



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

Level 5, 11 Exhibition St, Melbourne Vic 3000  
GPO Box 1994, Melbourne, VIC 3001  
Telephone: (03) 8661 7990  
Fax: (03) 9655 0410  
andrew.schultz@air.gov.au

Mr Greg McCormack  
President  
Victorian Association of Forest Industries  
Level 6, 50 Market Street  
MELBOURNE VIC 3000

By email – info@vafi.org.au

Dear Mr McCormack,

**Re: Financial Report - Year ending 30 June 2007 - FR2007/441**  
**Schedule 1 - Workplace Relations Act 1996 (RAO Schedule)**

I have received the Financial Report for the Victorian Association of Forest Industries for the year ending 30 June 2007. The documents were lodged on 24 December 2007.

The documents have been filed – no further action is required for year ended 30 June 2007.

However the following improvements should be made in future years

Designated Officer's Certificate

The Designated Officer's Certificate must also confirm that the financial report has been provided to members. It is also useful (but not mandatory) to include in the certificate the date the documents were provided to members – see s268(c) of the RAO Schedule.

Meeting expenses and other expenses

An organisation is required to *separately disclose* a wide range of expenditure items in the accounts – these include:

- Conference Expenses
- Fees /Allowances for attendance at Conferences
- Affiliation Fees or Subscriptions to political parties or industrial bodies
- Donations or Grants
- Capitation fees/membership subscriptions

It is noted that meeting expenses, donations and some other expenses were only disclosed in the lodged compilation report (which involves a disclaimer by the auditor).

In future financial years please ensure that any expenditure of the kind listed above is included in the main body of the accounts and not under a disclaimer – see attached.

If you have any queries please contact me on (03) 8661 7990.

Yours faithfully,

Andrew Schultz  
Statutory Services Branch

28 February 2008

## ATTACHMENT

The requirement to separately disclose expenditure items in the accounts is set out in Item 11 of the *Reporting Guidelines* (see below). Subsection 253(2)(b)(ii) of the RAO Schedule states that the GPFR must include the information required by the Reporting Guidelines.

### Reporting Guidelines issued under section 253 of RAO Schedule

.....

11. Balances for the following items of expense must be disclosed by the reporting unit in the notes to the financial statements unless already disclosed on the face of the profit and loss statement in accordance with Australian Accounting Standards:
- (a) expenses incurred as consideration for employers making payroll deductions of membership subscriptions;
  - (b) where under the rules of the organisation or the rules of a branch of the organisation the reporting unit must pay to another reporting unit of the organisation as a contribution towards the administrative expenses of the other reporting unit a proportion of the total amount derived by the reporting unit as entrance fees or membership subscriptions - the amount and the name in respect of each such reporting unit;
  - (c) where the circumstances specified in subparagraph (b) apply in relation to more than one other reporting unit of the organisation - the total amount in respect of all other reporting units;
  - (d) fees and periodic subscriptions in respect of its affiliation to any political party, any federation, congress, council or group of organisations, or any international body having an interest in industrial matters;
  - (e) compulsory levies imposed on the reporting unit - for each such levy, the amount, a brief description of purpose and the name of the entity imposing the levy (including another reporting unit of the organisation);
  - (f) grants or donations;
  - (g) employee benefits to holders of office of the reporting unit;
  - (h) employee benefits to employees (other than holders of offices) of the reporting unit;
  - (i) fees or allowances (other than any amount included in an amount referred to in subparagraphs (g) or (h) of this paragraph) to persons in respect of their attendances as representatives of the reporting unit at conferences or other meetings;
  - (j) legal costs and other expenses related to litigation or other legal matters;
  - (k) expenses (other than expenses included in an amount referred to elsewhere in this paragraph) incurred in connection with meetings of members of the reporting unit and any conferences or meetings of councils, committees, panels or other bodies for the holding of which the reporting unit was wholly or partly responsible; and
  - (l) penalties imposed on the reporting unit under the Act or Regulations.

A full copy of the Reporting Guidelines may be viewed on the AIRC Website at:  
[http://www.airc.gov.au/registered/rao/rao\\_253.pdf](http://www.airc.gov.au/registered/rao/rao_253.pdf).

