



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

24 June 2009

Mr Greg McCormack  
President  
Victorian Association of Forest Industries

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

Dear Mr McCormack

**Re: Financial Report for the Victorian Association of Forest Industries for year ended 30 June 2008 – FR2008/371**

I acknowledge receipt of the revised financial report for the Victorian Association of Forest Industries for the year ended 30 June 2008. The report was lodged with the Registry on 23 June 2009.

The financial report has now been filed.

If you wish to discuss any of the matters referred to above I can be contacted on (03) 8661 7764.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Kevin Donnellan', written in a cursive style.

Kevin Donnellan

Statutory Services Branch

Email: [kevin.donnellan@airc.gov.au](mailto:kevin.donnellan@airc.gov.au)

# PETER G. RYAN & ASSOCIATES

*Industrial and Employee Relations Consultants*

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19 June 2009

Industrial Registrar  
AIRC  
Level 4, 11 Exhibition Street  
Melbourne  
Vic , 3000

Please find enclosed Financial Returns for the Victorian Association of Forest Industries (VAFI) for the year ended 30 June 2008.

Accompanying them is a letter from the Association's Executive Director along with the required Statement by the Certifying Officer.

We regret the delay in lodging the return however the delay was caused by an administrative oversight as discussed and dealt with by Mr Kevin Donnellan of your Office.

Should you require further information or detail please contact me.

Yours sincerely



Peter G Ryan  
For and on behalf of  
VAFI



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](http://www.vafi.org.au)

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

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

5 June 2009

To Whom It May Concern

**FINANCIAL RETURNS REVISED CERTIFYING OFFICER STATEMENT 2008  
FINANCIAL DOCUMENTS FOR YEAR ENDED 30 JUNE 2008**

This is to certify that the Financial Statements lodged with the Australian Industrial Registry for the year ended 30 June 2008 are copies which were initially presented to the Annual General Meeting of the Association held on Friday 28 November, and then to a further Meeting of the Association held 5 June 2009.

The further Meeting being held to consider revised Statements to ensure compliance with Section 268 of the R.A.O. Schedule.

The Revised Statements accompanying the Accounts had been forwarded to all members by Circular on 22 April 2009.

Yours Sincerely

Greg McCormack  
President



ABN 99 752 910 589

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

5 June 2009

To Whom It May Concern

**REVISED FINANCIAL RETURNS 2008**

Please find enclosed revised Financial Returns for the Victorian Association of Forest Industries (VAFI) for the year ended 30 June 2008.

Accompanying them is the required Statement by the Certifying Officer.

Yours Sincerely

Philip Dalidakis  
Executive Director

# **Victorian Association of Forest Industries**

**ABN 99 752 910 589**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008  
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 1 of the Workplace Relations Act 1996.

Executive

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

Mr Greg McCormack	Mr Bob Humphreys
Mr Vince Erasmus	Mr Nick Murray (resigned 12/09/08)
Mr Darrin McKenzie	Mr Gary Demby
Mr Roan Reid	Mr Peter Mitchell (resigned 30/09/07)
Mr Paul Madden (Observer)	

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

No significant change in the nature of the activities occurred during the year.

Operating Result

The loss for the year ended 30 June 2008 amounted to \$370,051.

Membership

The number of members of the Association as recorded in the register of members as at 30 June 2008 was 17.

Employees

The number of employees of the Association as at 30 June 2008 measured on a full-time equivalent basis was 4.

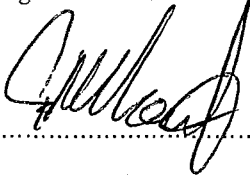
Details of the right of members to resign

Members have the right to resign in accordance with Rule 11 of the Association's Registered Rules.

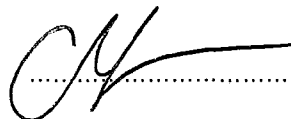
Details of superannuation trustees

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 Executive Members.



Greg McCormack  
President VAFI



Guy Mycroft  
Vice-President VAFI

Dated this 27<sup>th</sup> day of March 2009.

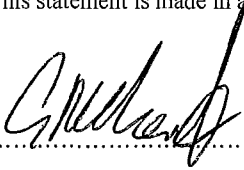
VICTORIAN ASSOCIATION OF FOREST INDUSTRIES  
ABN 99 752 910 589

EXECUTIVE STATEMENT

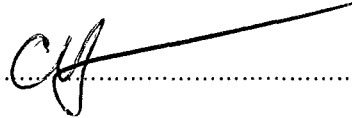
The Executive of the Victorian Association of Forest Industries, declare that:

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 2008 and of its financial performance and cash flows for the year ended on that date;
3. 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.
4. during the financial year ended 30 June 2008 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.



Greg McCormack  
President VAFI



Guy Mycroft  
Vice-President VAFI

Dated this 27<sup>th</sup> day of March 2009.

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

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2008**

	Notes	2008 \$	2007 \$
Revenue	2	697,144	1,368,726
Administration, management and organisation expenditure		(127,287)	(85,219)
Depreciation and amortisation expense		(11,095)	(15,309)
Employee benefits expense		(325,443)	(501,887)
Office expenses		(95,709)	(127,385)
Legal expenses		(40,575)	(2,092)
Bad and doubtful debts		(6,512)	55,262
Consulting resource expenses		(140,344)	(271,958)
NAFI contribution and expenses		(91,772)	(57,253)
Functional and other expenses		<u>(228,458)</u>	<u>(357,878)</u>
<b>Loss before income tax</b>		<b>(370,051)</b>	<b>5,007</b>
Income tax expense	1(a)	<u>-</u>	<u>-</u>
<b>Loss from operations</b>		<b><u>(370,051)</u></b>	<b><u>5,007</u></b>

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 2008**

	Notes	2008 \$	2007 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	1,800,957	2,047,357
Trade and other receivables	7	1,400	135,533
Related party receivable	8	-	17,624
Other current assets	9	<u>5,866</u>	<u>7,015</u>
<b>TOTAL CURRENT ASSETS</b>		<u><b>1,808,223</b></u>	<u><b>2,207,529</b></u>
<b>NON-CURRENT ASSETS</b>			
Financial assets	10	704	1,475
Property, plant and equipment	11	<u>1,234,046</u>	<u>1,245,141</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u><b>1,234,750</b></u>	<u><b>1,246,616</b></u>
<b>TOTAL ASSETS</b>		<u><b>3,042,973</b></u>	<u><b>3,454,145</b></u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	13,556	73,017
Short-term provisions	13	6,223	7,811
Other current liabilities	14	<u>28,338</u>	<u>7,638</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u><b>48,117</b></u>	<u><b>88,466</b></u>
<b>TOTAL LIABILITIES</b>		<u><b>48,117</b></u>	<u><b>88,466</b></u>
<b>NET ASSETS</b>		<u><b>2,994,856</b></u>	<u><b>3,365,679</b></u>
<b>EQUITY</b>			
Reserves		146	918
Retained earnings		<u>2,994,710</u>	<u>3,364,761</u>
<b>TOTAL EQUITY</b>		<u><b>2,994,856</b></u>	<u><b>3,365,679</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 2008**

