



Australian Government
Registered Organisations Commission

11 December 2017

Mr Craig Dunn
President
Victorian Association of Forest Industries

By e-mail: info@vafi.org.au

Dear Mr Dunn

Victorian Association of Forest Industries
Financial Report for the year ended 30 June 2017 - FR2017/41

I acknowledge receipt of the financial report for the year ended 30 June 2017 for the Victorian Association of Forest Industries. The financial report was lodged with the Registered Organisations Commission on 27 November 2017.

The financial report has now been filed. You are not required to take any further action in respect of the report lodged.

I note that the registration of the Victorian Association of Forest Industries under the *Fair Work (Registered Organisations) Act 2009* was cancelled with effect on and from 8 December 2017.

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 9603 0707 or by email at ken.morgan@roc.gov.au

Yours faithfully

A handwritten signature in black ink, appearing to read 'K. Morgan'.

KEN MORGAN
Financial Reporting Advisor
Registered Organisations Commission

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

ABN 99 752 910 589

**Financial Statements
for the year ended 30 June 2017**

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VICTORIAN ASSOCIATION OF FOREST INDUSTRIES
s.268 Fair Work (Registered Organisations) Act 2009

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER
Certificate for the period ended 30 June 2017

I, Craig Dunn, being the President of the Victorian Association of Forest Industries [VAFI] certify:

- that the documents lodged herewith are copies of the full report for the Victorian Association of Forest Industries for the period ended 30 June 2017 referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the *full report* was provided to members of the reporting unit on 2 November 2017; and
- that the *full report* was presented to a *general meeting of members* of the reporting unit on 24 November 2017 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer:



Name of prescribed designated officer:

Craig Dunn

Title of prescribed designated officer:

President

Dated:

24/11/2017

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 each listed officer who served on the Committee of Management throughout the financial year, unless indicated otherwise, are:

Mr T J Mathers (resigned 18/11/16)	Mr M Taylor	Mr G McNulty
Mr V Hurley (resigned 29/04/17)	Mr G Proctor	Mr S Gatt
Mr J McConachy (resigned 18/11/16)	Mr C Dunn (from 18/11/16)	
Mr M McComb (from 18/11/16)		

Principal activities

The Victoria 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 advocating on behalf of members at Local, 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 governments and other agencies on the industry in particular on resource access, security and investment.
- Issues management, communications and public affairs.
- Advice to members on employee relations, industrial relations, occupational health and safety, and environmental management matters.

Significant changes

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

Operating Result

The profit for the year ended 30 June 2017 amounted to \$11,477 (2016: \$13,801).

Membership

The number of members of the Association as recorded in the register of members as at 30 June 2017 was 20 full members (2016: 20) and 9 associate members (2016: 10).

Employees

The number of employees of the Association as at 30 June 2017 measured on a full-time equivalent basis was 3.0 (2016:2.8).

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.

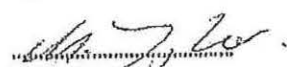
Details of Officers and employees who are directors of a company or a member of a board


All Executive Committee members are directors and/or the authorised representatives of Association members.

Trustee of superannuation entity

No officer or member of the reporting unit holds a position as a trustee or director of a superannuation entity or exempt public sector superannuation scheme where the criterion for holding such position is that they are an officer or member of an organisation.

Signed In accordance with a resolution of the Executive.


.....
M. Taylor
President VAFI


.....
G. McNulty
Vice-President VAFI

Dated this 13 day of October 2017.

