at cost	173,351	248,405
Less accumulated depreciation	<u>(106,969)</u>	<u>(130,025)</u>
Total plant and equipment	<u>66,382</u>	<u>118,380</u>
 Total property, plant and equipment	 <u>1,315,959</u>	 <u>1,379,642</u>

Movements in carrying amounts:

Movement in the carrying amounts for each class of property plant and equipment between the beginning and the end of the current financial year

	Land	Buildings	Plant & equipment	Total
	\$	\$	\$	\$
Balance at the beginning of the year	795,155	466,107	118,380	1,379,642
Additions	-	-	43,907	43,907
Disposals	-	-	(66,769)	(66,769)
Depreciation expense	-	(11,685)	(29,136)	(40,821)
Balance at the end of the year	<u>795,155</u>	<u>454,422</u>	<u>66,382</u>	<u>1,315,959</u>

2004                      2003  
\$                              \$

**NOTE 9: PAYABLES**

Unsecured liabilities		
Accounts payable	137,607	144,704
Sundry creditors and accrued expenses	<u>4,400</u>	<u>8,000</u>
	<u>142,007</u>	<u>152,704</u>

**NOTE 10: PROVISIONS**

**CURRENT**

Employee entitlements	35,498	109,543
Provision for member legal expenses	<u>43,182</u>	<u>70,000</u>
	<u>78,680</u>	<u>179,543</u>

**NON-CURRENT**

Employee entitlements	<u>23,595</u>	<u>15,491</u>
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Number of employees at year end	5	5
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VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2004

	2004	2003
	\$	\$
<b>NOTE 11: OTHER LIABILITIES</b>		
<b>CURRENT</b>		
T.P.C. Received-in-advance	100,000	100,000
Funds held on behalf of project groups	<u>113,619</u>	<u>-</u>
	<u>213,619</u>	<u>100,000</u>

**NOTE 12: ACCUMULATED FUNDS**

Accumulated funds at the beginning of the financial year	1,640,181	1,722,070
Net deficit attributable to the Association	<u>(241,780)</u>	<u>(81,889)</u>
Accumulated funds at the end of the financial year	<u>1,398,401</u>	<u>1,640,181</u>

**NOTE 13: CASH FLOW INFORMATION**

(a) Reconciliation of net cash provided by operating activities to deficit from ordinary activities after income tax:

Deficit from ordinary activities after income tax	<u>(241,780)</u>	<u>(81,889)</u>
Non-cash flows in deficit from ordinary activities:		
(profit)/loss from sale of plant and equipment	(3,823)	-
depreciation	40,821	41,482
bad and doubtful debts	29,043	(8,559)
Changes in assets and liabilities:		
(increase)/decrease in receivables	24,979	(117,258)
(increase)/decrease in other current assets	48	(8,451)
increase/(decrease) in payables	(10,697)	21,053
increase/(decrease) in provisions	(92,759)	4,403
increase/(decrease) in other current liabilities	<u>113,620</u>	<u>-</u>
Net cash used in operating activities	<u>(140,548)</u>	<u>(149,219)</u>

(b) The association has no credit stand-by or financing facilities in place.

(c) There were no non-cash financing or investing activities during the year.

**NOTE 14: SEGMENT REPORTING**

The Association operates predominantly in one business and geographical segment, being the provision of workplace support to employers in the forestry industry in Victoria.

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2004

**NOTE 15: FINANCIAL INSTRUMENTS**

(a) Interest rate risk

The Association's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

	Weighted average effective interest rate		Floating interest rate		Fixed interest maturing within 1 year	
	2004 %	2003 %	2004 \$	2003 \$	2004 \$	2003 \$
<i>Financial assets</i>						
Cash	2.9	2.5	255,101	368,965	598	598
Receivables	-	-	-	-	269,517	323,539
Total Financial Assets			<u>255,101</u>	<u>368,965</u>	<u>270,115</u>	<u>324,137</u>
<i>Financial liabilities</i>						
Payables	-	-	-	-	142,007	152,704
Total Financial Liabilities			<u>-</u>	<u>-</u>	<u>142,007</u>	<u>152,704</u>

(b) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial instruments is the carrying amount, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

The Association does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Association.

(c) Net fair values

Methods and assumptions used in determining net fair value.

