



Australian Government
Australian Industrial Registry

Level 5, 11 Exhibition Street, Melbourne 3000,
GPO Box 1994, Melbourne 3001
Telephone: (03) 8661 7817
Fax: (03) 9655 0410

28 February 2007

Mr Greg McCormack
President
Victorian Association of Forest Industries
Level 6, 50 Market Street
Melbourne VIC 3000
e: info@vafi.org.au

Dear Mr McCormack,

**Financial Reports for Year Ended 30 June 2005 - FR2005/284
& Year Ended 30 June 2006 - FR2006/455
Schedule 1 of the Workplace Relations Act 1996 (RAO Schedule)**

Thank you for the financial reports of the Victorian Association of Forest Industries for the years ended 30 June 2005 and 30 June 2006. The documents were lodged in the Industrial Registry on 27 December 2006.

The documents have been filed.

Although the documents have been filed, I would like to comment on one issue arising out of the reports. I make this comment to assist you when you next prepare financial reports and you do not need to take any further action in respect of the financial reports already lodged.

Date documents supplied to members

Could you please include in the Secretary's Certificate the date documents were supplied to the members. Whilst this is not expressly required by s268 of Schedule 1 of the Act, it can demonstrate compliance with the timescale requirements. The financial documents must be provided to members at least 21 days before being presented to a general meeting – see s265(5)(a) of Schedule 1 of the Act

Please do not hesitate to contact me by email at robert.pfeiffer@air.gov.au or on (03) 8661 7817 if you wish to discuss this letter.

A copy of the financial reports has been placed on the website maintained by the Industrial Registry at <http://www.e-airc.gov.au/232v/>.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'R Pfeiffer'.

for
Robert Pfeiffer
Assistant Team Manager
Statutory Services Branch, Melbourne

Tuesday, 6th March 2007

Mr Robert Pfeiffer
Assistant Team Manager
Statutory Services Branch, Melbourne
Australian Industrial Registry
Level 5, 11 Exhibition Street
MELBOURNE VIC 3000

ABN 99 752 910 589
Level 6, 50 Market Street
Melbourne VIC 3000
Telephone 61 3 9611 9000
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www.vafi.org.au
info@vafi.org.au

Dear Mr Pfeiffer

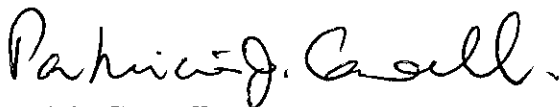
**VAFI Financial Reports for Year Ended 30th June 2005 – FR2005/284
& Year Ended 30th June 2006 – FR2006455
Schedule 1 of the Workplace Relations Act 1996 (RAO Schedule)**

Thank you for your note of 28 February 2007 indicating that VAFI's Financial Reports for 2005 and 2006 have been received and filed.

The Financial Statements for year ended 30 June 2005 were sent to VAFI members on 25th October meeting the requirements of at least 21 days notice of the VAFI AGM which was held on 18th November 2005. For year ended 30 June 2006, the Financial Statements were sent on 4th September meeting the requirements of at least 21 days notice before the VAFI AGM on 6th October 2006.

We hope you will consider this letter an amendment to the VAFI Financial Statements and Operating Reports for year ended 30th June 2005 and year ended 30th June 2006 as required (see attached).

Yours faithfully



**Tricia Caswell
CEO**

Attach

cc Mr Greg McCormack, VAFI President
Mr Darrin McKenzie, VAFI Vice President
Mr Vince Erasmus, VAFI Vice President
Mr Bob Humphreys, VAFI Vice President
Mr Gary Demby, VAFI Executive
Mr Rowan Reid, VAFI Executive
Mr Peter Mitchell, VAFI Executive
Mr Nick Murray, VAFI Executive

Victorian Association of Forest Industries

ABN 99 752 910 589

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005
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 Bob Humphreys	Mr Peter Ward
Mr David Goding	Mr Vince Hurley (appointed 19 November 2004)
Mr James Neville Smith (resigned 19 November 2004)	

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 2005.

Membership

The number of members of the Association as recorded in the register of members at 30 June 2005 was 42.