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

COMMITTEE OF MANAGEMENT STATEMENT

for the period ended 30 June 2017

On _____, 2017 the Executive Committee of the Victorian Association of Forest Industries passed the following resolution in relation to the general purpose financial report (GPR) for the year ended 30 June 2017:

The Executive Committee declares that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the General Manager;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the GPR relates and since the end of that year:
 - (i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
 - (iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
 - (v) where information has been sought in any request by a member of the reporting unit or General Manager duly made under section 272 of the RO Act has been provided to the member or General Manager; and
 - (vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.
- (f) in relation to recovery of wages activity:
 - (i) the financial report on recovery of wages activity has been fairly and accurately prepared in accordance with the requirements of the reporting guidelines of the General Manager; and
 - (ii) the committee of management instructed the auditor to include in the scope of the audit required under subsection 257(1) of the RO Act all recovery of wages activity by the reporting unit from which revenues had been derived for the financial year in respect of such activity; and
 - (iii) no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from monies recovered from employers on behalf of workers; and
 - (iv) that prior to engaging in any recovery of wages activity, the organisation has disclosed to members by way of a written policy all fees to be charged or reimbursement of expenses required for recovery of wages activity, and any likely

request for donations or other contributions in acting for a worker in recovery of wages activity; and

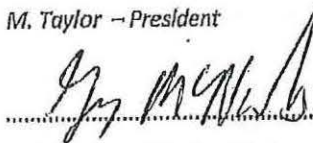
- (v) no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from monies recovered from employers on behalf of workers.

This declaration is made in accordance with a resolution of the Committee of Management.

Signed:


.....

M. Taylor - President


.....

G. McNulty - Vice President

Dated: 13 October 2017

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2017

	Notes	2017 \$	2016 \$
Revenue			
Membership subscription		546,830	554,642
Levies	3B	39,556	48,007
Interest	3C	27,001	28,175
Rental revenue	3D	34,132	34,345
Other revenue		63,715	49,903
Total revenue		711,234	715,072
Expenses			
Employee expenses	4A	378,043	358,373
Administration expenses	4B	255,981	241,556
Depreciation and amortisation	4C	590	3,911
Consultants		65,994	86,610
Audit fees		4,800	4,700
Total expenses		705,408	695,150
Profit (loss) for the year		5,826	19,922
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss			
Unrealised Gain (Loss) on revaluation of investments		5,651	(6,121)
Total comprehensive income (loss) for the year		11,477	13,801

The above statement should be read in conjunction with the notes.

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

STATEMENT OF FINANCIAL POSITION

as at 30 June 2017

	Notes	2017 \$	2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5A	391,006	341,717
Trade and other receivables	5B	210,572	259,732
Investments	5C	511,790	500,040
Total current assets		<u>1,113,368</u>	<u>1,101,489</u>
Non-Current Assets			
Land and buildings	6A	35,155	35,155
Plant and equipment	6B	7,946	-
Total non-financial assets		<u>43,101</u>	<u>35,155</u>
Total assets		<u>1,156,469</u>	<u>1,136,644</u>
LIABILITIES			
Current Liabilities			
Trade payables	7A	54,999	57,952
Employee provisions	8A	46,682	35,381
Total current liabilities		<u>101,681</u>	<u>93,333</u>
Total liabilities		<u>101,681</u>	<u>93,333</u>
Net assets		<u>1,054,787</u>	<u>1,043,311</u>
EQUITY			
Retained earnings		1,054,788	1,043,311
Total equity		<u>1,054,788</u>	<u>1,043,311</u>

The above statement should be read in conjunction with the notes.

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2017

	Notes	Retained earnings \$	Total equity \$
Balance as at 1 July 2011		1,758,690	1,758,690
Profit (loss) for the year		(348,062)	(348,062)
Closing balance as at 30 June 2012		1,410,628	1,410,628
Profit (loss) for the year		(95,754)	(95,754)
Closing balance as at 30 June 2013		1,314,874	1,314,874
Profit (loss) for the year		(152,675)	(152,675)
Closing balance as at 30 June 2014		1,162,199	1,162,199
Profit (loss) for the years		(132,689)	(132,689)
Closing balance as at 30 June 2015		1,029,510	1,029,510
Profit (loss) for the year		13,801	13,801
Closing balance as at 30 June 2016		1,043,311	1,043,311
Profit (loss) for the year		11,477	11,477
Closing balance as at 30 June 2017		1,054,788	1,054,788

The above statement should be read in conjunction with the notes.