	Retained Earnings	Financial Asset Reserve \$	Total \$
<b>Balance at 1 July 2006</b>	<u>3,359,754</u>	<u>-</u>	<u>3,359,754</u>
Profit attributable to members	5,007	-	5,007
Revaluation Increment	<u>-</u>	<u>918</u>	<u>918</u>
<b>Balance at 30 June 2007</b>	<u>3,364,761</u>	<u>918</u>	<u>3,365,679</u>
Loss attributable to members	(370,051)	-	(370,051)
Revaluation increment	<u>-</u>	<u>(772)</u>	<u>(772)</u>
<b>Balance at 30 June 2008</b>	<u>2,994,710</u>	<u>146</u>	<u>2,994,856</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 2008**

	Notes	2008 \$	2007 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Membership fees and levies received		574,066	920,986
Consulting services and other income		147,285	453,705
Payments to suppliers and employees		(1,094,685)	(1,841,358)
Interest and dividends received		127,550	118,513
Interest paid		<u>(616)</u>	<u>(1,933)</u>
Net cash provided by operating activities	15(a)	<u>(246,400)</u>	<u>(350,087)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Proceeds on disposal of plant and equipment		-	34,545
Purchases of plant and equipment		<u>-</u>	<u>(45,829)</u>
Net cash used in investing activities		<u>-</u>	<u>(11,284)</u>
Net increase in cash held		(246,400)	(361,371)
Cash at beginning of year		<u>2,047,357</u>	<u>2,408,728</u>
Cash at end of year	6	<u><u>1,800,957</u></u>	<u><u>2,047,357</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 2008

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This 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.

#### **Basis of Preparation**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Workplace Relations Act 1996.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

#### **(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 losses.

#### **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 buildings 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.

# VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

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

#### (c) Financial Instruments

##### Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the association becomes a party of the contractual provision of the instrument.

Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measure as set out below.

##### Derecognition

Financial assets are derecognized where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the association no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognized where the related obligations either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non cash assets or liabilities assumed is recognised in profit or loss.

##### 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.

##### Classification and Subsequent Measurement

###### (i) *Financial assets at fair value through profit or loss*

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

###### (ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost using the effective interest rate method.

###### (iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the association's intention to hold these investments to maturity. They are subsequently measured at amortized cost using the effective interest rate method.

###### (iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

###### (v) *Financial Liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost using the effective interest rate method.

##### Impairment

At each reporting date, the association assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instruments is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008

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. 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.

*Key Judgments- Doubtful Debts Provision*

Included in the accounts is the provision for doubtful debts for the amount of \$24,371. The executive members believe that full amount of trade debtors \$24,371 is not receivable.

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 \$	2007 \$
<b>NOTE 2: REVENUE</b>			
Operating activities			
- Membership fees and levies		422,309	777,055
- Special levy		5,509	143,931
- Director's fees		-	117,228
- Consulting and industry representation		-	364
- Rental, administration and service charges		37,737	49,274
- NAFI Contribution		-	-
- Australwood income		-	73,398
- Ems Project		76,750	78,510
- Interest and dividends from investments		127,550	118,513
- Other revenue		<u>27,289</u>	<u>10,453</u>
		<u>697,144</u>	<u>1,368,726</u>

Membership fees and levies – used to represent the members interest to government and other agencies on industry issues.

Special levy – used to fund an entity to be established to perform former TPC functions and generate funds for election.

**NOTE 3: EXPENSES**

Employee benefits expense			
- Wages & salaries		287,797	435,535
- Superannuation		28,603	86,306
- Annual & long service leave expense		<u>(1,588)</u>	<u>(31,847)</u>
		<u>314,812</u>	<u>489,994</u>
Contributions to other reporting units			
- NAFI contribution		<u>91,772</u>	<u>57,253</u>
		<u>91,772</u>	<u>57,253</u>
Legal costs and other expenses			
Legal fees		<u>40,575</u>	<u>2,092</u>
		<u>40,575</u>	<u>2,092</u>
Members meeting expenses			
- Conferences		55,196	22,599
- Annual dinner		<u>2,273</u>	<u>27,300</u>
		<u>57,469</u>	<u>49,899</u>

**NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION**

	Salaries & Fees	Superannuation	Total
<b>2008</b>			
Total compensation	<u>130,000</u>	<u>11,700</u>	<u>141,700</u>
<b>2007</b>			
Total compensation	<u>202,780</u>	<u>97,220</u>	<u>300,000</u>

**NOTE 5: AUDITOR'S REMUNERATION**

- audit services		7,500	5,500
- other services		<u>-</u>	<u>600</u>

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 \$	2007 \$
<b>NOTE 6: CASH AND CASH EQUIVALENTS</b>			
Cash on hand		700	700
Cash at bank		178,250	386,518
Short-term bank deposits		1,617,363	1,652,501
Cash at bank held in trust for projects		<u>4,644</u>	<u>7,638</u>
		<u><u>1,800,957</u></u>	<u><u>2,047,357</u></u>
The effective interest rate on short-term bank deposits was 7% (2007: 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>1,800,957</u>	<u>2,047,357</u>
		<u><u>1,800,957</u></u>	<u><u>2,047,357</u></u>
<b>NOTE 7: TRADE AND OTHER RECEIVABLES</b>			
CURRENT			
Subscriptions receivable		24,371	148,659
Less provisions for doubtful debts		<u>(24,371)</u>	<u>(17,859)</u>
		-	130,800
Sundry receivables		<u>1,400</u>	<u>4,733</u>
		<u><u>1,400</u></u>	<u><u>135,533</u></u>
<b>NOTE 8: RELATED PARTY RECEIVABLES</b>			
CURRENT			
Tricia Caswell & Associations Pty Ltd		<u>-</u>	<u>17,624</u>
<b>NOTE 9: OTHER CURRENT ASSETS</b>			
CURRENT			
Prepayments		<u>5,866</u>	<u>7,015</u>
<b>NOTE 10: FINANCIAL ASSETS</b>			
Available-for-sale financial assets		<u>704</u>	<u>1,475</u>
		704	1,475
Less non-current portion		<u>-</u>	<u>-</u>
Current Portion		<u>704</u>	<u>1,475</u>
Listed investments, at fair value			
- Shares in listed corporations at market value		702	1,473
- Shares in other corporations at cost		<u>2</u>	<u>2</u>
Total available-for-sale financial assets		<u><u>704</u></u>	<u><u>1,475</u></u>



VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 \$	2007 \$
<b>NOTE 11: PROPERTY, PLANT AND EQUIPMENT</b>			
<b>LAND AND BUILDINGS</b>			
Land:			
At cost		<u>35,155</u>	<u>35,155</u>
Buildings:			
At cost		1,187,861	1,187,861
Less accumulated depreciation		<u>(1,778)</u>	<u>(829)</u>
Total buildings		<u>1,186,083</u>	<u>1,187,032</u>
Total land and buildings		<u>1,221,238</u>	<u>1,222,187</u>
<b>PLANT AND EQUIPMENT</b>			
Plant and equipment:			
At cost		159,056	159,056
Less accumulated depreciation		<u>(146,248)</u>	<u>(136,102)</u>
Total plant and equipment		<u>12,808</u>	<u>22,954</u>
Total property, plant and equipment		<u>1,234,046</u>	<u>1,245,141</u>

