



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
Facsimile 61 3 9611 9011
www.vafi.org.au
info@vafi.org.au

Dear Mr Pfeiffer

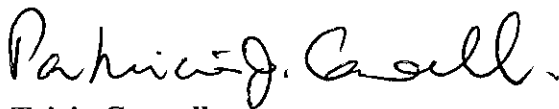
**VAFI Financial Reports for Year Ended 30th June 2005 – FR2005/284
& Year Ended 30th June 2006 – FR2006455
Schedule 1 of the Workplace Relations Act 1996 (RAO Schedule)**

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 2006
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 (resigned 14/03/06)	Mr Greg McCormack
Mr Bob Humphreys	Mr Peter Ward
Mr David Goding	Mr Vince Hurley

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 2006.

Membership

The number of members of the Association as recorded in the register of members at 30 June 2006 was 35.

Employees

The number of employees of the Association as at 30 June 2006 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

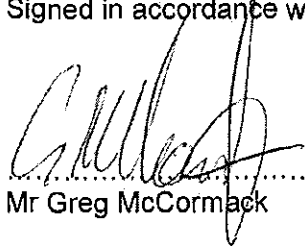
Members have the right to resign from the Association under section 174(1) of the ROA Schedule which reads as follows:

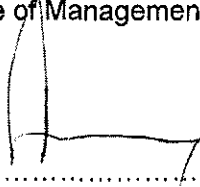
"A member of an organisation may resign from membership by written notice addressed and delivered to a person designated for the purpose in then rules of the organisation or a branch of the organisation."

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 8th day of August 2006.

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES
ABN 99 752 910 589

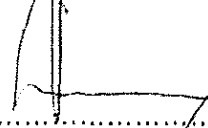
COMMITTEE OF MANAGEMENT STATEMENT

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 2006 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 2006 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 18th day of August, 2006.

FR2006/455



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Level 6, 50 Market Street
Melbourne VIC 3000

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Facsimile 61 3 9611 9011

www.vafi.org.au

info@vafi.org.au

Thursday, 30th November 2006



Industrial Registrar
Australian Industrial Relations Commission
Level 4, 11 Exhibition Street
Melbourne Vic 3000

Dear Sir

Please find enclosed Financial Returns for the Victorian Association of Forest Industries (VAFI) for the year ended 30 June 2006.

Accompanying them is the required Statement by the Certifying Officer.

It appears from recent discussions with your Office that the 2005 Financial Return had been overlooked. We apologise for this oversight and now enclose the required Documents as well.

Yours faithfully

Patricia Caswell
CEO, VAFI

Attach.





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**Victorian Association of Forest Industries
Financial Documents for year Ended 30 June 2006**

This is to certify that the financial documents lodged with the Australian Industrial Registry for the year ended 30 June 2006 are copies which were presented to the Annual General Meeting on 6th October 2006 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 2006
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 (resigned 14/03/06)	Mr Greg McCormack
Mr Bob Humphreys	Mr Peter Ward
Mr David Goding	Mr Vince Hurley

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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.

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- Representation of members interests to government and other agencies on industry restructuring, future resource pricing and allocation arrangements, future wood supply contract arrangements.
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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

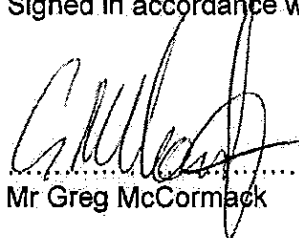
Members have the right to resign from the Association under section 174(1) of the ROA Schedule which reads as follows:

"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."

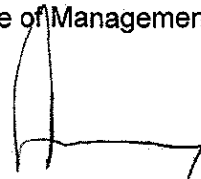
Details of superannuation trustees

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 Management



Mr Greg McCormack



Mr David Goding

Dated this 8th day of August 2006.

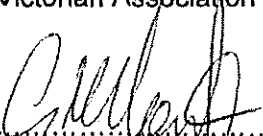
VICTORIAN ASSOCIATION OF FOREST INDUSTRIES
ABN 99 752 910 589

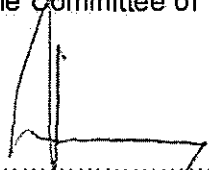
COMMITTEE OF MANAGEMENT STATEMENT

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 2006 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 2006 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 18th day of August, 2006.