Employees

The number of employees of the Association as at 30 June 2005 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

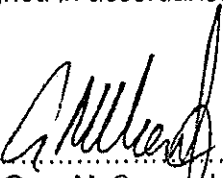
Members have the right to resign from the Association under section 174(1) of the ROA Schedule which reads as follows:

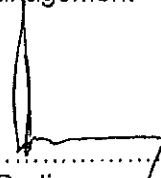
"A member of an organisation may resign from membership by written notice addressed and delivered to a person designated for the purpose in then rules of the organisation or a branch of the organisation."

Details of superannuation trustees

No officer or member of the Association is a trustee of a superannuation entity or a director of a company that is a trustee of a superannuation entity.

Signed in accordance with a resolution of the Committee of Marjagement


.....
Mr Greg McCormack


.....
Mr David Goding

Dated this 21st day of October 2005.

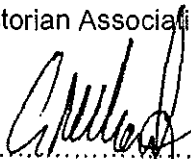
VICTORIAN ASSOCIATION OF FOREST INDUSTRIES
ABN 99 752 910 589

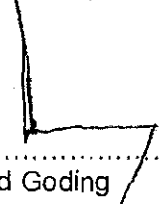
COMMITTEE OF MANAGEMENT STATEMENT

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 2005 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 2005 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 Greg McCormack

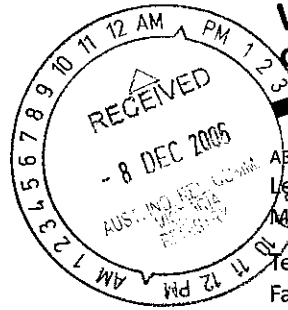

.....
Mr David Goding

Dated this ⁴21 day of *October*, 2005.

FR2005/284



**Victorian Association
of Forest Industries**



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Melbourne VIC 3000

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**Victorian Association of Forest Industries
Financial Documents for year Ended 30 June 2005**

This is to certify that the financial documents lodged with the Australian Industrial Registry for the year ended 30 June 2005 are copies which were presented to the Annual General Meeting on 18 November 2005 in accordance with Section 268 of the R.A.O. Schedule.

**Greg McCormack
President**

Date: 30-11-06

Victorian Association of Forest Industries

ABN 99 752 910 589

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005
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 Bob Humphreys	Mr Peter Ward
Mr David Goding	Mr Vince Hurley (appointed 19 November 2004)
Mr James Neville Smith (resigned 19 November 2004)	

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VICTORIAN ASSOCIATION OF FOREST INDUSTRIES
ABN 99 752 910 589

OPERATING REPORT
(continued)

Details of the right of members to resign

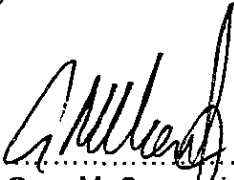
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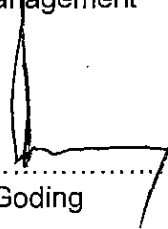
Details of superannuation trustees

No officer or member of the Association is a trustee of a superannuation entity or a director of a company that is a trustee of a superannuation entity.

Signed in accordance with a resolution of the Committee of Management



.....
Mr Greg McCormack



.....
Mr David Goding

Dated this *21st* day of *October* 2005.

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 2005 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 2005 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 Greg McCormack


.....
Mr David Goding

Dated this *21st* day of *October*, 2005.

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES
ABN 99 752 910 589

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2005

	Note	2005 \$	2004 \$
Revenue from ordinary activities	2	1,634,606	1,649,085
Administration, management and organisation expenditure		(67,916)	(101,678)
Depreciation expense		(32,338)	(40,821)
Employee benefits expense		(730,136)	(837,739)
Office expenses		(126,167)	(105,048)
Legal expenses		-	(10,019)
Bad and doubtful debts		(45,000)	(29,043)
Consulting resource expenses		(138,341)	(308,978)
NAFI contribution and expenses		(110,153)	(105,971)
Public Affairs – TCA		(74,250)	(74,269)
Functional and other expenses from ordinary activities		<u>(272,187)</u>	<u>(277,299)</u>
Surplus/ (deficit) from ordinary activities before income tax expense		38,118	(241,780)
Income tax expense	1(a)	<u>-</u>	<u>-</u>
Surplus/ (deficit) from ordinary activities after income tax expense		<u>38,118</u>	<u>(241,780)</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 2005