**NOTE 11: PROPERTY, PLANT AND EQUIPMENT**

**(a) 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 1 July 2006	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 beginning of the year	<u>35,155</u>	<u>1,187,032</u>	<u>22,954</u>	<u>1,245,141</u>
Additions	-	-	-	-
Disposals	-	-	-	-
Depreciation expense	-	(949)	(10,146)	(11,095)
Carrying amount at end of year	<u>35,155</u>	<u>1,186,083</u>	<u>12,808</u>	<u>1,234,046</u>

**NOTE 12: TRADE AND OTHER PAYABLES**

**CURRENT**

Trade payables	-	15,199
PAYG withholding	-	5,044
Superannuation - employees	-	1,586
Sundry payables and accrued expenses	<u>13,556</u>	<u>51,188</u>
	<u>13,556</u>	<u>73,017</u>

**NOTE 13: PROVISIONS**

**CURRENT**

Employee entitlements	<u>6,223</u>	<u>7,811</u>
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VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 \$	2007 \$
<b>NOTE 14: OTHER CURRENT LIABILITIES</b>			
CURRENT			
Payable to NAFI		23,694	-
Funds held on behalf of project groups		<u>4,644</u>	<u>7,638</u>
		<u>28,338</u>	<u>7,638</u>

**NOTE 15: CASH FLOW INFORMATION**

(a) Reconciliation of Cashflow from Operations with profit after Income Tax			
Profit after income tax		(370,051)	5,007
Non-cash flows in profit			
- depreciation		11,095	15,309
- net (gain)/loss on disposal of property, plant and equipment		-	5,175
- Doubtful debts		6,512	-
Changes in assets and liabilities			
- (increase)/decrease in current receivables		145,245	124,478
- (increase)/decrease in other current assets		1,148	8,992
- increase/(decrease) in payables		(59,461)	(423,991)
- increase/(decrease) in provisions		(1,588)	(48,022)
- increase/(decrease) in other current liabilities		<u>20,700</u>	<u>(37,035)</u>
		<u>(246,400)</u>	<u>(350,087)</u>

**NOTE 15: CASH FLOW INFORMATION (CONTINUED)**

(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.

**NOTE 17: FINANCIAL RISK MANAGEMENT**

(a) Financial Risk Management Policies

The association's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable.

The association does not have any derivative instruments as at 30 June 2008.

(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.

There are no material amounts of collateral held as security as at 30 June 2008.

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 17: FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Financial Instruments Composition and Maturity Analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period of all other financial instruments. As such, the amounts may not reconcile to the balance sheet.

	Weighted Average Effective Interest Rate		Fixed Interest Rate Maturing				Floating Interest Rate		Non Interest Bearing		Total	
	2008	2007	Within 1 Year		1 to 5 Years		2008	2007	2008	2007	2008	2007
	%	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Financial Assets:												
Cash at bank and deposits	7.0	6.6	-	-	-	-	1,800,257	2,046,657	700	700	1,800,957	2,047,357
Receivables	-	-	-	-	-	-	-	-	1,400	153,157	1,400	153,157
Total Financial Assets			-	-	-	-	1,800,257	2,046,657	2,100	153,857	1,802,357	2,200,514
Financial Liabilities:												
Payables	-	-	-	-	-	-	-	-	13,556	73,017	13,556	73,017
Total financial liabilities			-	-	-	-	-	-	13,556	73,017	13,556	73,017

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 17: FINANCIAL RISK MANAGEMENT (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

	2008		2007	
	Carrying Amount \$	Net Fair Value \$	Carrying Amount \$	Net Fair Value \$
<u>Financial assets</u>				
Available-for-sale financial assets at fair value	<u>704</u>	<u>704</u>	<u>1,475</u>	<u>1,475</u>
	<u>704</u>	<u>704</u>	<u>1,475</u>	<u>1,475</u>

NOTE 18: CAPITAL MANAGEMENT

The executive members control the capital of the association in order to maintain a good debt-to-equity ratio and to ensure that the association can fund its operation and continue as a going concern.

The association's debt and capital includes financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

The executive members effectively manage the association's capital by assessing the association's financial risk and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels.

There have been no changes in the strategy adopted by management to control the capital of the association since the prior year. This strategy is to ensure that there is sufficient cash to meet trade and sundry payables and borrowings.

The gearing ratios for the year ended 30 June 2008 and 30 June 2007 are as follows:

	2008 \$	2007 \$
Total borrowings	37,250	73,017
Less cash and cash equivalents	<u>(1,800,957)</u>	<u>(2,047,357)</u>
Net debt	(1,763,707)	(1,974,340)
Total equity	<u>2,994,856</u>	<u>3,365,679</u>
Total Capital	<u>1,231,149</u>	<u>1,391,339</u>
	n/a	n/a

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 19: 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

AASB Amendment	Standard Affected	Outline of Amendment	Application Date of the Standard	Application Date for the Group
AASB 2007 – 3 Amendments to Australian Accounting Standards	AASB 102	Inventories	1.1.2009	1.7.2009
	AASB 107	Cash Flow Statements		
	AASB 119	Employee Benefits		
	AASB 134	Impairment of Assets		
AASB 8 Operating Segments	AASB 114	Segment Reporting	1.1.2009	1.7.2009
AASB 2007-6 Amendments to Australian Accounting Standards	AASB 1	First time adoption of AIFRS	1.1.2009	1.7.2009
	AASB 101	Presentation of Financial Statements		
	AASB 107	Cash Flow Statements		
	AASB 116	Property, plant and equipment		
	AASB 138	Intangible Assets		

**VICTORIAN ASSOCIATION OF FOREST INDUSTRIES**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**NOTE 19: ACCOUNTING POLICY AMENDMENTS (CONTINUED)**

AASB Amendment	Standard Affected	Outline of Amendment	Application Date of the Standard	Application Date for the Group
AASB 123 Borrowing Costs	AASB 123 Borrowing Costs	As above	1.1.2009	1.7.2009
AASB 2007-8 Amendments to Australian Accounting Standards	AASB 101 Presentation of Financial Statements	The revised AASB 101: Presentation of Financial Statements issued in September 2007 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in recognised income and expenditure	1.1.2009	1.7.2009
AASB 101	AASB 101 Presentation of Financial Statements	As above	1.1.2009	1.7.2009

**NOTE 20: 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 21: RELATED PARTIES**

All Executive members act in an honorary capacity.

**NOTE 22: INFORMATION TO BE PROVIDED TO A MEMBER OR REGISTRAR**

In accordance with the requirements of the Workplace Relations Act 1996, the attention of members is drawn to the provisions of subsections (1), (2) and (3) and of section 272, which are read as follows:-

**SECTION 272 INFORMATION TO BE PROVIDED TO A MEMBER OR A REGISTRAR**

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



## 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 2008 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 executive members.

**Executive Member's Responsibility for the Financial Report**

The executive members of the association are 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 Workplace Relations Act 1996. 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 members, 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.

**Auditor's Opinion**

In our opinion the general purpose financial report presents fairly in accordance with applicable Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of the RAO Schedule of the Workplace Relations Act 1996.

C.W. Stirling & Co  
Chartered Accountants

John A Phillips  
Partner

Dated this 30<sup>th</sup> day of March 2009  
Melbourne

ASIC Registration Number:	10127
Professional Organisation:	The Institute of Chartered Accountants in Australia
Professional Membership Number:	72565



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

**Scope**

On the basis of information provided by the executive members 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 2008 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 members 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 Constitution and are appropriate to meet the needs of the executive members for the purposes of complying with the Association's Constitution.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the executive members 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 30<sup>th</sup> day of March 2009  
Melbourne.