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

CASH FLOW STATEMENT
for the period ended 30 June 2017

	Notes	2017 \$	2016 \$
OPERATING ACTIVITIES			
Cash received			
Receipts		733,393	647,602
Cash used			
Employees		(366,753)	(347,764)
Suppliers		(335,826)	(316,919)
Net cash from (used by) operating activities	11A	30,814	(17,081)
INVESTING ACTIVITIES			
Cash received			
Proceeds from redemption of investments		-	287,741
Other		27,001	28,175
Cash used			
Purchase of plant and equipment		(8,526)	-
Purchase of investments		-	(300,000)
Other		-	-
Net cash from (used by) investing activities		18,475	15,916
FINANCING ACTIVITIES			
Cash received			
Contributed equity		-	-
Other		-	-
Cash used			
Repayment of liabilities		-	-
Other		-	-
Net cash from (used by) financing activities		-	-
Net increase (decrease) in cash held		49,289	(1,165)
Cash & cash equivalents at the beginning of the reporting period	11B	341,717	342,882
Cash & cash equivalents at the end of the reporting period	5A	391,006	341,717

The above statement should be read in conjunction with the notes.

VICTORIAN ASSOCIATION OF FOREST INDUSTRIES

RECOVERY OF WAGES ACTIVITY
for the period ended 30 June 2017

	2017	2016
	\$	\$
Cash assets in respect of recovered money at beginning of year	-	-
Receipts		
Amounts recovered from employers in respect of wages etc.	-	-
Interest received on recovered money	-	-
Total receipts	-	-
Payments		
Payments to workers in respect of recovered money	-	-
Total payments	-	-
Cash assets in respect of recovered money at end of year	-	-
Number of workers to which the monies recovered relates	-	-
Aggregate payables to workers attributable to recovered monies but not yet distributed		
Payable balance	-	-
Number of workers the payable relates to	-	-

Note 1 Summary of Significant Accounting Policies

1.1 Basis of Preparation of the Financial Statements

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and the *Fair Work (Registered Organisations) Act 2009*. The report has been prepared on a going concern basis. VAFI is a not-for-profit entity.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilities at measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

1.2 Comparative amounts

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

1.3 New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date stated in the standard.

The accounting policies adopted are consistent with those of the previous financial year.

1.4 Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from subscriptions is accounted for on an accrual basis and is recorded as revenue in the year to which it relates.

Revenue from the sale of goods is recognised when, the risks and rewards of ownership have been transferred to the buyer, the entity retains no managerial involvement or effective control over the goods, the revenue and transaction costs incurred can be reliably measured, and it is probable that the economic benefits associated with the transaction will flow to the entity.

Donation income is recognised when it is received.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Interest revenue is recognised on an accrual basis using the effective interest method.

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease.

1.5 Gains

Sale of assets

Gains and losses from disposal of assets are recognised when control of the asset has passed to the buyer.

1.6 Capitation fees and levies

Capitation fees and levies are to be recognised on an accrual basis and recorded as a revenue and/or expense in the year to which it relates.

1.7 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and termination benefits when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities for short-term employee benefits (as defined in AASB 119 *Employee Benefits*) and termination benefits due within twelve months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

1.8 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

1.9 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, deposits held at call with bank, other short-term highly liquid investments with original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the consolidated statement of financial position.