	Note	2005 \$	2004 \$
<u>Current Assets</u>			
Cash assets	4	368,820	255,699
Receivables	5	201,762	269,517
Other	6	<u>12,324</u>	<u>14,570</u>
TOTAL CURRENT ASSETS		<u>582,906</u>	<u>539,786</u>
<u>Non-Current Assets</u>			
Investments	7	557	557
Property, plant and equipment	8	<u>1,292,334</u>	<u>1,315,959</u>
TOTAL NON-CURRENT ASSETS		<u>1,292,891</u>	<u>1,316,516</u>
TOTAL ASSETS		<u>1,875,797</u>	<u>1,856,302</u>
<u>Current Liabilities</u>			
Payables	9	156,537	142,007
Provisions	10	77,661	78,680
Other	11	<u>173,898</u>	<u>213,619</u>
TOTAL CURRENT LIABILITIES		<u>408,096</u>	<u>434,306</u>
<u>Non-Current Liabilities</u>			
Provisions	10	<u>31,182</u>	<u>23,595</u>
TOTAL NON-CURRENT LIABILITIES		<u>31,182</u>	<u>23,595</u>
TOTAL LIABILITIES		<u>439,278</u>	<u>457,901</u>
NET ASSETS		<u>1,436,519</u>	<u>1,398,401</u>
Represented by:			
<u>Members' Funds</u>			
Accumulated funds	12	<u>1,436,519</u>	<u>1,398,401</u>
TOTAL MEMBERS' FUNDS		<u>1,436,519</u>	<u>1,398,401</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 2005

	Note	2005 \$	2004 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Membership fees and levies received		1,200,065	1,119,004
Consulting services and other income		483,936	479,131
Payments to suppliers and employees		(1,564,757)	(1,747,844)
Interest and dividends received		3,606	9,161
Interest paid		<u>(1,016)</u>	<u>-</u>
Net cash provided by operating activities	13(a)	<u>121,834</u>	<u>(140,548)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on disposal of plant and equipment		-	70,591
Purchases of plant and equipment		<u>(8,713)</u>	<u>(43,907)</u>
Net cash provided by investing activities		<u>(8,713)</u>	<u>26,684</u>
Net decrease in cash held		113,121	(113,864)
Cash at the beginning of the financial year		<u>255,699</u>	<u>369,563</u>
Cash at the end of the financial year	4	<u>368,820</u>	<u>255,699</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 2005

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:

<u>Class of fixed asset</u>	<u>Depreciation rate</u>
Buildings	2.5%
Plant and equipment	10 – 25%

(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.

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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) Impact of Adoption of Australian Equivalents to International Financial Reporting Standards

The Association is preparing and managing the transition to Australian Equivalents to International Financial Reporting Standards (AIFRS) effective for the financial years commencing from 1 January 2005. The adoption of AIFRS will be reflected in the Association's financial statements for the year ending 30 June 2006. On first time adoption of AIFRS, comparatives for the financial year ended 30 June 2005 are required to be restated. The majority of the AIFRS transitional adjustments will be made retrospectively against retained earnings at 1 July 2004. The impact of the alternative treatments and elections under AASB 1: First Time Adoption of Australian Equivalents to International Financial Reporting Standards, has been considered where applicable.

The directors are of the opinion that the key material differences in the entity's accounting policies on conversion to AIFRS and the financial effect of these differences where known are as follows. Users of the financial statements, should, however, note that the amounts disclosed could change if there are any amendments by standards-setters to the current AIFRS, or interpretation of the AIFRS requirements changes from the continued work of the entity's AIFRS committee.

Impairment of Assets

Under AASB 136 : Impairments of Assets, the recoverable amount of an assets is determined as the higher of fair value less costs to sell, and value in use. In determining value in use, projected future cash flows are discounted using a risk adjusted pre-tax discount rate and impairment is assessed for the individual asset of as the 'cash generating unit' level. A 'cash generating unit' is determined as the smallest group of assets that generates cash flows, which are largely independent of the cash inflows from other assets or group of assets. The current policy is to determine the recoverable amount of an asset on the basis of undiscounted net cash flows that will be received from the assets use and subsequent disposal. On transition the financial effect of this impact is assessed as nil at 1 July 2004 or 30 June 2005.