ASIC Registration Number:	10127
Professional Organisation:	The Institute of Chartered Accountants in Australia
Professional Membership Number:	72565



**VICTORIAN ASSOCIATION OF FOREST INDUSTRIES**  
**ADDITIONAL INFORMATION ON THE 2008 FINANCIAL STATEMENTS**  
**DETAILED INCOME AND EXPENDITURE STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2008**

	2008	2007
	\$	\$
<b>INCOME</b>		
Membership fees and levies	422,309	777,055
Special levy	5,509	143,931
Director's fees	-	117,228
Consulting & industry representation	-	364
Rental, administration and service charges	37,737	49,274
Interest & dividends from investments	127,550	118,513
Australwood income	-	73,398
EMS project	76,750	78,510
Other income	<u>27,289</u>	<u>10,453</u>
<b>TOTAL INCOME</b>	<u><b>697,144</b></u>	<u><b>1,368,726</b></u>
<b>LESS EXPENDITURE</b>		
Administration, Management and Organisation (refer attached schedule)	474,571	601,138
Office Expenses (refer attached schedule)	113,336	127,386
Functional and Other Expenses (refer attached schedule)	<u>480,875</u>	<u>667,042</u>
<b>TOTAL EXPENDITURE</b>	<u><b>1,068,782</b></u>	<u><b>1,395,566</b></u>
Deficit of income over expenditure	<u><b>(371,638)</b></u>	<u><b>(26,840)</b></u>
Expense for/(reduction in) Annual Leave	(1,587)	(5,007)
Expense for/(reduction in) Long Service Leave	<u>-</u>	<u>(26,840)</u>
	<b>(1,587)</b>	<b>(31,847)</b>
<b>Net Operating Surplus</b>	<u><b>(370,051)</b></u>	<u><b>5,007</b></u>

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

**VICTORIAN ASSOCIATION OF FOREST INDUSTRIES**  
**ADDITIONAL INFORMATION ON THE 2008 FINANCIAL STATEMENTS**  
**DETAILED INCOME AND EXPENDITURE STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2008**

	2008 \$	2007 \$
<b>ADMINISTRATION, MANAGEMENT &amp; ORGANISATION EXPENDITURE</b>		
Depreciation	11,095	15,309
Fringe benefits tax	10,271	1,233
General expenses	120,217	12,647
Motor vehicle expenses	71	4,075
Payroll tax	(2,829)	4,757
Salaries and Allowances to Employees	316,759	532,501
Travelling expenses	<u>18,987</u>	<u>30,616</u>
	<u>474,571</u>	<u>601,138</u>
 <b>OFFICE EXPENDITURE</b>		
Cleaning	12,207	13,020
Insurances	17,627	19,687
Light & power	3,341	3,612
Postage & telephones	21,138	30,681
Printing & stationery	15,782	31,788
Rates & taxes	6,507	6,323
Relocation Costs	-	15,982
Rent	-	-
Repairs & maintenance	<u>36,734</u>	<u>6,293</u>
<u>Total Office Expenses</u>	<u>113,336</u>	<u>127,386</u>

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

**VICTORIAN ASSOCIATION OF FOREST INDUSTRIES**  
**ADDITIONAL INFORMATION ON THE 2008 FINANCIAL STATEMENTS**  
**DETAILED INCOME AND EXPENDITURE STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2008**

	2008	2007
	\$	\$
FUNCTIONAL AND OTHER EXPENSES		
Advertising	19,753	-
Annual dinner	2,273	27,300
Audit fees	9,710	7,200
Australwood	(2,994)	-
Bad Debts	-	(10,830)
Bank charges	697	711
Bank interest	616	2,208
Body Corporate Fees	6,932	37,910
Communication Activities	382	5,954
Community Council	-	1,569
Conferences	55,196	22,599
Consulting	140,344	271,958
Computer Expenses	25,669	18,076
Corporate Activities	2,373	7,481
Donations	-	565
Doubtful debts	6,512	(44,432)
EMS Project	67,292	
Global Sustainability Partners	-	63,208
Industrial Relations Activities	896	35,776
Legal	40,575	2,092
Loss on Sale of Assets	-	5,175
NAFI	91,772	57,253
Non VAFI program expenditure	-	4,313
Public Affairs- Other	-	97,470
Publications	94	117
Sundry Expenses	-	15,048
Subscriptions to organisations	19,117	3,574
Surfaces	-	(660)
Denver trade show	(6,334)	32,224
Website	-	3,183
<u>Total Functional and Other Expenses</u>	<u>480,875</u>	<u>667,042</u>

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

**DONNELLAN, Kevin**

---

**From:** Peter Ryan [pgvryan@bigpond.com]  
**Sent:** Wednesday, 10 June 2009 12:15 PM  
**To:** DONNELLAN, Kevin  
**Subject:** Re: VAFI Accounts

Hi Kevin,  
Yes thank you.  
All done and dusted.  
In process of preparing necessary Doc's to be forwarded to you.  
Regards

Peter

----- Original Message -----

**From:** DONNELLAN, Kevin  
**To:** Peter Ryan  
**Sent:** Wednesday, June 10, 2009 12:08 PM  
**Subject:** RE: VAFI Accounts

Hello Peter, did the Executive pass the documentation on 5 June 2009. Kevin

---

**From:** Peter Ryan [mailto:pgvryan@bigpond.com]  
**Sent:** Tuesday, 19 May 2009 9:42 AM  
**To:** DONNELLAN, Kevin  
**Subject:** Re: VAFI Accounts

Hi Kevin,  
Tried to ring you but you are a busy man!  
Matter will be concluded 5 June at VAFI Exec Committee Meeting.  
Advice re Revised Financials posted on VAFI Website 22 April  
Will forward amended Letter etc after 5 June Exec Meeting.  
Any problem please call me 98769330 or 0409 591875  
Regards

Peter Ryan  
for VAFI

----- Original Message -----

**From:** DONNELLAN, Kevin  
**To:** Peter Ryan  
**Sent:** Monday, May 18, 2009 5:06 PM  
**Subject:** RE: VAFI Accounts

Peter, has there been any further progress with the 2008 report.

Regards

KEVIN DONNELLAN  
Statutory Services Branch

Australian Industrial Relations Commission  
11 Exhibition St, Melbourne Victoria 3000  
GPO Box 1994, Melbourne Victoria 3001

Telephone: (03) 8661 7764  
International: (613) 86617 764  
Facsimile: (03) 9655 0410  
Email: [kevin.donnellan@airc.gov.au](mailto:kevin.donnellan@airc.gov.au)

---

**From:** Peter Ryan [mailto:pgvryan@bigpond.com]  
**Sent:** Wednesday, 18 March 2009 2:11 PM  
**To:** DONNELLAN, Kevin  
**Subject:** VAFI Accounts

Kevin,  
As discussed please find amended VAFI Financials.  
Would appreciate confirmation that they are now ok prior to presenting them to Exec Meeting.  
Thank you

Peter Ryan  
Peter G Ryan & Associates

Ph 03 98769330  
Fax 03 98769336

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

10 March 2009

Mr Greg McCormack  
President  
Victorian Association of Forest Industries

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

Dear Mr McCormack

**Re: Financial Report for the Victorian Association of Forest Industries for year ended 30 June 2008 – FR2008/371**

I acknowledge receipt of the financial report for the Victorian Association of Forest Industries for the year ended 30 June 2008. The report was lodged with the Registry on 5 January 2009.