FR 2007/441



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Industrial Registrar  
AIRC  
Level 4, 11 Exhibition Street  
MELBOURNE VIC 3000

18 December 2007

To Whom It May Concern:

**FINANCIAL RETURNS 2007**

Please find enclosed Financial Returns for the Victorian Association of Forest Industries (VAFI) for the year ended 30 June 2007.

Accompanying them is the required Statement by the Certifying Officer.

Yours sincerely,

Philip Dalidakis  
Executive Director



Industrial Registrar  
AIRC  
Level 4, 11 Exhibition Street  
MELBOURNE VIC 3000

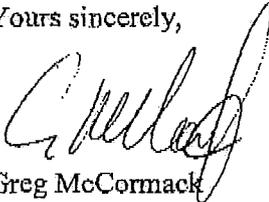
18 December 2007

To Whom It May Concern:

**FINANCIAL RETURNS CERTIFYING OFFICER STATEMENT 2007  
FINANCIAL DOCUMENTS FOR YEAR ENDED 30 JUNE 2007**

This is to certify that the Financial Statements lodged with the Australian Industrial Registry for the year ended 30 June 2007 are copies which were presented to a Special General Meeting of the Association held on Monday 17 December in accordance with Section 268 of the R.A.O. Schedule.

Yours sincerely,



Greg McCormack  
President



**MEMO TO ALL VAFI MEMBERS**  
**23 November 2007**

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## **NOTICE OF SPECIAL GENERAL MEETING**

**A Special General Meeting of the Victorian Association of Forest Industries  
is to be held on  
Monday 17 December, 2007  
at 11.00am  
VAFI Offices  
Level 6, 50 Market Street, Melbourne**

The purpose of the Meeting is the formal presentation of the Financial Statements of the Association. The Financial Statements are required to be forwarded to members at least 21 days prior to being presented at a General Meeting of the Association.

Usually this occurs at the AGM however circumstances did not allow for the 21 day timeframe to be met this year. Accordingly a Special General Meeting has been convened to ensure compliance.

### **Agenda**

1. Welcome and Apologies
2. Presentation of Financial Statements for 2006-07
3. Other Business

### **Attached**

1. Financial Statements for 2006-07

**Philip Dalidakis**  
**Executive Director**  
**23 November 2007**



# **Victorian Association of Forest Industries**

**ABN 99 752 910 589**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007  
TOGETHER WITH REPORTS  
OF THE EXECUTIVE 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 Executive

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

Mr Greg McCormack	Mr Bob Humphreys
Mr Vince Erasmus	Mr Nick Murray
Mr Darrin McKenzie	Mr Gary Demby
Mr Rowan Reid	Mr Peter Mitchell
Mr Paul Madden (Observer)	Mr David Goding (resigned 6/10/2006)
Mr Peter Ward (resigned 6/10/2006)	Mr Vince Hurley (resigned 6/10/2006)

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

There were no significant change in the nature of the activities during the year.

Operating Results

The profit for the year was \$5,007.

Membership

The number of members of the Association as recorded in the register of members at 30 June 2007 was 19.

Employees

The number of employees of the Association as at 30 June 2007 measured on a full-time equivalent basis was 4.

**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."*

Signed in accordance with a resolution of the Executive

  
.....  
Mr Greg McCormack

  
.....  
Mr Darrin McKenzie

Dated this 7<sup>th</sup> day of SEPTEMBER, 2007.

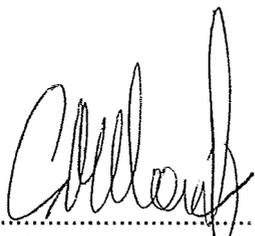
**VICTORIAN ASSOCIATION OF FOREST INDUSTRIES**  
**ABN 99 752 910 589**

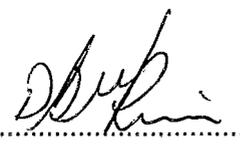
**EXECUTIVE STATEMENT**

The Executive 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 2007 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 2007 and to the date of this report:
  - (i) meetings of the Executive 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 Executive of the Victorian Association of Forest Industries made on this day.