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES
ABN 99 752 910 589

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
Revenue	3 - 4	3,720,949	1,634,606
Administration, management and organisation expenditure		(87,872)	(67,916)
Depreciation expense		(31,043)	(32,338)
Employee benefits expense		(705,758)	(730,136)
Office expenses		(218,580)	(126,167)
Legal expenses		33,913	-
Bad and doubtful debts		(22,083)	(45,000)
Consulting resource expenses		(353,015)	(138,341)
NAFI contribution and expenses		(112,596)	(110,153)
Public Affairs – TCA		(110)	(74,250)
Functional and other expenses from ordinary activities		<u>(300,570)</u>	<u>(272,187)</u>
Surplus/ (deficit) before income tax		1,923,235	38,118
Income tax expense	1(a)	<u>-</u>	<u>-</u>
Surplus/ (deficit) from operations		<u>1,923,235</u>	<u>38,118</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 2006

	Note	2006 \$	2005 \$
<u>Current Assets</u>			
Cash and cash equivalents	6	2,408,728	368,820
Trade and other receivables	7	277,635	201,762
Other current assets	8	<u>16,007</u>	<u>12,324</u>
TOTAL CURRENT ASSETS		<u>2,702,370</u>	<u>582,906</u>
<u>Non-Current Assets</u>			
Financial Assets	9	557	557
Property, plant and equipment	10	<u>1,254,341</u>	<u>1,292,334</u>
TOTAL NON-CURRENT ASSETS		<u>1,254,898</u>	<u>1,292,891</u>
TOTAL ASSETS		<u>3,957,268</u>	<u>1,875,797</u>
<u>Current Liabilities</u>			
Trade and other payables	11	497,008	156,537
Provisions	12	29,346	77,661
Other current liabilities	13	<u>44,673</u>	<u>173,898</u>
TOTAL CURRENT LIABILITIES		<u>571,027</u>	<u>408,096</u>
<u>Non-Current Liabilities</u>			
Provisions	12	<u>26,487</u>	<u>31,182</u>
TOTAL NON-CURRENT LIABILITIES		<u>26,487</u>	<u>31,182</u>
TOTAL LIABILITIES		<u>597,514</u>	<u>439,278</u>
NET ASSETS		<u>3,359,754</u>	<u>1,436,519</u>
Represented by:			
<u>Members' Funds</u>			
Accumulated funds		<u>3,359,754</u>	<u>1,436,519</u>
TOTAL MEMBERS' FUNDS		<u>3,359,754</u>	<u>1,436,519</u>

The accompanying notes form part of these financial statements.

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES
ABN 99 752 910 589

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2006

	Retained Earnings \$
Balance at 1 July 2004	1,398,401
Profit attributable to members	<u>38,118</u>
Balance at 30 June 2005	<u>1,436,519</u>
Profit attributable to members	<u>1,923,235</u>
Balance at 30 June 2006	<u>3,359,754</u>

The accompanying notes form part of these financial statements.

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES
ABN 99 752 910 589

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Membership fees and levies received		1,185,185	1,200,065
Consulting services and other income		2,334,626	483,936
Payments to suppliers and employees		(3,662,280)	(1,564,757)
Interest and dividends received		68,671	3,606
Interest paid		<u>(2,800)</u>	<u>(1,016)</u>
Net cash provided by operating activities	14(a)	<u>(76,598)</u>	<u>121,834</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on disposal of plant and equipment		3,328,377	-
Purchases of plant and equipment		<u>(1,211,871)</u>	<u>(8,713)</u>
Net cash provided by investing activities		<u>2,116,506</u>	<u>(8,713)</u>
Net increase in cash held		2,039,908	113,121
Cash at the beginning of the financial year		<u>368,820</u>	<u>255,699</u>
Cash at the end of the financial year	6	<u><u>2,408,728</u></u>	<u><u>368,820</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 2005

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, Urgent Issues Group 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 Association is an association registered 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.