The following matters require your attention:

***Committee of Management Statement***

As previously discussed the "Statement by the Executive Members" whilst it covers a number of matters required to be incorporated into the Committee of Management Statement, it does not satisfy the requirements of item 25 of the Industrial Registrar's Guidelines. Auditors in preparing their opinion are required to take into account the declarations in the relevant Committee of Management Statement.

In the circumstances, I require the Association to prepare a Committee of Management Statement that fully satisfies the requirements of the abovementioned Reporting Guideline. That Statement should then be forwarded to your auditors who should prepare a fresh opinion taking into account the declarations in the Committee of Management Statement.

***Audit Report***

Given you will be securing a fresh audit opinion I ask that you draw to the auditor's attention the following matters when preparing a fresh report.

***Auditor's opinion***

The required opinion provided in subsection 257(5) of Schedule 1 of the Workplace Relations Act 1996 (the RAO Schedule) is that the general purpose financial report is presented fairly. The following wording in the auditor's opinion would satisfy the requirements:

*"In our opinion the general purpose financial report is presented fairly in accordance with applicable Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of the RAO Schedule of the Workplace Relations Act 1996."*

***Auditor's Qualification***

It is not clear from the Report whether or not the Auditor is an approved Auditor. In this regard I draw your attention to the definition of approved auditor in regulation 4 of the Workplace Relations (Registration and Accountability of Organisations) Regulations 2003 (the Regulations). In all likelihood the Auditor is such a person however, it is our preference that this is made explicit in the Report. I recommend you draw this comment to the attention of your Auditors.

**Additional Matters**

As the Association is required to attend to the above matters it should attend to the following matters before filing the fresh financial report.

**Operating Report***Number of members and employees of the reporting unit*

Subsection 254(2)(f) of Schedule 1 and regulation 159(a) and (b) of the Regulations require the Operating Report to contain information pertaining to the number of persons that were taken to be members and the number of employees of the reporting unit at the end of the financial year.

*Right of members to resign*

Subsection 254(2)(c) of the RAO Schedule requires the operating report to “give details” of the right of members to resign from the reporting unit under section 174 of the RAO Schedule. This requirement may be met by the inclusion of a statement that a member has the right to resign and a reference to the relevant rule, which makes such provision. Alternatively, the complete text of the relevant resignation rule may be reproduced in the report. It would appear in this case that rule 11 of the organisation’s Rules is applicable.

I note that the information provided does not meet either of the above requirements.

**Compilation Report**

Some of the information contained only in this Report is required to be disclosed in the general purpose financial report. In this regard I refer you to section 253 of the RAO Schedule and the Reporting Guidelines issued by the Industrial Registrar in accordance with that section.

The Association may wish to prepare an additional special purpose financial report to enhance disclosure to its members, however, for the purposes of its compliance with the requirements of Part 3, Chapter 8 of the RAO Schedule then disclosure of all relevant items must be incorporated into the general purpose financial report.

**Notes to Financial Reports***Notice under Section 272(5) of the RAO Schedule*

The wording of this notice should accurately reflect that in the RAO Schedule.

**Further action required**

The revised documentation taking into account the matters referred to above should be presented to a general meeting of members. Following the consideration by members at a general meeting the full financial report should be lodged in the Registry accompanied by the requisite Designated Officer’s Certificate.

If you wish to discuss any of the matters referred to above I can be contacted on (03) 8661 7764.

Yours sincerely



Kevin Donnellan  
Statutory Services Branch  
Email: [kevin.donnellan@airc.gov.au](mailto:kevin.donnellan@airc.gov.au)

cc: Peter Ryan, Peter G. Ryan & Associates

# PETER G. RYAN & ASSOCIATES

*Industrial and Employee Relations Consultants*

6 Yarang Court,  
Heathmont, Vic. 3135  
pgvryan@bigpond.com

Telephone: (03) 9876 9330  
Facsimile: (03) 9876 9336  
Mobile: 0409 591 875

31 December 2008

Industrial Registrar  
AIRC  
Level 4, 11 Exhibition Street  
Melbourne  
Vic , 3000

Please find enclosed Financial Returns for the Victorian Association of Forest Industries (VAFI) for the year ended 30 June 2008.

Accompanying them is a letter from the Association's Executive Director along with the required Statement by the Certifying Officer.

We regret the delay in lodging the return however the delay was caused by Mail having to be redirected.

Should you require further information or detail please contact me.

Yours sincerely



Peter G Ryan  
For and on behalf of  
VAFI

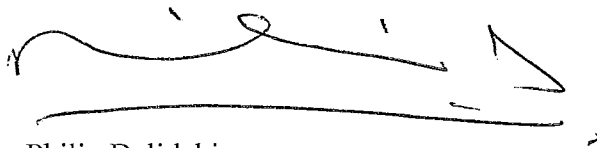


Industrial Registrar  
AIRC  
Level 4, 11 Exhibition Street  
Melbourne Vic 3000

**VAFI Letter to Industrial Registrar re Financial Returns 2008**

Please find enclosed Financial Returns for the Victorian Association of Forest Industries (VAFI) for the year ended 30 June 2008.

Accompanying them is the required Statement by the Certifying Officer.



Philip Dalidakis  
Executive Director  
VAFI

December 2008

## **VAFI Financial Returns Certifying Officer Statement 2008**

### **Victorian Association of Forest Industries Financial Documents for year ended 30 June 2008**

This is to certify that the Financial Statements lodged with the Australian Industrial Registry for the year ended 30 June 2008 are copies which were presented to the Annual General Meeting of the Association held on Friday 28 November, 2008 in accordance with Section 268 of the R.A.O. Schedule.

The Accounts had been forwarded to all members by Circular on 6 November 2008.



Greg McCormack  
President  
VAFI

Date 19/12/2008

# **Victorian Association of Forest Industries**

**ABN 99 752 910 589**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008  
TOGETHER WITH REPORTS  
OF THE EXECUTIVE MEMBERS AND AUDITORS**



**Victorian Association  
of Forest Industries**



VICTORIAN ASSOCIATION OF FOREST INDUSTRIES  
ABN 99 752 910 589

OPERATING REPORT

Your executive members submit the financial report of Victorian Association of Forest Industries for the financial year ended 30 June 2008.

Executive Members

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 (resigned 09/11/07)	Mr Nick Murray (resigned 12/09/08)
Mr Darrin McKenzie	Mr Gary Demby
Mr Rowan Reid	Mr Peter Mitchell (resigned 30/09/07)
Mr Paul Madden (Observer)	Mr Guy Mycroft

Principal activities

The principal activities of the association during the financial year were:

- 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

No significant change in the nature of the activities occurred during the year.

Operating Result

The loss for the year ended 30 June 2008 amounted to \$370,051.