  
.....  
Mr Greg McCormack

  
.....  
Mr Darrin McKenzie

Dated this *7<sup>th</sup>* day of *September* 2007.

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

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2007 \$	2006 \$
Revenue	2	1,368,726	3,720,949
Administration, management and organisation expenditure		(85,219)	(87,872)
Depreciation expense		(15,309)	(31,043)
Employee benefits expense		(501,887)	(705,758)
Office expenses		(127,385)	(218,580)
Legal expenses		(2,092)	33,913
Bad and doubtful debts		55,262	(22,083)
Consulting resource expenses		(271,958)	(353,015)
NAFI contribution and expenses		(57,253)	(112,596)
Public Affairs – TCA		-	(110)
Functional and other expenses		<u>(357,878)</u>	<u>(300,570)</u>
Profit before income tax		5,007	1,923,235
Income tax expense	1(a)	<u>-</u>	<u>-</u>
Profit from operations		<u><u>5,007</u></u>	<u><u>1,923,235</u></u>

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

**BALANCE SHEET**  
**AS AT 30 JUNE 2007**

	Note	2007 \$	2006 \$
<u>Current Assets</u>			
Cash and cash equivalents	6	2,047,357	2,408,728
Trade and other receivables	7	135,533	277,635
Related party receivable	8	17,624	-
Other current assets	9	<u>7,015</u>	<u>16,007</u>
<b>TOTAL CURRENT ASSETS</b>		<u><b>2,207,529</b></u>	<u><b>2,702,370</b></u>
<u>Non-Current Assets</u>			
Financial Assets	10	1,475	557
Property, plant and equipment	11	<u>1,245,141</u>	<u>1,254,341</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u><b>1,246,616</b></u>	<u><b>1,254,898</b></u>
<b>TOTAL ASSETS</b>		<u><b>3,454,145</b></u>	<u><b>3,957,268</b></u>
<u>Current Liabilities</u>			
Trade and other payables	12	73,017	497,008
Short term provisions	13	7,811	29,346
Other current liabilities	14	<u>7,638</u>	<u>44,673</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u><b>88,466</b></u>	<u><b>571,027</b></u>
<u>Non-Current Liabilities</u>			
Long term provisions	13	<u>-</u>	<u>26,487</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u><b>-</b></u>	<u><b>26,487</b></u>
<b>TOTAL LIABILITIES</b>		<u><b>88,466</b></u>	<u><b>597,514</b></u>
<b>NET ASSETS</b>		<u><b>3,365,679</b></u>	<u><b>3,359,754</b></u>
Represented by:			
<u>Members' Funds</u>			
Retained earnings		<u>3,365,679</u>	<u>3,359,754</u>
<b>TOTAL MEMBERS' FUNDS</b>		<u><b>3,365,679</b></u>	<u><b>3,359,754</b></u>

The accompanying notes form part of these financial statements.

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

**STATEMENT OF RECOGNISED INCOME AND EXPENSE**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	<b>Retained Earnings</b>	<b>Financial Asset Reserve</b>	<b>Total</b>
	\$	\$	\$
<b>Balance at 1 July 2005</b>	<u><b>1,436,519</b></u>	-	<u><b>1,436,519</b></u>
Profit attributable to members	1,923,235	-	1,923,235
<b>Balance at 30 June 2006</b>	<u><b>3,359,754</b></u>	-	<u><b>3,359,754</b></u>
Profit attributable to members	5,007	-	5,007
Revaluation Increment	-	918	918
<b>Balance at 30 June 2007</b>	<u><b>3,364,761</b></u>	<u><b>918</b></u>	<u><b>3,365,679</b></u>

