

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES
ABN 99 752 910 589

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2012

**Liability limited by a scheme approved under
Professional Standards Legislation**

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES
ABN 99 752 910 589

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VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

ABN 99 752 910 589

OPERATING REPORT

Operating Report prepared in accordance with the requirements of the Fair Work (Registered Organisations) Act 2009.

Executive

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

Mr R Humphreys

Mr J Mathers

Mr L Fenning

Mr M Taylor

Mr G McNulty

Mr P Rutherford

Mr R Reid

Mr G Brown

Mr M Brady

Mr M Warnock

Principal Activities

The Victorian Association of Forest Industries (VAFI) is the peak industry body for Victoria's forest and wood products industry. VAFI provides information, advice and referral services as well as advocating on behalf of members at State and Federal Government levels.

Review of principal activities

The principal activities undertaken by VAFI 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 agreements.
- 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 member in industrial tribunals

Significant changes

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

Operating Result

The loss for the year ended 30 June 2012 amounted to \$256,754 (2011:\$504,552).

Membership

The number of members of VAFI as recorded in the register of members as at 30 June 2012 was 18 (2011:13).

Employees

The number of employees of VAFI as at 30 June 2012 measured on a full-time equivalent basis was 3 (2011:3)

Details of the right of members to resign

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

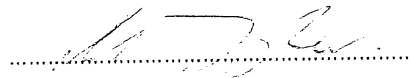
Details of superannuation trustees

No officer or member of VAFI 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



.....
R. Humphreys
President VAFI



.....
M. Taylor
Vice-President VAFI

Dated this 24th day of August 2012

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES
ABN 99 752 910 589

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 \$	2011 \$
Revenue		540,737	498,971
		-	498,971
Depreciation and amortisation expenses		(5,765)	(6,820)
Employee benefits expenses		(313,587)	(347,028)
Other expenses		(569,447)	(722,899)
Loss before income tax	2	(348,062)	(577,776)
Retained earnings at the beginning of the financial year		1,758,690	2,336,466
Profit attributable to members of the company		1,410,628	1,758,690

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the attached compilation
report of Accountants.

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

ABN 99 752 910 589

BALANCE SHEET
AS AT 30 JUNE 2012

	Note	2012 \$	2011 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	1,396,334	1,565,628
Trade and other receivables	4	184,087	206,715
		-	-
TOTAL CURRENT ASSETS		<u>1,580,421</u>	<u>1,772,343</u>
NON-CURRENT ASSETS			
Financial assets	5	2	2
Property, plant and equipment	6	-	5,764
Investment property		35,155	35,155
TOTAL NON-CURRENT ASSETS		<u>35,157</u>	<u>40,921</u>
TOTAL ASSETS		<u>1,615,578</u>	<u>1,813,264</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	191,557	46,154
Provisions	8	13,393	8,420
TOTAL CURRENT LIABILITIES		<u>204,950</u>	<u>54,574</u>
TOTAL LIABILITIES		<u>204,950</u>	<u>54,574</u>
NET ASSETS		<u>1,410,628</u>	<u>1,758,690</u>
EQUITY			
Retained earnings	9	1,410,628	1,758,690
TOTAL EQUITY		<u>1,410,628</u>	<u>1,758,690</u>

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VICTORIAN ASSOCIATION OF FOREST INDUSTRIES
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

	Note	Retained earnings \$	General Reserve \$	Total \$
Balance at 30 June 2009		2,553,843	146	2,553,989
Loss attributable to members		(217,377)		(217,377)
Balance at 30 June 2010		2,336,466	146	2,336,612
Loss attributable to members		(577,776)	-	(577,776)
Transfer of reserve		-	(146)	(146)
Balance at 30 June, 2011		1,758,690	-	1,758,690
Loss attributable to members		(348,062)	-	(348,062)
Balance at 30 June 2012		1,410,628	-	1,410,628

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VICTORIAN ASSOCIATION OF FOREST INDUSTRIES
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CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	558,561	485,316
Payments to suppliers and employees	(652,089)	(927,215)
Net cash provided by (used in) operating activities	(93,528)	(441,899)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	110,590	-
Payments for investments	(150,000)	95,067
Net cash provided by (used in) investing activities	(39,430)	(95,067)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from financial liabilities	-	-
Net cash provided by financing activities	-	-
Net increase (decrease) in cash held	(132,958)	(536,966)
Cash at beginning of financial year	605,605	1,142,571
Cash at end of financial year	472,647	605,605

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the attached compilation
report of Accountants.