Details of the right of members to resign

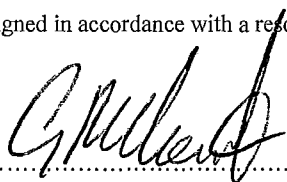
Members have the right to resign from the Association under section 174(1) of the ROA Schedule which reads as follows:

*"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."*

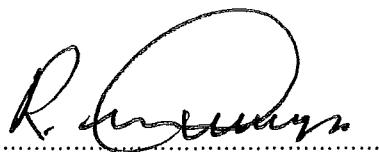
Details of superannuation trustees

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 Executive Members.



.....



.....

Dated this 6 day of November 2008.

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

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2008**

	Notes	2008 \$	2007 \$
Revenue	2	697,144	1,368,726
Administration, management and organisation expenditure		(127,287)	(85,219)
Depreciation and amortisation expense		(11,095)	(15,309)
Employee benefits expense		(325,443)	(501,887)
Office expenses		(95,709)	(127,385)
Legal expenses		(40,575)	(2,092)
Bad and doubtful debts		(6,512)	55,262
Consulting resource expenses		(140,344)	(271,958)
NAFI contribution and expenses		(91,772)	(57,253)
Functional and other expenses		<u>(228,458)</u>	<u>(357,878)</u>
<b>Loss before income tax</b>		<b>(370,051)</b>	<b>5,007</b>
Income tax expense	1(a)	<u>-</u>	<u>-</u>
<b>Loss from operations</b>		<u><b>(370,051)</b></u>	<u><b>5007</b></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 2008**

	Notes	2008 \$	2007 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	1,800,957	2,047,357
Trade and other receivables	6	1,400	135,533
Related party receivable	7	-	17,624
Other current assets	8	<u>5,866</u>	<u>7,015</u>
<b>TOTAL CURRENT ASSETS</b>		<u><b>1,808,223</b></u>	<u><b>2,207,529</b></u>
<b>NON-CURRENT ASSETS</b>			
Financial assets	9	704	1,475
Property, plant and equipment	10	<u>1,234,046</u>	<u>1,245,141</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u><b>1,234,750</b></u>	<u><b>1,246,616</b></u>
<b>TOTAL ASSETS</b>		<u><b>3,042,973</b></u>	<u><b>3,454,145</b></u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	13,556	73,017
Short-term provisions	12	6,223	7,811
Other current liabilities	13	<u>28,338</u>	<u>7,638</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u><b>48,117</b></u>	<u><b>88,466</b></u>
<b>TOTAL LIABILITIES</b>		<u><b>48,117</b></u>	<u><b>88,466</b></u>
<b>NET ASSETS</b>		<u><b>2,994,856</b></u>	<u><b>3,365,679</b></u>
<b>EQUITY</b>			
Reserves		146	918
Retained earnings		<u>2,994,710</u>	<u>3,364,761</u>
<b>TOTAL EQUITY</b>		<u><b>2,994,856</b></u>	<u><b>3,365,679</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 2008**

	Retained Earnings	Financial Asset Reserve \$	Total \$
<b>Balance at 1 July 2006</b>	<u>3,359,754</u>	<u>-</u>	<u>3,359,754</u>
Profit attributable to members	5,007	-	5,007
Revaluation Increment	<u>-</u>	<u>918</u>	<u>918</u>
<b>Balance at 30 June 2007</b>	<u>3,364,761</u>	<u>918</u>	<u>3,365,679</u>
Loss attributable to members	(370,051)	-	(370,051)
Revaluation increment	<u>-</u>	<u>(772)</u>	<u>(772)</u>
<b>Balance at 30 June 2008</b>	<u>2,994,710</u>	<u>146</u>	<u>2,994,856</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 2008**

	Notes	2008 \$	2007 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Membership fees and levies received		574,066	920,986
Consulting services and other income		147,285	453,705
Payments to suppliers and employees		(1,094,685)	(1,841,358)
Interest and dividends received		127,550	118,513
Interest paid		<u>(616)</u>	<u>(1,933)</u>
Net cash provided by operating activities	14(a)	<u>(246,400)</u>	<u>350,087</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Proceeds on disposal of plant and equipment		-	34,545
Purchases of plant and equipment		<u>-</u>	<u>(45,829)</u>
Net cash used in investing activities		<u>-</u>	<u>(11,284)</u>
Net increase in cash held		(246,400)	(361,371)
Cash at beginning of year		<u>2,047,357</u>	<u>2,408,728</u>
Cash at end of year	5	<u><u>1,800,957</u></u>	<u><u>2,047,357</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 2008

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This 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.

#### **Basis of Preparation**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Workplace Relations Act 1996.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

#### **(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 losses.

#### **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 buildings 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.

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial Instruments

**Recognition and Initial Measurement**

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the association becomes a party to the contractual provision of the instrument.

Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

**Derecognition**

Financial assets are derecognized where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the association no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognized where the related obligations either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

**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.

**Classification and Subsequent Measurement**

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost using the effective interest rate method.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the association's intention to hold these investments to maturity. They are subsequently measured at amortized cost using the effective interest rate method.

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(v) *Financial Liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost using the effective interest rate method.

**Impairment**

At each reporting date, the association assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instruments is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008

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. 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.

*Key Judgments- Doubtful Debts Provision*

Included in the accounts is the provision for doubtful debts for the amount of \$24,371. The executive members believe that full amount of trade debtors \$24,371 is not receivable.

**VICTORIAN ASSOCIATION OF FOREST INDUSTRIES**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008 \$	2007 \$
<b>NOTE 2: REVENUE</b>			
Operating activities			
- Membership fees and levies		422,309	777,055
- Special levy		5,509	143,931
- Director's fees		-	117,228
- Consulting and industry representation		-	364
- Rental, administration and service charges		37,737	49,274
- NAFI Contribution		-	-
- Australwood income		-	73,398
- Ems Project		76,750	78,510
- Interest and dividends from investments		127,550	118,513
- Other revenue		<u>27,289</u>	<u>10,453</u>
		<u>697,144</u>	<u>1,368,726</u>

**NOTE 3: KEY MANAGEMENT PERSONNEL COMPENSATION**

	Salaries & Fees	Superannuation	Total
<b>2008</b>			
Total compensation	<u>130,000</u>	<u>11,700</u>	<u>141,700</u>
<b>2007</b>			
Total compensation	<u>202,780</u>	<u>97,220</u>	<u>300,000</u>

**NOTE 4: AUDITOR'S REMUNERATION**

- audit services		7,500	5,500
- other services		<u>-</u>	<u>600</u>

**NOTE 5: CASH AND CASH EQUIVALENTS**

Cash on hand		700	700
Cash at bank		178,250	386,518
Short-term bank deposits		1,617,363	1,652,501
Cash at bank held in trust for projects		<u>4,644</u>	<u>7,638</u>
		<u>1,800,957</u>	<u>2,047,357</u>

The effective interest rate on short-term bank deposits was 7% (2007: 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>1,800,957</u>	<u>2,047,357</u>
		<u>1,800,957</u>	<u>2,047,357</u>

**NOTE 6: TRADE AND OTHER RECEIVABLES**

**CURRENT**

Subscriptions receivable		24,371	148,659
Less provisions for doubtful debts		<u>(24,371)</u>	<u>(17,859)</u>
		-	130,800
Sundry receivables		<u>1,400</u>	<u>4,733</u>
		<u>1,400</u>	<u>135,533</u>