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

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2007 \$	2006 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Membership fees and levies received		920,986	1,185,185
Consulting services and other income		453,705	2,334,626
Payments to suppliers and employees		(1,841,358)	(3,662,280)
Interest and dividends received		118,513	68,671
Interest paid		<u>(1,933)</u>	<u>(2,800)</u>
Net cash provided by operating activities	15(a)	<u>(350,087)</u>	<u>(76,598)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds on disposal of plant and equipment		34,545	3,328,377
Purchases of plant and equipment		<u>(45,829)</u>	<u>(1,211,871)</u>
Net cash provided by investing activities		<u>(11,284)</u>	<u>2,116,506</u>
Net increase in cash held		(361,371)	2,039,908
Cash at the beginning of the financial year		<u>2,408,728</u>	<u>368,820</u>
Cash at the end of the financial year	6	<u><u>2,047,357</u></u>	<u><u>2,408,728</u></u>

# VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Australian Accounting Interpretations, 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 Victorian Association of Forest Industries is an Association incorporated in Victoria under the Workplace Relations Act 1996.

The financial report of Victorian Association of Forest Industries as an individual entity complies with all Australian equivalents to the International Financial Reporting Standards (AIFRS) in their entirety.

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.

#### **Reporting Basis and Conventions**

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

#### **Accounting Policies**

##### **(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 and impairment of loss. Freehold land and buildings are brought to account at cost or at independent or committee's valuation.

##### **Plant and Equipment**

Plant and equipment are measured on the cost basis less depreciation and impairment of losses.

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

The cost of fixed assets constructed within the entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

# VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

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

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

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Association and the cost of the item can be measured reliably. All repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

#### Depreciation

The depreciable amount of all fixed assets including building, are depreciated on a straight-line or reducing balance basis over the useful lives to the commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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%

The asset's residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts include in the revaluation relating to that asset are transferred to retained earnings.

#### (c) Financial Instruments Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

#### Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

#### Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

# VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

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

#### **(d) Impairment of Assets**

At each reporting date, the Association reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less the cost to sell and value-in-use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the Association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### **(e) Employee Benefits**

Provision is made for the Association's liability for employee entitlements arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. 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.

#### **(f) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

#### **(g) 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 on a proportional basis taking into account the interest rates applicable to the financial assets. All revenue is stated net of the amount of goods and services tax (GST).

#### **(h) 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 balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows

#### **(i) Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

#### **Critical Accounting Estimates and Judgments**

The Executive members evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information.

Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Association.

**VICTORIAN ASSOCIATION OF FOREST INDUSTRIES**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

	<b>2007</b>	<b>2006</b>
	\$	\$
<b>NOTE 2: REVENUE</b>		
Operating activities		
- membership fees and levies	777,055	972,158
- special levy	143,931	213,026
- director's fees	117,228	83,268
- consulting and industry representation	364	49,833
- rental, administration and service charges	49,274	30,392
- NAFI Contribution	-	22,841
- Australwood income	73,398	35,758
- EMS Project	78,510	-
- other income	<u>10,453</u>	<u>23,572</u>
	<u>1,250,213</u>	<u>1,430,848</u>
Non-operating activities		
- Interest and dividends from investments	118,513	68,672
- Reversal of overprovision	-	3,585
- Net gain on disposal of plant and equipment	-	2,109,556
- Reversal of liabilities	-	<u>108,288</u>
	<u>118,513</u>	<u>2,290,101</u>
Total Revenue	<u>1,368,726</u>	<u>3,720,949</u>

**NOTE 3: PROFIT**

Profit before income tax has been determined after:

(a) Significant Revenue and Expenses		
Net gain on disposal of plant and equipment	<u>-</u>	<u>2,109,556</u>

**NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION**

	<b>Short-term Benefit</b>	<b>Post Employment Benefit</b>	<b>Total</b>
<b>2007</b>			
Total Compensation	<u>202,780</u>	<u>97,220</u>	<u>300,000</u>
<b>2006</b>			
Total Compensation	<u>244,408</u>	<u>56,592</u>	<u>300,000</u>