The carrying values of assets and liabilities approximate their net fair value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the Association intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

**NOTE 16: ASSOCIATION DETAILS**

The principal place of business of the Association is 320 Russell Street, Melbourne, Victoria.

**VICTORIAN ASSOCIATION OF FOREST INDUSTRIES**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2004**

**NOTE 17: RELATED PARTIES**

All Committee members act in an honorary capacity.

**NOTE 18: ADDITIONAL INFORMATION FOR MEMBERS**

In accordance with the requirements of the Workplace Relations Act 1996, the attention of members is drawn to the provisions of subsections (1), (2) & (3) of section 274, which are read as follows:-

- 274(1) A member of an organisation shall, or a Registrar, may apply to the organisation for specified prescribed information in relation to the organisation.
- 274(2) An organisation shall, on application made under subsection (1) by a member of the organisation or a Registrar, make the prescribed information available to the member or Registrar in such manner, and within such time, as is prescribed.
- 274(3) A Registrar may only make an application under subsection (1) at the request of a member of the organisation concerned, and the Registrar shall provide to a member information received because of an application made at the request of the member.

# VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

## INDEPENDENT AUDIT REPORT

### Scope

#### The financial report and committee of management's responsibility

The financial report comprises the statement of financial position, statements of financial performance, statement of cash flows, accompanying notes to the financial statements and the statements by members of the committee for the Victorian Association of Forest Industries for the year ended 30 June 2004.

The committee of management is responsible for the preparation and true and fair presentation of the financial statements in accordance with the Workplace Relations Act 1996. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

#### Audit approach

We have conducted an independent audit in order to express an opinion to the members of the Association. Our audit has been conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the special purpose financial report presents fairly, in accordance with the Workplace Relations Act 1996 including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Association's financial position, and of its performance as represented by the results of its operations and cash flows.

We performed an opinion on the basis of these procedures, which included:

- examining on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the committee.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

### Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

**VICTORIAN ASSOCIATION OF FOREST INDUSTRIES**

**INDEPENDENT AUDIT REPORT  
(continued)**

**Audit Opinion**

In our opinion:

- (i) satisfactory accounting records were kept by the organisation in respect of the financial year, including records of the sources and nature of the income of the organisation (including income from members) and records of the nature and purposes of the expenditure of the organisation;
- (ii) the accounts and statements prepared under Section 273 of the Workplace Relations Act 1996 were properly drawn up so as to give a true and fair view of:
  - (a) the financial affairs of the Victorian Association of Forest Industries as at 30 June 2004, and
  - (b) the income and expenditure, and surplus of the Victorian Association of Forest Industries for the year ended 30 June 2004; and
- (iii) all information and explanations that, under subsection 276(2) officers or employees of the Victorian Association of Forest Industries were required to provide were provided.

*C. W. Stirling*

CW Stirling & Co  
Chartered Accountants

*John A Phillips*

John A Phillips  
Partner

Dated this *28th* day of *October* 2004.  
Melbourne.

**VICTORIAN ASSOCIATION OF FOREST INDUSTRIES**  
**COMPILATION REPORT**  
**TO THE MEMBERS OF VICTORIAN ASSOCIATION OF FOREST INDUSTRIES**

On the basis of information provided by the Committee of Management, we have compiled in accordance with APS 9 "Statement on Compilation of Financial Reports" the attached special purpose financial report of Victorian Association of Forest Industries for the year ended 30 June 2004.

The special purpose for which the special purpose financial report is prepared is to provide additional information to the members. The extent to which Accounting Standards and other mandatory professional reporting requirements have or have not been adopted in Note 1.

The Committee of Management are solely responsible for the information contained in the special purpose financial report and have determined that the accounting policies used are consistent and are appropriate to satisfy the requirements of the members.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the Committee provided, into a financial report. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

To the extent permitted by law, we do not accept liability for any loss or damage, which any person other than the Association, may suffer arising from any negligence on our part. No person should rely on the special purpose financial report without having an audit or review conducted.

The special purpose financial report was prepared for the benefit of the Association and its members and the purpose identified above. We do not accept responsibility to any other person for the contents of the special purpose financial report.

*C. W. Stirling & Co*

CW Stirling & Co  
Chartered Accountants

*John A Phillips*

John A Phillips  
Partner

Dated this *29th* day of *October*, 2004.  
Melbourne.