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 \$	2007 \$
<b>NOTE 7: RELATED PARTY RECEIVABLES</b>			
CURRENT			
Tricia Caswell & Associations Pty Ltd		<u>-</u>	<u>17,624</u>
<b>NOTE 8: OTHER CURRENT ASSETS</b>			
CURRENT			
Prepayments		<u>5,866</u>	<u>7,015</u>
<b>NOTE 9: FINANCIAL ASSETS</b>			
Available-for-sale financial assets		<u>704</u>	<u>1,475</u>
		704	1,475
Less non-current portion		<u>-</u>	<u>-</u>
Current Portion		<u>704</u>	<u>1,475</u>
Listed investments, at fair value			
- Shares in listed corporations at market value		702	1,473
- Shares in other corporations at cost		<u>2</u>	<u>2</u>
Total available-for-sale financial assets		<u>704</u>	<u>1,475</u>
<b>NOTE10: PROPERTY, PLANT AND EQUIPMENT</b>			
<b>LAND AND BUILDINGS</b>			
Land:			
At cost		<u>35,155</u>	<u>35,155</u>
Buildings:			
At cost		1,187,861	1,187,861
Less accumulated depreciation		<u>(1,778)</u>	<u>(829)</u>
Total buildings		<u>1,186,083</u>	<u>1,187,032</u>
Total land and buildings		<u>1,221,238</u>	<u>1,222,187</u>
<b>PLANT AND EQUIPMENT</b>			
Plant and equipment:			
At cost		159,056	159,056
Less accumulated depreciation		<u>(146,248)</u>	<u>(136,102)</u>
Total plant and equipment		<u>12,808</u>	<u>22,954</u>
Total property, plant and equipment		<u>1,234,046</u>	<u>1,245,141</u>

**VICTORIAN ASSOCIATION OF FOREST INDUSTRIES**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**NOTE 10: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

**(a) 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 1 July 2006	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 beginning of the year	<u>35,155</u>	<u>1,187,032</u>	<u>22,954</u>	<u>1,245,141</u>
Additions	-	-	-	-
Disposals	-	-	-	-
Depreciation expense	-	(949)	(10,146)	(11,095)
Carrying amount at end of year	<u><u>35,155</u></u>	<u><u>1,186,083</u></u>	<u><u>12,808</u></u>	<u><u>1,234,046</u></u>

Note	2008 \$	2007 \$
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**NOTE 11: TRADE AND OTHER PAYABLES**

**CURRENT**

Trade payables	-	15,199
Sundry payables and accrued expenses	<u>13,556</u>	<u>57,818</u>
	<u><u>13,556</u></u>	<u><u>73,017</u></u>

**NOTE 12: PROVISIONS**

**CURRENT**

Employee entitlements	<u>6,223</u>	<u>7,811</u>
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**NOTE 13: OTHER CURRENT LIABILITIES**

**CURRENT**

Payable to NAFI	23,694	-
Funds held on behalf of project groups	<u>4,644</u>	<u>7,638</u>
	<u><u>28,338</u></u>	<u><u>7,638</u></u>

**NOTE 14: CASH FLOW INFORMATION**

**(a) Reconciliation of Cashflow from Operations with profit after Income Tax**

Profit after income tax	(370,051)	5,007
Non-cash flows in profit		
- depreciation	11,095	15,309
- net (gain)/loss on disposal of property, plant and equipment	-	5,175
- Doubtful debts	6,512	-
Changes in assets and liabilities		
- (increase)/decrease in current receivables	145,245	124,478
- (increase)/decrease in other current assets	1,148	8,992
- increase/(decrease) in payables	(59,461)	(423,991)
- increase/(decrease) in provisions	(1,588)	(48,022)
- increase/(decrease) in other current liabilities	<u>20,700</u>	<u>(37,035)</u>
	<u><u>(246,400)</u></u>	<u><u>(350,087)</u></u>

**VICTORIAN ASSOCIATION OF FOREST INDUSTRIES**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**NOTE 15: CASH FLOW INFORMATION (CONTINUED)**

(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.

**NOTE 17: FINANCIAL RISK MANAGEMENT**

(a) Financial Risk Management Policies

The association's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable.

The association does not have any derivative instruments as at 30 June 2008.

(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.

There are no material amounts of collateral held as security as at 30 June 2008.

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 17: FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Financial Instruments Composition and Maturity Analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period of all other financial instruments. As such, the amounts may not reconcile to the balance sheet.

	Weighted Average Effective Interest Rate		Fixed Interest Rate Maturing				Floating Interest Rate		Non Interest Bearing		Total	
	2008	2007	Within 1 Year		1 to 5 Years		2008	2007	2008	2007	2008	2007
	%	%	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Financial Assets:												
Cash at bank and deposits	7.0	6.6	1,800,257	2,046,657	-	-	1,800,257	2,046,657	700	700	1,800,957	2,047,357
Receivables	-	-	-	-	-	-	-	-	1,400	153,157	1,400	153,157
Total Financial Assets			<u>1,800,257</u>	<u>2,046,657</u>	<u>-</u>	<u>-</u>	<u>1,800,257</u>	<u>2,046,657</u>	<u>2,100</u>	<u>153,857</u>	<u>1,802,357</u>	<u>2,200,514</u>
Financial Liabilities:												
Payables	-	-	-	-	-	-	-	-	13,556	73,017	13,556	73,017
Total financial liabilities			<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,556</u>	<u>73,017</u>	<u>13,556</u>	<u>73,017</u>



VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 17: FINANCIAL RISK MANAGEMENT (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

	2008		2007	
	Carrying Amount \$	Net Fair Value \$	Carrying Amount \$	Net Fair Value \$
<u>Financial assets</u>				
Available-for-sale financial assets at fair value	<u>704</u>	<u>704</u>	<u>1,475</u>	<u>1,475</u>
	<u>704</u>	<u>704</u>	<u>1,475</u>	<u>1,475</u>

NOTE 18: CAPITAL MANAGEMENT

The executive members control the capital of the association in order to maintain a good debt-to-equity ratio and to ensure that the association can fund its operation and continue as a going concern.

The association's debt and capital includes financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

The executive members effectively manage the association's capital by assessing the association's financial risk and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels.

There have been no changes in the strategy adopted by management to control the capital of the association since the prior year. This strategy is to ensure that there is sufficient cash to meet trade and sundry payables and borrowings.