1.10 Financial instruments

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

1.11 Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial

assets are recognised and derecognised upon trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Loan and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the reporting units past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an

Impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

1.12 Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

1.13 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

1.14 Land, Buildings, Plant and Equipment

Asset Recognition Threshold

Purchases of land, buildings, plant and equipment are recognised initially at cost in the Statement of Financial Position. The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Revaluations—Land and Buildings

Following initial recognition at cost, land and buildings are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient frequency such that the carrying amount of assets do not differ materially from those that would be determined using fair values as at the reporting date.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the profit or loss except to the extent that they reverse a previous revaluation increment for that class. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful life using, in all cases, the straight line method of depreciation. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2017	2016
Plant and equipment	2 to 5 years	2 to 5 years

1.15 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit and loss in the period in which they arise.

1.16 Impairment for non-financial assets

All assets are assessed for impairment at the end of each reporting period to the extent that there is an impairment trigger. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the [reporting unit] were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

1.17 Taxation

VAFI is exempt from income tax under section 50.1 of the Income Tax Assessment Act 1997 however still has obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified within operating cash flows.

Note 2 Events after the reporting period

There were no events that occurred after 30 June 2017, or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of VAFI.

	2017	2016
	\$	\$

Note 3 Income

Note 3A Capitation Fees

Note 3B: Levies

Wood Products Victoria	39,556	48,007
Total levies	39,556	48,007

Note 3C: Interest

Interest on deposits and notes	27,001	28,175
Total interest	27,001	28,175

Note 3D: Rental revenue

Properties	34,132	34,345
Total rental revenue	34,132	34,345

Note 3E: Grants or Donations

Grants	-	-
Donations	-	-
	-	-

* As required by the Reporting Guidelines. Item to remain even if 'nil'.

	2017 \$	2016 \$
Note 4 Expenses		
Note 4A: Employee expenses		
Holders of office:		
Wages and salaries	167,849	161,307
Superannuation	16,316	15,324
Leave and other entitlements	3,899	8,116
Other employee expenses	11,742	-
Separation and Redundancies	-	-
Subtotal employee expenses holders of office	199,806	184,747
Employees other than office holders:		
Wages and salaries	149,468	156,183
Superannuation	15,362	14,819
Leave and other entitlements	12,235	2,493
Other employee expenses	1,172	131
Separation and Redundancies	-	-
Subtotal employee expenses employees other than office holders	178,237	173,626
Total employee expenses	378,043	358,373
 Note 4B Capitation fees	 -	 -
Note 4C Affiliation fees	-	-
Note 4D: Administration expenses		
Conference and meeting expenses	121,106	127,416
Office expenses	57,546	65,828
Subtotal administration expense	178,652	193,244
 Operating lease rentals:		
Minimum lease payments	77,329	48,312
Total administration expenses	255,981	241,556
 Note 4E: Grants or Donations		
Grants	-	-
Donations – Less than \$1,000	-	1,000
– More than \$1,000	2,500	4,250
	<u>2,500</u>	<u>5,250</u>
 Note 4F: Depreciation and amortisation		
Depreciation		
Property, plant and equipment	590	3,911
Total depreciation	590	3,911

2017	2016
\$	\$

Note 5 Current Assets

Note 5A: Cash and Cash Equivalents

Cash at bank	99,945	116,302
Short term deposits	291,061	225,415
Total cash and cash equivalents	391,006	341,717

Note 5B: Trade and Other Receivables

Other receivables:

Other trade receivables	210,572	259,732
Total trade and other receivables (net)	210,572	259,732

Note 5C: Investments

Convertible Preference Notes	152,250	143,625
Unsecured Subordinated Notes	206,000	210,615
Convertible Capital Notes	153,540	145,800
Total Investments	511,790	500,040

2017	2016
\$	\$

Note 6 Non-current Assets

Note 6A: Land and buildings

Land and buildings:

fair value	35,155	35,155
Total land and buildings	35,155	35,155

Reconciliation of the Opening and Closing Balances of Land and Buildings

As at 1 July		
Gross book value	35,155	35,155
Accumulated depreciation and impairment	-	-
Net book value 1 July	35,155	35,155
Net book value 30 June	35,155	35,155
Net book value as of 30 June represented by:		
Gross book value	35,155	35,155
Accumulated depreciation and impairment	-	-
Net book value 30 June	35,155	35,155