Basis of Preparation

Victorian Association of Forest Industries has prepared financial statements in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS) from 1 July 2005.

In accordance with the requirements of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards, adjustments to the accounts resulting from the introduction of AIFRS have been applied retrospectively to 2005 comparative figures excluding cases where optional exemptions available under AASB 1 have been applied.

These accounts are the first financial statements of Victorian Association of Forest Industries to be prepared in accordance with AIFRS.

The accounting policies set out below have been consistently applied to all years presented. The entity has however elected to adopt the exemptions available under AASB 1 relating to AASB 132: Financial Instruments: Disclosure and Presentation, and AASB 139: Financial Instruments: Recognition and Measurement. Refer Note 17 Change in Accounting Policy for further details.

Reconciliation of the transition from previous Australian GAAP to AIFRS have been included in Note 2 First-time Adoption of AIFRS to this report.

The financial report has been prepared on an accrual 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.

(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.

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)

(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 are measured on the cost basis.

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.

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 from the time the asset is held read 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. Theses 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.

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)

(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.

(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.

When 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).

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)

(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.

NOTE 2: FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

On transition to AIFRS, there are no adjustments to equity or profit or loss between previous GAAP and AIFRS.

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

	2006	2005
	\$	\$
NOTE 3: REVENUE		
Operating activities		
- membership fees and levies	972,158	928,065
- special levy	213,026	250,000
- subscription fees	-	22,000
- directors fees	83,268	82,605
- consulting and industry representation	49,833	112,408
- rental, administration and service charges	30,392	87,437
- NAFI Contribution	22,841	74,682
- Australwood income	35,758	57,764
- other income	23,572	16,039
	<u>1,430,848</u>	<u>1,631,000</u>
Non-operating activities		
- Interest and dividends from investments	68,672	3,606
- Reversal of overprovision	3,585	-
- Net gain on disposal of plant and equipment	2,109,556	-
- Reversal of liabilities	108,288	-
	<u>2,290,101</u>	<u>3,606</u>
Total Revenue	<u>3,720,949</u>	<u>1,634,606</u>

NOTE 4: PROFIT

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

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

NOTE 5: AUDITOR'S REMUNERATION

Remuneration of the auditor of the entity for:

- auditing or reviewing the financial report	5,000	4,400
- taxation services	375	750
- due diligence services	-	-
- taxation services provided by related practice of auditor	-	-

NOTE 6: CASH AND CASH EQUIVALENTS

Cash on hand	598	598
Cash at bank	2,363,457	294,324
Cash at bank held in trust for projects	44,673	73,898
	<u>2,408,728</u>	<u>368,820</u>

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

	2006	2005
	\$	\$
NOTE 7: TRADE AND OTHER RECEIVABLES		
CURRENT		
Accounts Receivable	348,076	313,762
Less Provision for doubtful debts	<u>(94,317)</u>	<u>(112,000)</u>
	253,759	201,762
Sundry Debtors	<u>23,876</u>	<u>-</u>
	<u>277,635</u>	<u>201,762</u>

NOTE 8: OTHER CURRENT ASSETS

CURRENT		
Prepayments	<u>16,007</u>	<u>12,324</u>

NOTE 9: FINANCIAL ASSETS

Available-for-sale financial assets	<u>557</u>	<u>557</u>
	557	557
Less non-current portion	<u>-</u>	<u>-</u>
Current Portion	<u>557</u>	<u>557</u>
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>
Total available-for-sale financial assets	<u>557</u>	<u>557</u>
Market value of investments in listed corporations	<u>1,371</u>	<u>1,153</u>

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

LAND:		
320 - 324 Russell Street, Melbourne at cost:	-	760,000
Allotment Y298, Creswick at cost	<u>35,155</u>	<u>35,155</u>
Total land	<u>35,155</u>	<u>795,155</u>
BUILDINGS		
Level 6, 50 Market Street, Melbourne at cost:	1,150,000	-
320 - 324 Russell Street, Melbourne at cost	-	560,690
Less accumulated depreciation	<u>-</u>	<u>(117,628)</u>
Total buildings at cost	<u>1,150,000</u>	<u>443,062</u>
Total land and buildings	<u>1,185,155</u>	<u>1,238,217</u>