Financial Instruments

AASB 1 provides an election whereby the requirements of AASB 138 dealing with financial instruments are not required to be applied to the first AIFRS comparative year and the first time adoption of this standard will apply from 1 July 2005. The economic entity has decided that it will adopt this election and will not restate comparative information for the 30 June 2005 financial year.

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

	2005	2004
	\$	\$
NOTE 2: REVENUE		
Operating activities		
- membership fees and levies	928,065	787,354
- special levy	250,000	306,671
- subscription fees	22,000	-
- directors fees	82,605	-
- consulting and industry representation	112,408	158,400
- rental, administration and service charges	87,437	125,250
- NAFI Contribution	74,682	95,293
- Australwood income	57,764	79,273
- other income	16,039	17,092
	<u>1,631,000</u>	<u>1,569,333</u>
Non-operating activities		
- Interest and dividends from investments	3,606	9,161
- Proceeds on disposal of plant and equipment	-	70,591
	<u>3,606</u>	<u>79,752</u>
Total Revenue	<u>1,634,606</u>	<u>1,649,085</u>

NOTE 3: SURPLUS FROM ORDINARY ACTIVITIES

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

(a) Expenses:

Depreciation of non-current assets		
- buildings	11,360	11,685
- plant and equipment	20,978	29,136
Total depreciation	<u>32,338</u>	<u>40,821</u>
Bad and doubtful debts	45,000	29,042
Remuneration of auditor		
- audit services	4,400	4,400
- other services	975	3,600
Total remuneration	<u>5,375</u>	<u>8,000</u>

(b) Revenue and Net Gains

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

	2005	2004
	\$	\$
NOTE 4: CASH ASSETS		
Cash on hand	598	598
Cash at bank	294,324	141,482
Cash at bank held in trust for projects	<u>73,898</u>	<u>113,619</u>
	<u>368,820</u>	<u>255,699</u>
 NOTE 5: RECEIVABLES		
Accounts Receivable	313,762	329,149
Less Provision for doubtful debts	<u>(112,000)</u>	<u>(67,000)</u>
	201,762	262,149
Sundry Debtors	<u>-</u>	<u>7,368</u>
	<u>201,762</u>	<u>269,517</u>
 NOTE 6: OTHER CURRENT ASSETS		
Prepayments	<u>12,324</u>	<u>14,570</u>
 NOTE 7: INVESTMENTS		
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>1,153</u>	<u>1,103</u>
 NOTE 8: PROPERTY, PLANT AND EQUIPMENT		
LAND:		
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>
BUILDINGS		
320 - 324 Russell Street, Melbourne at cost	560,690	560,690
Less accumulated depreciation	<u>(117,628)</u>	<u>(106,268)</u>
Total buildings at cost	<u>443,062</u>	<u>454,422</u>
Total land and buildings	<u>1,238,217</u>	<u>1,249,577</u>

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

2005
\$

2004
\$

NOTE 8: PROPERTY, PLANT AND EQUIPMENT (continued)

PLANT AND EQUIPMENT

Plant and equipment at cost	182,063	173,351
Less accumulated depreciation	<u>(127,946)</u>	<u>(106,969)</u>
Total plant and equipment	<u>54,117</u>	<u>66,382</u>
Total property, plant and equipment	<u>1,292,334</u>	<u>1,315,959</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	454,422	66,382	1,315,959
Additions	-	-	8,713	8,713
Disposals	-	-	-	-
Depreciation expense	-	(11,360)	(20,978)	(32,338)
Balance at the end of the year	<u>795,155</u>	<u>443,062</u>	<u>54,117</u>	<u>1,292,334</u>

2005
\$

2004
\$

NOTE 9: PAYABLES

Unsecured liabilities		
Accounts payable	103,472	137,607
Sundry creditors and accrued expenses	<u>53,065</u>	<u>4,400</u>
	<u>156,537</u>	<u>142,007</u>