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1 Statement of Significant Accounting Policies

Victorian Association of Forest Industries is a Registered Organisation domiciled in Australia.

Reporting basis and conventions

The Executive has prepared the financial statements as a General Purpose Financial Report in accordance with the guidelines in force pursuant to the Fair Work (Transitional Provisions and Consequential Amendments) Act 2009.

The financial report has been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the Corporations Act 2001, and the significant accounting policies disclosed below which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The material accounting policies that have been adopted in the preparation of this report are as follows:

Accounting Policies

Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure 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 assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over the asset

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet 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 or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expenses to profit or loss immediately.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Employee Benefits

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

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at reporting date.

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 short-term borrowings in current liabilities on the balance sheet.

Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and cessation of all involvement in those goods.

All revenue is stated net of the amount of goods and services tax (GST).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Goods and Services Tax (GST)

Revenues, 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.

Comparative Figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of changes in accounting policy.

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	\$	\$
2 Loss		
Operating Loss has been determined after charging		
Expenses		
Unrealised Loss on Managed Funds	91,307	54,721
Depreciation of property, plant and equipment	5,765	6,820
3 Cash and Cash Equivalents		
Petty Cash Imprest	500	500
Cash at Bank	156,200	424,706
Cash at Bank	241,810	106,266
Cash in Trust - Projects	4,137	4,133
Short Term Deposits	70,000	70,000
Investments	923,687	960,023
	1,396,334	1,565,628
Reconciliation of cash		
Cash at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:		
Petty Cash Imprest	500	500
Cash at Bank	156,200	424,706
Cash at Bank	241,810	106,266
Cash in Trust - Projects	4,137	4,133
Short Term Deposits	70,000	70,000
	472,647	605,605

These notes should be read in conjunction with the attached compilation report of Accountants.

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	\$	\$
<hr/>		
4 Trade and Other Receivables		
Current		
Subscriptions Receivable	120,642	141,870
Loans - Secured	36,660	36,660
Loans - Unsecured	26,785	26,785
Other Amounts Receivable	-	1,400
	184,087	206,715
The company does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired		
5 Financial Assets		
Non-Current		
Shares in Unlisted Companies	2	2
	2	2
<hr/>		
6 Property, Plant and Equipment		
Office Furniture & Equipment	46,168	46,168
Less: Accumulated Depreciation	(46,168)	(40,404)
	-	5,764
Furniture & Fittings	35,871	-
Less: Accumulated Depreciation	(35,871)	-
	-	-
Computer Equipment	90,614	-
Less: Accumulated Depreciation	(90,614)	-
	-	-
Total Plant and Equipment	-	-
Total Property, Plant and Equipment	-	5,764

These notes should be read in conjunction with the attached compilation report of Accountants.

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	\$	\$
7 Trade and Other Payables		
Current		
Trade Creditors	62,381	34,617
Other Creditors	19,176	4,667
Funds Held in Trust	110,000	6,870
	191,557	46,154
Financial liabilities at amortised cost classified as trade and other payables		
Trade and other payables:		
- Total current	191,557	46,154
Financial liabilities as trade and other payables	191,557	46,154
8 Provisions		
Current		
Provision for Annual Leave	13,393	8,420
9 Retained Earnings		
Retained earnings at the beginning of the financial year	1,758,690	2,336,466
Net loss attributable to members of the company	(348,062)	577,776
Retained earnings at the end of the financial year	1,410,628	1,758,690
10 Cash Flow Information		
Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Loss after income tax	(348,062)	(577,776)
Non-cash flows in profit		
Depreciation	5,764	6,820
Net gain on disposal of investments	(5,541)	-
Unrealised loss written back	91,307	54,721

These notes should be read in conjunction with the attached compilation report of Accountants.