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

	2006	2005
	\$	\$
NOTE 10: PROPERTY, PLANT AND EQUIPMENT (continued)		
PLANT AND EQUIPMENT		
Plant and equipment at cost	202,103	182,063
Less accumulated depreciation	<u>(132,917)</u>	<u>(127,946)</u>
Total plant and equipment	<u>69,186</u>	<u>54,117</u>
Total property, plant and equipment	<u>1,254,341</u>	<u>1,292,334</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	443,062	54,117	1,292,334
Additions	-	1,150,000	61,871	1,211,871
Disposals	(760,000)	(433,837)	(24,984)	(1,218,821)
Depreciation expense	-	<u>(9,225)</u>	<u>(21,818)</u>	<u>(31,043)</u>
Balance at the end of the year	<u>35,155</u>	<u>1,150,000</u>	<u>69,186</u>	<u>1,254,341</u>

	2006	2005
	\$	\$
NOTE 11: TRADE AND OTHER PAYABLES		
CURRENT		
Unsecured liabilities		
Trade Payables	126,037	103,472
Sundry creditors and accrued expenses	<u>370,971</u>	<u>53,065</u>
	<u>497,008</u>	<u>156,537</u>

NOTE 12: PROVISIONS

CURRENT

Employee entitlements	29,346	34,479
Provision for member legal expenses	-	43,182
	<u>29,346</u>	<u>77,661</u>

NON-CURRENT

Employee entitlements	<u>26,487</u>	<u>31,182</u>
Number of employees at year end	4	5

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

	2006	2005
	\$	\$
NOTE 13: OTHER CURRENT LIABILITIES		
CURRENT		
Deferred income	-	100,000
Funds held on behalf of project groups	44,673	73,898
	<u>44,673</u>	<u>173,898</u>

NOTE 14: CASH FLOW INFORMATION

(a) Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities after Income Tax

Profit after income tax	<u>1,923,235</u>	<u>38,118</u>
Cash flows excluded from profit attributable to ordinary activities		
Non-cash flows in profit		
depreciation	31,043	32,338
bad and doubtful debts	56,595	17,000
(Profit)/Loss on sale of non current assets	(2,109,556)	-
Changes in assets and liabilities, net of the effects or purchase and disposal of subsidiaries		
(increase)/decrease in receivables	(132,468)	50,755
(increase)/decrease in other current assets	(3,683)	2,246
increase/(decrease) in payables	340,471	14,530
increase/(decrease) in provisions	(53,010)	6,568
increase/(decrease) in other current liabilities	(129,225)	(39,721)
	<u>(76,598)</u>	<u>121,834</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 15: 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 2006

NOTE 16: 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.

(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	
	2006 %	2005 %	2006 \$	2005 \$	2006 \$	2005 \$
<i>Financial assets</i>						
Cash	6.6	1.1	2,408,130	368,222	598	598
Receivables			-	-	277,635	201,762
Total Financial Assets			<u>2,408,130</u>	<u>368,222</u>	<u>278,233</u>	<u>202,360</u>
<i>Financial liabilities</i>						
Payables			-	-	497,008	156,537
Total Financial Liabilities			<u>-</u>	<u>-</u>	<u>497,008</u>	<u>156,537</u>

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

NOTE 16: 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 exceeds 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

	2006		2005	
	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
<i>Financial assets</i>				
Available-for-sale financial assets at fair value	557	557	557	557
Total Financial Assets	<u>557</u>	<u>557</u>	<u>557</u>	<u>557</u>

NOTE 17: CHANGE IN ACCOUNTING POLICY

(a) The association has adopted the following accounting standards for application on or after 1 January 2005

- AASB 132: Financial Instruments: Disclosure and Presentation
- AASB 139: Financial Instruments: Recognition and Measurement

The changes resulting from the adoption of AASB 132 relate primarily to increased disclosures required under the Standards and do not affect the value of amounts reported in the financial statements.