2017	2016
\$	\$

Note 6B: Plant and equipment

Plant and equipment:

at cost	190,822	182,286
accumulated depreciation	182,876	182,286
Total plant and equipment	7,946	-

Reconciliation of the Opening and Closing Balances of Plant and Equipment

As at 1 July		
Gross book value	182,286	182,286
Accumulated depreciation and impairment	182,286	182,286
Net book value 1 July	-	-
Additions:		
By purchase	8,536	-
From acquisition of entities (including restructuring)	-	-
Impairments	-	-
Depreciation expense	590	3,910
Other movement [give details below]	-	-
Disposals:		
From disposal of entities (including restructuring)	-	-
Other	-	-
Net book value 30 June	7,946	-
Net book value as of 30 June represented by:		
Gross book value	190,822	182,286
Accumulated depreciation and impairment	182,876	182,286
Net book value 30 June	7,946	-

2017	2016
\$	\$

Note 7 Current Liabilities

Note 7A: Trade payables

Trade creditors and accruals	54,999	57,952
Payables to other reporting units	-	-
Total trade payables	54,999	57,952

Settlement is usually made within 30 days.

Note 8 Provisions

Note 8A: Employee Provisions

Office Holders:

Annual leave	35,392	25,114
Long Service Leave	-	-
Separation and Redundancies	-	-
Other Employee Provisions	-	-

Subtotal employee provisions—office holders	35,392	25,114
--	---------------	---------------

Employees other than office holders:

Annual leave	11,290	10,267
Long Service Leave	-	-
Separation and Redundancies	-	-
Other Employee Provisions	-	-

Subtotal employee provisions—employees other than office holders	11,290	10,267
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Total employee provisions	46,482	35,381
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Current	35,392	35,381
Non Current	-	-
Total employee provisions	35,392	35,381

Note 10A Funds

Balance at start of year	-	-
Balance at end of year	-	-

Note 10 B Other Disclosures

Balance at start of year	-	-
Balance at end of year	-	-

2017	2016
\$	\$

Note 11 Cash Flow

Note 11A: Cash Flow Reconciliation

Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement:

Cash and cash equivalents as per:

Cash flow statement	391,006	341,717
Balance sheet	391,006	341,717

Reconciliation of profit/(deficit) to net cash from operating activities:

Profit/(deficit) for the year	11,477	13,801
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Adjustments for non-cash items

Depreciation/amortisation	590	3,911
Profit on maturity of investments	(21,360)	(27,268)
Unrealised (Gain) Loss on investments	(5,651)	(6,121)
Bad Debts written off	-	-

Changes in assets/liabilities

(Increase)/decrease in net receivables	49,160	(39,296)
(Increase)/decrease in other assets	(11,750)	-
Increase/(decrease) in supplier payables	(2,953)	15,947
Increase/(decrease) in employee provisions	11,301	9,703
Net cash from (used by) operating activities	30,814	(17,081)

Note 11B: Cash Flow information

Cash inflows	760,394	963,518
Cash outflows	(711,105)	964,683
Net cash flow	49,289	(1,165)

2017	2016
\$	\$

Note 12 Contingent Liabilities, Assets and Commitments

Note 12A: Commitments and Contingencies

Operating lease commitments—as lessee

[Details of the nature of the leases and the average remaining term]

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

Within one year	66,559	66,559
After one year but not more than five years	126,165	195,053
More than five years	-	-
Total Lease Commitments	192,724	261,612

2017	2016
\$	\$

Note 13 Related Party Disclosures

Note 13B: Key Management Personnel Remuneration for the Reporting Period

Short-term employee benefits

Salary (including annual leave taken)	188,722	184,747
Total short-term employee benefits	188,722	184,747

Post-employment benefits:

Superannuation	-	-
Total post-employment benefits	-	-
Total	188,722	184,747

Note 14 Remuneration of Auditors

Value of the services provided

Financial statement audit services	4,800	4,700
Other services	-	-
Total remuneration of auditors	4,800	4,700

No other services were provided by the auditors of the financial statements.