The gearing ratios for the year ended 30 June 2008 and 30 June 2007 are as follows:

	2008 \$	2007 \$
Total borrowings	37,250	73,017
Less cash and cash equivalents	<u>(1,800,957)</u>	<u>(2,047,357)</u>
Net debt	(1,763,707)	(1,974,340)
Total equity	<u>2,994,856</u>	<u>3,365,679</u>
Total Capital	<u>1,231,149</u>	<u>1,391,339</u>
	n/a	n/a

**VICTORIAN ASSOCIATION OF FOREST INDUSTRIES**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**NOTE 19: 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

AASB Amendment	Standard Affected	Outline of Amendment	Application Date of the Standard	Application Date for the Group
AASB 2007 – 3 Amendments to Australian Accounting Standards	AASB 102	Inventories	1.1.2009	1.7.2009
	AASB 107	Cash Flow Statements		
	AASB 119	Employee Benefits		
	AASB 134	Impairment of Assets		
AASB 8 Operating Segments	AASB 114	Segment Reporting	1.1.2009	1.7.2009
AASB 2007-6 Amendments to Australian Accounting Standards	AASB 1	First time adoption of AIFRS	1.1.2009	1.7.2009
	AASB 101	Presentation of Financial Statements		
	AASB 107	Cash Flow Statements		
	AASB 116	Property, plant and equipment		
	AASB 138	Intangible Assets		
AASB 123 Borrowing Costs	AASB 123	Borrowing Costs	1.1.2009	1.7.2009

**VICTORIAN ASSOCIATION OF FOREST INDUSTRIES**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**NOTE 19: ACCOUNTING POLICY AMENDMENTS (CONTINUED)**

AASB Amendment	Standard Affected	Outline of Amendment	Application Date of the Standard	Application Date for the Group
AASB 2007-8 Amendments to Australian Accounting Standards	AASB 101	Presentation of Financial Statements The revised AASB 101: Presentation of Financial Statements issued in September 2007 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in recognised income and expenditure	1.1.2009	1.7.2009
AASB 101	AASB 101	Presentation of Financial Statements As above	1.1.2009	1.7.2009

**NOTE 20: 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 21: RELATED PARTIES**

All Executive members act in an honorary capacity.

**NOTE 22: 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  
ABN 99 752 910 589

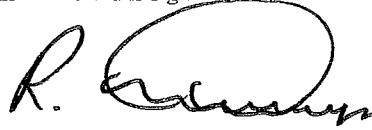
STATEMENT BY THE EXECUTIVE MEMBERS

In the opinion of the executive members the financial report as set out on pages 3 to 17:

1. Presents true and fair view of the financial position of Victorian Association of Forest Industries as at 30 June 2008 and its performance or the year ended on that date in accordance with Australian Accounting Standards, mandatory professional reporting requirements and other authoritative pronouncements of the Australian Accounting Standards Board.
2. At the date of this statement, there are reasonable grounds to believe that Victorian Association of Forest Industries will be able to pay its debts as an when they fall due.

This statement is made in accordance with a resolution of the executive members and is signed on behalf of the executive members by:

  
.....

  
.....

Dated this *6* day of *November* 2008.

## 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 2008 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 executive members.

#### Executive Member's Responsibility for the Financial Report

The executive members of the association are 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 Workplace Relations Act 1996. 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 members, 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.

#### 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 2008 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 <sup>6<sup>th</sup></sup> day of ~~November~~ 2008.  
Melbourne

# VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

## COMPILATION REPORT

### TO THE MEMBERS OF VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

#### Scope

On the basis of information provided by the executive members 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 2008 comprising attached Income and Expenditure statement.

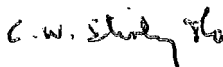
The specific purpose for which the special purpose financial report is prepared is to provide additional information to the members. Accounting Standards and other mandatory professional reporting requirements have or have not been adopted in the preparation of the special purpose financial report.

The executive members 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 Constitution and are appropriate to meet the needs of the executive members for the purposes of complying with the Association's Constitution.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the executive members 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  
Chartered Accountants



John A Phillips  
Partner

Dated this 6<sup>th</sup> day of November 2008.  
Melbourne.

**VICTORIAN ASSOCIATION OF FOREST INDUSTRIES**  
**ADDITIONAL INFORMATION ON THE 2008 FINANCIAL STATEMENTS**  
**DETAILED INCOME AND EXPENDITURE STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2008**

	2008	2007
	\$	\$
<b>INCOME</b>		
Membership fees and levies	422,309	777,055
Special levy	5,509	143,931
Director's fees	-	117,228
Consulting & industry representation	-	364
Rental, administration and service charges	37,737	49,274
Interest & dividends from investments	127,550	118,513
Australwood income	-	73,398
EMS project	76,750	78,510
Other income	<u>27,289</u>	<u>10,453</u>
<b>TOTAL INCOME</b>	<u><b>697,144</b></u>	<u><b>1,368,726</b></u>
<b>LESS EXPENDITURE</b>		
Administration, Management and Organisation (refer attached schedule)	474,571	601,138
Office Expenses (refer attached schedule)	113,336	127,386
Functional and Other Expenses (refer attached schedule)	<u>480,875</u>	<u>667,042</u>
<b>TOTAL EXPENDITURE</b>	<u><b>1,068,782</b></u>	<u><b>1,395,566</b></u>
Deficit of income over expenditure	<u><u><b>(371,638)</b></u></u>	<u><u><b>(26,840)</b></u></u>
Expense for/(reduction in) Annual Leave	(1,587)	(5,007)
Expense for/(reduction in) Long Service Leave	<u>-</u>	<u>(26,840)</u>
	<u><b>(1,587)</b></u>	<u><b>(31,847)</b></u>
<b>Net Operating Surplus</b>	<u><u><b>(370,051)</b></u></u>	<u><u><b>5,007</b></u></u>

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

ADDITIONAL INFORMATION ON THE 2008 FINANCIAL STATEMENTS

DETAILED INCOME AND EXPENDITURE STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2008

	2008 \$	2007 \$
ADMINISTRATION, MANAGEMENT & ORGANISATION EXPENDITURE		
Depreciation	11,095	15,309
Fringe benefits tax	10,271	1,233
General expenses	120,217	12,647
Motor vehicle expenses	71	4,075
Payroll tax	(2,829)	4,757
Salaries and Allowances to Employees	316,759	532,501
Travelling expenses	<u>18,987</u>	<u>30,616</u>
	<u><u>474,571</u></u>	<u><u>601,138</u></u>
OFFICE EXPENDITURE		
Cleaning	12,207	13,020
Insurances	17,627	19,687
Light & power	3,341	3,612
Postage & telephones	21,138	30,681
Printing & stationery	15,782	31,788
Rates & taxes	6,507	6,323
Relocation Costs	-	15,982
Rent	-	-
Repairs & maintenance	<u>36,734</u>	<u>6,293</u>
<u>Total Office Expenses</u>	<u><u>113,336</u></u>	<u><u>127,386</u></u>



VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

ADDITIONAL INFORMATION ON THE 2008 FINANCIAL STATEMENTS

DETAILED INCOME AND EXPENDITURE STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2008

	2008 \$	2007 \$
FUNCTIONAL AND OTHER EXPENSES		
Advertising	19,753	-
Annual dinner	2,273	27,300
Audit fees	9,710	7,200
Australwood	(2,994)	-
Bad Debts	-	(10,830)
Bank charges	697	711
Bank interest	616	2,208
Body Corporate Fees	6,932	37,910
Communication Activities	382	5,954
Community Council	-	1,569
Conferences	55,196	22,599
Consulting	140,344	271,958
Computer Expenses	25,669	18,076
Corporate Activities	2,373	7,481
Donations	-	565
Doubtful debts	6,512	(44,432)
EMS Project	67,292	
Global Sustainability Partners	-	63,208
Industrial Relations Activities	896	35,776
Legal	40,575	2,092
Loss on Sale of Assets	-	5,175
NAFI	91,772	57,253
Non VAFI program expenditure	-	4,313
Pubic Affairs- Other	-	97,470
Publications	94	117
Sundry Expenses	-	15,048
Subscriptions to organisations	19,117	3,574
Surfaces	-	(660)
Denver trade show	(6,334)	32,224
Website	-	3,183
<u>Total Functional and Other Expenses</u>	<u>480,875</u>	<u>667,042</u>