The adoption of AASB 139 has resulted in material differences in the recognition and measurement of the financial instruments. The association has elected not to adjust comparative information resulting from the introduction of AASB 139 as permitted under the transitional provisions of this Standards. As such, previous Australian Accounting Standards have been applied to comparative information. A summary of the main adjustments that would have resulted were AASB 139 to have been applied retrospectively is included below.

Available-for-sale financial assets

Under AASB 139, available-for-sale financial assets are revalued to fair value at reporting date. All adjustments resulting from changes in fair value are taken directly to equity. Were AASB 139 have been applied retrospectively, a number of financial assets reflected at cost in the comparative year would have been adjusted to fair value at 30 June 2005. This would have resulted in an increased carrying value attributable to financial assets at 30 June 2005, and a corresponding increase in the reserves at that date.

There is no aggregate effect of the change in accounting policy on the annual financial statements for the year ended 30 June 2006.

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

NOTE 17: CHANGE IN ACCOUNTING POLICY (CONTINUED)

(b) 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

AASB Amendment	AASB Standard Affected	Nature of change in Accounting Policy and Impact	Application Date of the Standard	Application Date for the Group
2005-5	AASB 1: First-time Adoption Of AIFRS	No change, no impact	1 January 2006	1 July 2006
	AASB 139: Financial Instruments: Recognition and Measurement	No change, no impact	1 January 2006	1 July 2006
2006-6	AASB 3: Business Combinations	No change, no impact	1 January 2006	1 July 2006
2005-10	AASB 139: Financial Instruments: Recognition and Measurement	No change, no impact	1 January 2007	1 July 2007
	AASB 101: Presentation of Financial Statements	No change, no impact	1 January 2007	1 July 2007
	AASB 117: Leases	No change, no impact	1 January 2007	1 July 2007
	AASB 133: Earnings per Share	No change, no impact	1 January 2007	1 July 2007
	AASB 132: Financial Instruments: Disclosure and Presentation	No change, no impact	1 January 2007	1 July 2007
	AASB 1: First-time Adoption of AIFRS	No change, no impact	1 January 2007	1 July 2007
	AASB 4: Insurance Contracts	No change, no impact	1 January 2007	1 July 2007
	AASB 1023: General Insurance Contracts	No change, no impact	1 January 2007	1 July 2007
	AASB 1038: Life Insurance Contracts	No change, no impact	1 January 2007	1 July 2007
New Standard	AASB 7: Financial Instruments: Disclosure	No change, no impact	1 January 2007	1 July 2007

All other pending Standards issue between the previous financial report and the current reporting dates have no application to the association

AASB Amendment	AASB Standard Affected
2004-3	AASB 1: First-time Adoption of AIFRS AASB 101: Presentation of Financial Statements AASB124: Related Party Disclosures
2005-1	AASB 139: Financial Instruments: Recognition and Measurement
2005-2	AASB 1023: General Insurance Contracts
2005-4	AASB 139: Financial Instruments: Recognition and Measurement AASB 132: Financial Instruments: Disclosure and Presentation
2005-9	AASB 4: Insurance Contracts AASB 1023: General Insurance Contracts AASB 139: Financial Instruments: Recognition and Measurement AASB 132: Financial Instruments: Disclosure and Presentation
2006-1	AASB 121: The Effects of Changes in Foreign Exchange Rates New Standard
New Standard	AASB 119: Employee Benefits: December 2004

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

NOTE 18: 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 19: RELATED PARTIES

All Committee members act in an honorary capacity.

NOTE 20: 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.

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

INDEPENDENT AUDIT REPORT

Scope

The financial report and committee of management's responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, statements of changes in equity, 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 2006.

The committee of management is responsible for the preparation and true and fair presentation of the financial report 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 general 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 formed 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 2006 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 23rd day of August 2006.
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 2006.

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 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

John A Phillips

John A Phillips
Partner

Dated this 23rd day of August 2006.
Melbourne.