**VICTORIAN ASSOCIATION OF FOREST INDUSTRIES**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

	2007	2006
	\$	\$
<b>NOTE 5: AUDITOR'S REMUNERATION</b>		
Remuneration of the auditor of the Association for:		
- auditing or reviewing the financial report	5,500	5,000
- taxation services	600	375
 <b>NOTE 6: CASH AND CASH EQUIVALENTS</b>		
Cash on hand	700	598
Cash at bank	386,518	2,363,457
Short-term bank deposits	1,652,501	-
Cash at bank held in trust for projects	<u>7,638</u>	<u>44,673</u>
	<u>2,047,357</u>	<u>2,408,728</u>
The effective interest rate on short-term bank deposits was 6.41%; these deposits have an average maturity of 30 days.		
Reconciliation of cash		
Cash at the end of the financial years shown in the cash flow statement is shown reconciled to items in the balance sheet as follows:		
Cash and cash equivalents	<u>2,047,357</u>	<u>2,408,728</u>
	<u>2,047,357</u>	<u>2,408,728</u>
 <b>NOTE 7: TRADE AND OTHER RECEIVABLES</b>		
CURRENT		
Subscription receivables	148,659	348,076
Less Provision for doubtful debts	<u>(17,859)</u>	<u>(94,317)</u>
	130,800	253,759
Sundry Receivables	<u>4,733</u>	<u>23,876</u>
	<u>135,533</u>	<u>277,635</u>
 <b>NOTE 8: RELATED PARTY RECIEVABLES</b>		
CURRENT		
Tricia Caswell & Associates Pty Ltd	<u>17,624</u>	-
	<u>17,624</u>	-
 <b>NOTE 9: OTHER CURRENT ASSETS</b>		
CURRENT		
Prepayments	<u>7,015</u>	<u>16,007</u>

**VICTORIAN ASSOCIATION OF FOREST INDUSTRIES**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

	<b>2007</b>	<b>2006</b>
	\$	\$
<b>NOTE 10: FINANCIAL ASSETS</b>		
Available-for-sale financial assets	<u>1,475</u>	<u>557</u>
	1,475	557
Less non-current portion	<u>-</u>	<u>-</u>
Current Portion	<u>1,475</u>	<u>557</u>
a. Available-for-sale financial assets comprise		
Listed investments, at fair value		
- Shares in listed corporations at market value (2006 cost)	1,473	555
- Shares in other corporations at cost	<u>2</u>	<u>2</u>
Total available-for-sale financial assets	<u>1,475</u>	<u>557</u>
<b>NOTE 11: PROPERTY, PLANT AND EQUIPMENT</b>		
LAND:		
Allotment Y298, Creswick at cost	<u>35,155</u>	<u>35,155</u>
Total land	<u>35,155</u>	<u>35,155</u>
BUILDINGS		
Level 6, 50 Market Street, Melbourne at cost:	1,150,000	1,150,000
Capital Improvements	37,861	-
Less accumulated depreciation	<u>(829)</u>	<u>-</u>
Total buildings at cost	<u>1,187,032</u>	<u>1,150,000</u>
Total land and buildings	<u>1,222,187</u>	<u>1,185,155</u>
PLANT AND EQUIPMENT		
Plant and equipment at cost	159,056	202,103
Less accumulated depreciation	<u>(136,102)</u>	<u>(132,917)</u>
Total plant and equipment	<u>22,954</u>	<u>69,186</u>
Total property, plant and equipment	<u>1,245,141</u>	<u>1,254,341</u>

**VICTORIAN ASSOCIATION OF FOREST INDUSTRIES**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

**NOTE 11: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

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

	<b>Land</b>	<b>Buildings</b>	<b>Plant &amp; equipment</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at the beginning of the year	35,155	1,150,000	69,186	1,254,341
Additions	-	37,861	7,968	45,829
Disposals	-	-	(39,720)	(39,720)
Depreciation expense	-	(829)	(14,480)	(15,309)
Balance at the end of the year	<u>35,155</u>	<u>1,187,032</u>	<u>22,954</u>	<u>1,245,141</u>
			<b>2007</b>	<b>2006</b>
			<b>\$</b>	<b>\$</b>