NOTE 10: PROVISIONS

CURRENT

Employee entitlements	34,479	35,498
Provision for member legal expenses	<u>43,182</u>	<u>43,182</u>
	<u>77,661</u>	<u>78,680</u>

NON-CURRENT

Employee entitlements	<u>31,182</u>	<u>23,595</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 2005

	2005	2004
	\$	\$
NOTE 11: OTHER LIABILITIES		
CURRENT		
Deferred income	100,000	100,000
Funds held on behalf of project groups	<u>73,898</u>	<u>113,619</u>
	<u>173,898</u>	<u>213,619</u>

NOTE 12: ACCUMULATED FUNDS

Accumulated funds at the beginning of the financial year	1,398,401	1,640,181
Net deficit attributable to the Association	<u>38,118</u>	<u>(241,780)</u>
Accumulated funds at the end of the financial year	<u>1,436,519</u>	<u>1,398,401</u>

NOTE 13: CASH FLOW INFORMATION

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

Surplus/ (deficit) from ordinary activities after tax	<u>38,118</u>	<u>(241,780)</u>
Non-cash flows from ordinary activities:		
(profit)/loss from sale of plant and equipment depreciation	-	(3,823)
bad and doubtful debts	17,000	29,043
Changes in assets and liabilities:		
(increase)/decrease in receivables	50,755	24,979
(increase)/decrease in other current assets	2,246	48
increase/(decrease) in payables	14,530	(10,697)
increase/(decrease) in provisions	6,568	(92,759)
increase/(decrease) in other current liabilities	<u>(39,721)</u>	<u>113,620</u>
Net cash used in operating activities	<u>121,834</u>	<u>(140,548)</u>

(b) The association has an overdraft facility of \$100,000 secured against land and buildings owned by the association. The overdraft was not drawn upon at balance date.

(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 2005

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		Non-interest bearing	
	2005 %	2004 %	2005 \$	2004 \$	2005 \$	2004 \$
<i>Financial assets</i>						
Cash	1.1	2.9	368,222	255,101	598	598
Receivables			-	-	201,762	269,517
Total Financial Assets			<u>368,222</u>	<u>255,101</u>	<u>202,360</u>	<u>270,115</u>
<i>Financial liabilities</i>						
Payables			-	-	156,537	142,007
Total Financial Liabilities			<u>-</u>	<u>-</u>	<u>156,537</u>	<u>142,007</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 2005**

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 272, which are read as follows:-

- 272(1) A member of an organisation shall, or a Registrar, may apply to the organisation for specified prescribed information in relation to the organisation.
- 272(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.
- 272(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.

NOTE 19: EVENTS SUBSEQUENT TO BALANCE DATE

The Association has resolved to sell the property at 320 Russell Street by auction on 17 November 2005 or earlier by private sale.

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 2005.

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, and specifically Schedule 1B of the Workplace Relations Act 1996 (the RAO Schedule). 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.

Auditor Qualification

The auditor is an approved auditor defined in Regulation 4 of the RAO Regulations as a person who is a member of the Institute of Chartered Accountants in Australia and holds a current Public Practice Certificate.

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 financial report presents fairly in accordance with applicable Australian Accounting Standards and the requirements of the RAO Schedule, the financial position of Victorian Association of Forest Industries as at 30 June 2005 and the results of its operations and cash flows.
- (iii) all information and explanations that, under subsection 257(2)-(4) of the RAO Schedule officers or employees of the Victorian Association of Forest Industries were required to provide were provided.

C.W. Stirling & Co

C.W. Stirling & Co
Chartered Accountants

John A Phillips

John A Phillips
Partner

Dated this 24th day of October 2005.
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 complied 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 2005.

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

C.W. Stirling & Co
Chartered Accountants

for A Phillips

John A Phillips
Partner

Dated this 24th day of ~~October~~ 2005.
Melbourne.