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	\$	\$
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and other receivables	22,628	105,431
Increase/(decrease) in trade and other payables	135,403	(22,139)
Increase/(decrease) in provisions	4,973	(8,956)
	<u>(93,528)</u>	<u>(441,899)</u>

11 Company Details

Victorian Association of Forest Industries

The principal place of business is:

Level 2, 2 Market Street
Melbourne Vic 3000

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	\$	\$
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and other receivables	22,628	105,431
Increase/(decrease) in trade and other payables	135,403	(22,139)
Increase/(decrease) in provisions	4,973	(8,956)
	<u>(93,528)</u>	<u>(441,899)</u>

11 Company Details

Victorian Association of Forest Industries

The principal place of business is:

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Melbourne Vic 3000

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VICTORIAN ASSOCIATION OF FOREST INDUSTRIES
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PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	\$	\$
SALES		
Sales	466,498	498,971
Investment Income	74,239	
GROSS PROFIT FROM TRADING	<u>540,737</u>	<u>498,971</u>
Loss on Investments		
Unrealised loss on managed funds	(91,307)	(54,721)
	<u>449,430</u>	<u>444,250</u>
EXPENSES		
Administration Costs	5,422	4,563
Consulting Resources	171,107	322,764
Depreciation	5,765	6,820
Employee Expenses	313,587	347,028
Function Costs	84,932	132,155
Office Expenses	216,679	208,696
	<u>797,492</u>	<u>1,022,026</u>
Loss before income tax	<u>(348,062)</u>	<u>(577,776)</u>

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the attached compilation
report of Accountants.

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 Fair Work Australia and the Fair Work (Registered Organisations) Act 2009;
2. The financial statements and notes give a true and fair view of the financial position of the Victorian Association of Forest Industries as at 30 June 2012 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 2012 and to the date of this report:
 - I. Meetings of the Executive were held in accordance with rules of the organisation; and
 - II. The financial affairs of VAFI have been managed in accordance with the rules of the organisation; and
 - III. The financial records of VAFI 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 VAFI of the General Manager (FWA) duly made under section 272 of the RAO Schedule has been furnished to the member of the General Manager (FWA); and
 - V. There has been compliance with any order for inspection of financial records made by the Tribunal 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.



.....
R. Humphreys
President VAFI



.....
M. Taylor
Vice-President VAFI

Dated this 24th day of August 2012

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES
ABN: 99 752 910 589

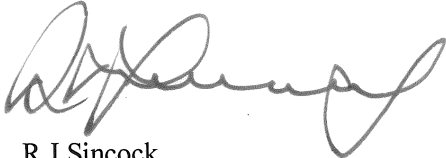
**AUDITOR'S INDEPENDENCE DECLARATION
PURSUANT TO SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE EXECUTIVE OF
VICTORIAN ASSOCIATION OF FOREST INDUSTRIES**

I declare that, to the best of my knowledge and belief, during the year end 30 June, 2012 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



CWS – Sincock & Co
Chartered Accountants



R J Sincock
Partner

Dated at Melbourne, this  day of September, 2012

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

**INDEPENDENT AUDIT REPORT TO THE MEMBERS
OF
VICTORIAN ASSOCIATION OF FOREST INDUSTRIES**

Scope

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the executive statement for Victorian Association of Forest Industries (VAFI) for the year ended 30th June 2012.

The executive of VAFI is responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001 and the reporting guidelines of Fair Work Australia and the Fair Work (Registered Organisations) Act 2009. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

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

We performed procedures to assess whether, in all material respects, the financial report presents fairly, in accordance with the Corporations Act 2001, Australian Accounting Standards and other mandatory financial reporting requirements in Australia, so as to present a view which is consistent with our understanding of the VAFI's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

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

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

It is also relevant that we satisfy the requirements of Regulation 4 of the Fair Work (Registered Organisations) Regulations 2009 in relation to the definition of an approved auditor.

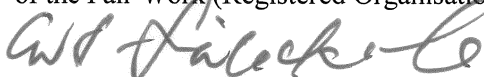
**VICTORIAN ASSOCIATION OF FOREST INDUSTRIES
ABN: 99 752 910 589**

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
VICTORIAN ASSOCIATION OF FOREST INDUSTRIES**

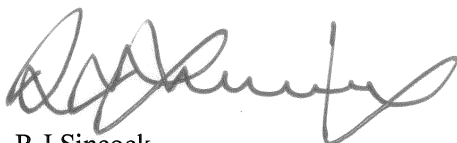
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Audit Opinion

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 Fair Work (Registered Organisations) Act 2009.



CWS – Sincock & Co
Chartered Accountants



R J Sincock
Partner

Dated at Melbourne, this 12th day of October, 2012.