**NOTE 12 TRADE AND OTHER PAYABLES**

CURRENT

Unsecured liabilities

Trade Payables

Sundry payables and accrued expenses

15,199	126,037
<u>57,818</u>	<u>370,971</u>
<u>73,017</u>	<u>497,008</u>

**NOTE 13: PROVISIONS**

CURRENT

Employee entitlements

<u>7,811</u>	<u>29,346</u>
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NON-CURRENT

Employee entitlements

<u>-</u>	<u>26,487</u>
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**NOTE 14: OTHER CURRENT LIABILITIES**

CURRENT

Funds held on behalf of project groups

<u>7,638</u>	<u>44,673</u>
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**VICTORIAN ASSOCIATION OF FOREST INDUSTRIES**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

	<b>2007</b>	<b>2006</b>
	\$	\$
<b>NOTE 15: CASH FLOW INFORMATION</b>		
(a) Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities after Income Tax		
Profit after income tax	<u>5,007</u>	<u>1,923,235</u>
Cash flows excluded from profit attributable to ordinary activities		
Non-cash flows in profit		
depreciation	15,309	31,043
bad and doubtful debts	-	56,595
(Profit)/Loss on sale of non current assets	5,175	(2,109,556)
Changes in assets and liabilities, net of the effects or purchase and disposal of subsidiaries		
(increase)/decrease in receivables	124,478	(132,468)
(increase)/decrease in other current assets	8,992	(3,683)
increase/(decrease) in payables	(423,991)	340,471
increase/(decrease) in provisions	(48,022)	(53,010)
increase/(decrease) in other current liabilities	<u>(37,035)</u>	<u>(129,225)</u>
	<u>(350,087)</u>	<u>(76,598)</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 16: 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 2007**

**NOTE 17: FINANCIAL INSTRUMENTS**

(a) Financial Risk Management

The Association's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable. Therefore the main risk that the Association is exposed to through its financial instruments is interest rate risk and credit card risk.

(i) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised assets, is the carrying amount, net of any provisions for the impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

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

(b) 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	
	2007	2006	2007	2006	2007	2006
	%	%	\$	\$	\$	\$
<i>Financial assets</i>						
Cash	6.6	6.6	2,046,657	2,408,130	700	598
Receivables			-	-	153,157	277,635
Total Financial Assets			<u>2,046,657</u>	<u>2,408,130</u>	<u>153,857</u>	<u>278,233</u>
<i>Financial liabilities</i>						
Payables			-	-	73,017	497,008
Total Financial Liabilities			<u>-</u>	<u>-</u>	<u>73,017</u>	<u>497,008</u>

# VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 17: FINANCIAL INSTRUMENTS (CONTINUED)

#### (c) Net Fair Values

The net fair value of listed investments have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For other assets and liabilities the net fair value approximates their carrying 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 amounts exceed net fair values have not been written down as the economic entity intends to hold these assets until maturity.

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

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date

	<b>2007</b>		<b>2006</b>	
	<b>Carrying Amount</b>	<b>Net Fair Value</b>	<b>Carrying Amount</b>	<b>Net Fair Value</b>
<i>Financial assets</i>				
Available-for-sale financial assets at fair value	1,475	1,475	557	557
Total Financial Assets	1,475	1,475	557	557

### NOTE 18: ACCOUNTING POLICY AMENDMENTS

The following Australian Accounting Standards issued or amended and are applicable to the Association but not yet effective and have not been adopted in preparation of the financial statements at reporting date

<b>AASB Amendment</b>	<b>Standard Affected</b>	<b>Outline of Amendment</b>	<b>Application Date of Standard</b>	<b>Application Date for Group</b>
AASB 2005-10: Amendments To Australian Accounting Standards	AASB 1: First time adoption of: AIFRS AASB 4: Insurance Contracts AASB 101: Presentation of Financial Statements AASB 114: Segment Reporting AASB 117: Leases AASB 133: Earnings per share AASB 1023: General Insurance Contracts	The disclosure requirements of AASB 132: Financial Instruments: Disclosure and Presentation have been replaced due to issuing of AASB 7: Financial Instruments: Disclosures in August 2005. These amendments will involve changes to financial instrument disclosures within the financial report. However, there will be no direct impact on amounts included in the financial report as it is a disclosure standard	1.1.2007	1.7.2007
AASB 1038:	Life Insurance Contracts AASB 139: Financial Instruments Recognition and Measurement			
AASB 7: Financial Instruments: Disclosures	AASB 132: Financial Instruments: Disclosure & Presentation	As above	1.1.2007	1.7.2007