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES
ADDITIONAL INFORMATION ON THE 2005 FINANCIAL STATEMENTS
DETAILED INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2005

	2005	2004
	\$	\$
INCOME:		
Membership fees and levies	928,065	787,354
Subscription fees	22,000	-
Special Levy	250,000	306,671
Directors Fee's	82,605	-
Consulting & Industry Representation	112,408	158,400
Rental, administration and service charges	87,437	125,250
Interest and dividends from investments	3,606	9,161
NAFI Contribution	74,682	95,293
Australwood income	57,764	79,273
Other income	<u>16,039</u>	<u>20,915</u>
TOTAL INCOME	<u>1,634,606</u>	<u>1,582,317</u>
LESS EXPENDITURE:		
Administration, Management and Organisation (refer attached schedule)	822,992	1,005,359
Office Expenses (refer attached schedule)	126,447	105,048
Functional and Other Expenses (refer attached schedule)	<u>640,480</u>	<u>779,632</u>
TOTAL EXPENDITURE	<u>1,589,919</u>	<u>1,890,039</u>
Surplus/(deficit) of income over expenditure	<u><u>44,687</u></u>	<u><u>(307,722)</u></u>
Expense for/(reduction in) Annual Leave	(1,019)	(2,470)
Expense for/ (reduction in) Long Service Leave	<u>7,588</u>	<u>(63,472)</u>
	<u><u>6,569</u></u>	<u><u>(65,942)</u></u>
Net Operating Surplus/ (deficit) for the year transferred to General Fund	<u><u>38,118</u></u>	<u><u>(241,780)</u></u>

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

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES
ADDITIONAL INFORMATION ON THE 2005 FINANCIAL STATEMENTS
DETAILED INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2005

	2005	2004
	\$	\$
<u>ADMINISTRATION, MANAGEMENT & ORGANISATION EXPENDITURE</u>		
Depreciation	32,338	40,821
Executive & Sub Committee	1,007	1,035
Fringe benefits tax	5,878	16,553
General expenses	14,503	9,083
Motor vehicle expenses	8,655	16,824
Payroll tax	4,433	16,064
Salaries and Allowances to Employees	717,689	887,128
Traveling expenses	<u>38,489</u>	<u>17,851</u>
<u>Total Cost of General Association Activities and Administration, Management and Organisation</u>	<u>822,992</u>	<u>1,005,359</u>
 <u>OFFICE EXPENDITURE</u>		
Cleaning	14,444	15,225
Insurances	28,543	23,135
Light & power	10,134	10,837
Postage & telephones	21,400	18,959
Printing & stationery	12,217	13,469
Rates & taxes	12,713	11,962
Repairs & maintenance	<u>26,996</u>	<u>11,461</u>
<u>Total Office Expenses</u>	<u>126,447</u>	<u>105,048</u>

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

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

ADDITIONAL INFORMATION ON THE 2005 FINANCIAL STATEMENTS

DETAILED INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2005

	2005	2004
	\$	\$
<u>FUNCTIONAL AND OTHER EXPENSES</u>		
Annual dinner	22,352	13,454
Audit fees	5,375	5,550
Australwood Expenses	-	26,000
Bad Debts	17,000	57,834
Bank charges	2,716	659
Bank fees	185	-
Bank interest	1,016	-
Brochures	6,943	-
Cabinet Displayers	638	-
Communication Activities	9,827	31,765
Community Council	3,196	-
Conferences	20,773	13,618
Consulting Resources	147,360	308,978
Corporate Activities	26,841	37,477
Donations	724	-
Doubtful debts	28,000	(28,791)
Global Sustainability Partners	20,000	-
Government charges	\$661	858
Industrial Relations Activities	86,993	89,794
Legal	-	10,019
N.A.F.I - expenses	1,731	709
NAFI Contribution	108,422	105,262
Occupational Health & Safety Activities	-	-
Public Affairs-TCA	74,250	74,269
Public Land Council	-	3,667
Publications	1,274	8,672
Rules Revision	8,000	-
Sundry Expenses	164	9,288
Staff training	829	4,950
Subscriptions to organisations	9,008	5,600
Surfaces	(1,935)	-
Trademarks	3,514	-
Tradeshaw/Expo China	34,423	-
Website	200	-
<u>Total Functional and Other Expenses</u>	<u>640,480</u>	<u>779,632</u>

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