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES
ADDITIONAL INFORMATION ON THE 2005 FINANCIAL STATEMENTS

DETAILED INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006

	2006	2005
	\$	\$
INCOME:		
Membership fees and levies	972,158	928,065
Subscription fees	-	22,000
Special Levy	213,026	250,000
Directors Fee's	83,268	82,605
Consulting & Industry Representation	49,833	112,408
Rental, administration and service charges	30,392	87,437
Interest and dividends from investments	68,672	3,606
NAFI Contribution	22,841	74,682
Australwood income	35,758	57,764
Other income	23,572	16,039
Reversal of over-provision	3,585	-
Proceeds on disposal of plant and equipment	2,109,556	-
Reversal of liabilities	108,288	-
TOTAL INCOME	<u>3,720,949</u>	<u>1,634,606</u>
LESS EXPENDITURE:		
Administration, Management and Organisation (refer attached schedule)	833,703	822,992
Office Expenses (refer attached schedule)	219,846	126,447
Functional and Other Expenses (refer attached schedule)	753,994	640,480
TOTAL EXPENDITURE	<u>1,807,543</u>	<u>1,589,919</u>
Surplus/(deficit) of income over expenditure	<u>1,913,406</u>	<u>44,687</u>
Expense for/(reduction in) Annual Leave	(6,973)	(1,019)
Expense for/ (reduction in) Long Service Leave	(2,856)	7,588
	<u>(9,829)</u>	<u>6,569</u>
Net Operating Surplus/ (deficit) for the year transferred to General Fund	<u>1,923,235</u>	<u>38,118</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 2006

	2006	2005
	\$	\$
<u>ADMINISTRATION, MANAGEMENT & ORGANISATION EXPENDITURE</u>		
Depreciation	31,043	32,338
Executive & Sub Committee	159	1,007
Fringe benefits tax	5,493	5,878
General expenses	9,677	14,503
Motor vehicle expenses	13,762	8,655
Payroll tax	6,852	4,433
Salaries and Allowances to Employees	710,093	717,689
Traveling expenses	<u>56,624</u>	<u>38,489</u>
<u>Total Cost of General Association Activities and Administration, Management and Organisation</u>	<u>833,703</u>	<u>822,992</u>
 <u>OFFICE EXPENDITURE</u>		
Cleaning	14,560	14,444
Insurances	29,046	28,543
Light & power	9,890	10,134
Postage & telephones	30,899	21,400
Printing & stationery	33,004	12,217
Rates & taxes	8,794	12,713
Rent	22,000	-
Repairs & maintenance	7,034	26,996
Stamp Duty	<u>64,619</u>	<u>-</u>
<u>Total Office Expenses</u>	<u>219,846</u>	<u>126,447</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 2006

	2006	2005
	\$	\$
<u>FUNCTIONAL AND OTHER EXPENSES</u>		
Annual dinner	21,633	22,352
Audit fees	4,800	5,375
Bad Debts	10,583	17,000
Bank charges	2,705	2,716
Bank fees	82	185
Bank interest	2,800	1,016
Body Corporate Fees	2,507	-
Brochures	-	6,943
Cabinet Displayers	-	638
Communication Activities	49,012	9,827
Community Awareness Activities	27,444	-
Community Council	5,644	3,196
Conferences	14,644	20,773
Consulting Resources	353,015	147,360
Corporate Activities	17,532	26,841
Donations	1,150	724
Doubtful debts	11,500	28,000
Global Sustainability Partners	25,000	20,000
Government charges	38	661
Industrial Relations Activities	59,583	86,993
Legal	(33,913)	-
Licences & Registrations	887	-
N.A.F.I - expenses	110	1,731
NAFI Contribution	112,485	108,422
Non VAFI program expenditure	28,623	-
Pubic Affairs- Other	6,897	78,146
Publications	9,900	1,274
Rules Revision	-	8,000
Sundry Expenses	-	164
Staff training	798	829
Subscriptions to organisations	1,768	5,112
Surfaces	10,678	(1,935)
Trademarks	1,471	3,514
Tradeshaw/Expo China	6,618	34,423
Website	-	200
	<u>753,994</u>	<u>640,480</u>
<u>Total Functional and Other Expenses</u>		

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