## **VICTORIAN ASSOCIATION OF FOREST INDUSTRIES**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007**

#### **NOTE 19: ASSOCIATION DETAILS**

The registered office of the company is:

Victorian Association of Forest Industries  
6/50 Market Street  
MELBOURNE VIC 3000

The principal place of business is:

Victorian Association of Forest Industries  
6/50 Market Street  
MELBOURNE VIC 3000

#### **NOTE 20: RELATED PARTIES**

All Executive members act in an honorary capacity.

#### **NOTE 21: 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 member information received because of an application made at the request of the member.

## **VICTORIAN ASSOCIATION OF FOREST INDUSTRIES**

### **INDEPENDENT AUDIT REPORT TO THE MEMBERS**

#### **Report on the Financial Report**

We have audited accompanying financial report of Victorian Association of Forest Industries which comprises the balance sheet as at 30 June 2007 and the income statement, statement of recognised income and expenditure and cash flow statement for the year ended on that date , a summary of significant accounting policies and other explanatory notes and the statement by members of the Executive.

#### **VAFI Executive's Responsibility for the Financial Report**

The VAFI Executive is responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations), and the Associations incorporations Act. This responsibility includes establishing and maintaining internal controls that are relevant to the preparation and presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **Auditor's Responsibility**

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

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

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

#### **Independence**

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

**VICTORIAN ASSOCIATION OF FOREST INDUSTRIES**

**INDEPENDENT AUDIT REPORT  
(continued)**

**Auditor's Opinion**

In our opinion:

The financial report of Victorian Association of Forest Industries is in accordance of with the Workplace Relations Act 1996 including:

- I. giving a true and fair view of the Association's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
- II. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Workplace Relations Act 1996.

*C.W. Stirling & Co*

C.W. Stirling & Co  
Chartered Accountants

*John A Phillips*

John A Phillips  
Partner

Dated this 18<sup>th</sup> day of October 2007.  
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 Executive of the Victorian Association of Forest Industries, we have complied in accordance with APS 9 "Statement on Compilation of Financial Reports" the special purpose financial report of Victorian Association of Forest Industries for the year ended 30 June 2007 comprising attached income and expenditure statement.

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

The Executive are solely responsible for the information contained in the special purpose financial report and have determined that the accounting policies used are consistent with the financial reporting requirements of the Association's Rules and are appropriate to meet the needs of the Executive for the purposes of complying with the Association's Rules.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the Executive 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

*John A Phillips*

John A Phillips  
Partner

Dated this *18<sup>th</sup>* day of *October*. 2007.  
Melbourne.

**VICTORIAN ASSOCIATION OF FOREST INDUSTRIES**

**ADDITIONAL INFORMATION ON THE 2007 FINANCIAL STATEMENTS**

**DETAILED INCOME AND EXPENDITURE STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2007**

	<b>2007</b>	<b>2006</b>
	\$	\$
<b>INCOME:</b>		
Membership fees and levies	777,055	972,158
Subscription fees	-	-
Special Levy	143,931	213,026
Directors Fee's	117,228	83,268
Consulting & Industry Representation	364	49,833
Rental, administration and service charges	49,274	30,392
Interest & dividends from investments	118,513	68,672
NAFI Contribution	-	22,841
Australwood income	73,398	35,758
EMS Project	78,510	-
Other income	10,453	23,572
Reversal of over-provision	-	3,585
Proceeds on disposal of plant and equipment	-	2,109,556
Reversal of liabilities	-	108,288
<b>TOTAL INCOME</b>	<u><b>1,368,726</b></u>	<u><b>3,720,949</b></u>
<b>LESS EXPENDITURE:</b>		
Administration, Management and Organisation (refer attached schedule)	601,138	833,703
Office Expenses (refer attached schedule)	127,386	219,846
Functional and Other Expenses (refer attached schedule)	<u>667,042</u>	<u>753,994</u>
<b>TOTAL EXPENDITURE</b>	<u><b>1,395,566</b></u>	<u><b>1,807,543</b></u>
Surplus of income over expenditure	<u><b>(26,840)</b></u>	<u><b>1,913,406</b></u>
Expense for/(reduction in) Annual Leave	(5,007)	(6,973)
Expense for/(reduction in) Long Service Leave	<u>(26,840)</u>	<u>(2,856)</u>
	<u><b>(31,847)</b></u>	<u><b>(9,829)</b></u>
<b>Net Operating Surplus</b>	<u><u><b>5,007</b></u></u>	<u><u><b>1,923,235</b></u></u>