**VICTORIAN ASSOCIATION OF FOREST INDUSTRIES**  
**ADDITIONAL INFORMATION ON THE 2004 FINANCIAL STATEMENTS**  
**DETAILED INCOME AND EXPENDITURE STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2004**

	2004	2003
	\$	\$
<b>INCOME:</b>		
Membership fees and levies	787,354	966,079
Special Levy	306,671	154,041
Consulting & Industry Representation	158,400	158,400
Rental, administration and service charges	125,250	125,250
Interest and dividends from investments	9,161	11,562
NAFI Contribution	95,293	84,279
Australwood income	79,273	-
Grant income	-	100,000
Other income	20,915	34,679
<b>TOTAL INCOME</b>	<u>1,582,317</u>	<u>1,634,290</u>
<b>LESS EXPENDITURE:</b>		
Administration, Management and Organisation (refer attached schedule)	1,005,359	602,648
Office Expenses (refer attached schedule)	105,048	97,285
Functional and Other Expenses (refer attached schedule)	779,632	1,001,842
<b>TOTAL EXPENDITURE</b>	<u>1,890,039</u>	<u>1,701,775</u>
<b>Excess of income over expenditure</b>	<u>(307,722)</u>	<u>(67,485)</u>
<b>Expense for/(reduction in) Annual Leave</b>	(2,470)	2,811
<b>Expense for/ (reduction in) Long Service Leave</b>	(63,472)	11,593
	<u>(65,942)</u>	<u>14,404</u>
<b>Net Operating Deficit for the year transferred to General Fund</b>	<u>(241,780)</u>	<u>(81,889)</u>

These financial statements should be read in conjunction with the attached Compilation Report.

**VICTORIAN ASSOCIATION OF FOREST INDUSTRIES**  
**ADDITIONAL INFORMATION ON THE 2004 FINANCIAL STATEMENTS**  
**DETAILED INCOME AND EXPENDITURE STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2004**

	2004	2003
	\$	\$
<b><u>ADMINISTRATION, MANAGEMENT &amp; ORGANISATION</u></b>		
<b><u>EXPENDITURE</u></b>		
Depreciation	40,821	41,482
Executive & Sub Committee	1,035	512
Fringe benefits tax	16,553	14,047
General expenses	9,083	9,845
Motor vehicle expenses	16,824	11,715
Payroll tax	16,064	-
Salaries and Allowances to Employees	887,128	510,259
Travelling expenses	<u>17,851</u>	<u>14,788</u>
<b><u>Total Cost of General Association Activities and Administration, Management and Organisation</u></b>	<b><u>1,005,359</u></b>	<b><u>602,648</u></b>
<b><u>OFFICE EXPENDITURE</u></b>		
Cleaning	15,225	14,645
Insurances	23,135	18,496
Light & power	10,837	11,254
Postage & telephones	18,959	19,505
Printing & stationery	13,469	15,140
Rates & taxes	11,962	9,567
Repairs & maintenance	<u>11,461</u>	<u>8,678</u>
<b><u>Total Office Expenses</u></b>	<b><u>105,048</u></b>	<b><u>97,285</u></b>

These financial statements should be read in conjunction with the attached Compilation Report.



VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

ADDITIONAL INFORMATION ON THE 2004 FINANCIAL STATEMENTS

DETAILED INCOME AND EXPENDITURE STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2004

	2004	2003
	\$	\$
<b><u>FUNCTIONAL AND OTHER EXPENSES</u></b>		
Annual dinner	13,454	3,475
Audit fees	5,550	4,000
Australwood Expenses	26,000	-
Bad Debts	57,834	650
Bank charges	659	642
Communication Activities	31,765	451,178
Conferences	13,618	4,168
Consulting Resources	308,978	222,682
Corporate Activities	37,477	46,005
Doubtful debts	(28,791)	(9,209)
Government charges	858	814
Legal	10,019	-
N.A.F.I - expenses	709	658
NAFI Contribution	105,262	102,694
Industrial Relations Activities	89,794	79,615
Occupational Health & Safety Activities	-	980
Public Affairs-TCA	74,269	81,523
Public Land Council	3,667	8,000
Publications	8,672	719
Sundry Expenses	9,289	199
Staff training	4,950	62
Subscriptions to organisations	5,600	2,987
<b><u>Total Functional and Other Expenses</u></b>	<b><u>779,632</u></b>	<b><u>1,001,842</u></b>

These financial statements should be read in conjunction with the attached Compilation Report.