**VICTORIAN ASSOCIATION OF FOREST INDUSTRIES**

**ADDITIONAL INFORMATION ON THE 2007 FINANCIAL STATEMENTS**

**DETAILED INCOME AND EXPENDITURE STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2007**

	<b>2007</b>	<b>2006</b>
	\$	\$
<u>ADMINISTRATION, MANAGEMENT &amp; ORGANISATION</u>		
<u>EXPENDITURE</u>		
Depreciation	15,309	31,043
Executive & Sub Committee	-	159
Fringe benefits tax	1,233	5,493
General expenses	12,647	9,677
Motor vehicle expenses	4,075	13,762
Payroll tax	4,757	6,852
Salaries and Allowances to Employees	532,501	710,093
Traveling expenses	<u>30,616</u>	<u>56,624</u>
<u>Total Cost of General Association Activities and Administration, Management and Organisation</u>	<u>601,138</u>	<u>833,703</u>
<u>OFFICE EXPENDITURE</u>		
Cleaning	13,020	14,560
Insurances	19,687	29,046
Light & power	3,612	9,890
Postage & telephones	30,681	30,899
Printing & stationery	31,788	33,004
Rates & taxes	6,323	8,794
Relocation Costs	15,982	-
Rent	-	22,000
Repairs & maintenance_	6,293	7,034
Stamp Duty	<u>-</u>	<u>64,619</u>
<u>Total Office Expenses</u>	<u>127,386</u>	<u>219,846</u>

**VICTORIAN ASSOCIATION OF FOREST INDUSTRIES**

**ADDITIONAL INFORMATION ON THE 2007 FINANCIAL STATEMENTS**

**DETAILED INCOME AND EXPENDITURE STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2007**

	<b>2007</b>	<b>2006</b>
	\$	\$
<u>FUNCTIONAL AND OTHER EXPENSES</u>		
Annual dinner	27,300	21,633
Audit fees	7,200	4,800
Bad Debts	(10,830)	10,583
Bank charges	711	2,705
Bank fees	-	82
Bank interest	2,208	2,800
Body Corporate Fees	37,910	2,507
Communication Activities	5,954	49,012
Community Awareness Activities	-	27,444
Community Council	1,569	5,644
Conferences	22,599	14,644
Consulting Resources	271,958	353,015
Computer Expenses	18,076	-
Corporate Activities	7,481	17,532
Donations	565	1,150
Doubtful debts	(44,432)	11,500
Global Sustainability Partners	63,208	25,000
Government charges	-	38
Industrial Relations Activities	35,776	59,583
Legal	2,092	(33,913)
Licences & Registrations	-	887
Loss on Sale of Assets	5,175	-
N.A.F.I - expenses	-	110
NAFI Contribution	57,253	112,485
Non VAFI program expenditure	4,313	26,623
Pubic Affairs- Other	97,470	6,897
Publications	117	9,900
Sundry Expenses	15,048	-
Staff training	-	798
Subscriptions to organisations	3,574	1,768
Surfaces	(660)	10,678
Trademarks	-	1,471
Tradeshaw 2006/Denvar trade show	32,224	6,618
Website	<u>3,183</u>	<u>-</u>
<u>Total Functional and Other Expenses</u>	<u>667,042</u>	<u>753,994</u>