Note 15 Financial Instruments

Management control the capital of the company to ensure that adequate cash flows are generated to fund its programs and that returns from investments are maximised. The Executive Committee and Management ensure that the overall risk management strategy is in line with this objective. Risk management policies are approved and reviewed on a regular basis. These include credit risk policies and future cash flow requirements. Management effectively managed the VAFI's capital by assessing the financial risks and responding to changes in these risks and in the market.

(a) Net Fair Values

The net fair values of assets and liabilities approximate their carrying value. No financial assets and liabilities are readily traded on organised markets. The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the note to and forming part of the accounts.

(b) Credit Risk

The maximum exposure to credit risk at balance date is the carrying value of receivables as disclosed in the statement of financial position. VAFI does not face material credit risk exposure to any single debtor, or group, under financial instruments entered into during the year.

(c) Interest Rate Risk

VAFI's exposure to interest rate risk is restricted to the effective rate of return to be achieved from funds invested in short term deposits.

Note 15A: Categories of Financial Instruments

	2017	2016
	\$	\$
Financial Assets		
Held-to-maturity investments:		
Cash	99,945	116,302
Short Term Deposits	291,061	225,415
Investments	511,790	500,040
Total	902,796	841,757
Available-for-sale assets:		
Land and buildings	35,155	35,155
Plant and equipment	7,946	-
Total	43,101	35,155
Loans and receivables:		
Loans	-	-
Receivables	210,572	259,732
Total	210,572	259,732
Carrying amount of financial assets	1,156,469	1,136,644
Financial Liabilities		
Other financial liabilities:		
Trade payables and provisions	101,681	93,333
Total	101,681	93,333
Carrying amount of financial liabilities	101,681	93,333

	2017	2016
	\$	\$

Note 15B: Net Income and Expense from Financial Assets

Held-to-maturity

Interest revenue	27,001	28,175
Unrealised Gain (Loss) on investments	5,651	(6,121)
Net gain/(loss) held-to-maturity	32,652	22,054

Loans and receivables

Impairment	-	-
Net gain/(loss) from loans and receivables	-	-
Available for sale	-	-
Net gain/(loss) from available for sale	-	-
Net gain/(loss) from financial assets	32,652	22,054

Note 15C: Net Income and Expense from Financial Liabilities

Net gain/(loss) financial liabilities - at amortised cost

Net gain/(loss) from financial liabilities

Note 16: Fair Value of Financial Instruments – at cost

	Carrying amount 2017 \$	Fair value 2017 \$	Carrying amount 2016 \$	Fair value 2016 \$
Financial Assets				
Cash	99,945	99,945	116,302	116,302
Short Term Deposits	291,061	291,061	225,415	225,415
Investment in Hybrid Securities	511,790	511,790	500,040	500,040
Receivables	210,572	210,572	259,732	259,732
Total	1,113,368	1,113,368	1,101,489	1,101,489

Financial Liabilities

Trade payables and provisions	101,681	101,681	93,333	93,333
Total	101,681	101,681	93,333	93,333

Note 20 Section 272 Fair Work (Registered Organisations) Act 2009

In accordance with the requirements of the *Fair Work (Registered Organisations) Act 2009*, the attention of members is drawn to the provisions of subsections (1) to (3) of section 272, which reads as follows:

Information to be provided to members or the General Manager:

- (1) A member of a reporting unit, or the General Manager 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).

**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, 2017 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 2017.

CWS SINCOCK & CO

CHARTERED ACCOUNTANTS

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

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Victorian Association of Forest Industries (the Reporting Unit), which comprises the statement of financial position as at 30th June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30th June 2017, notes to the financial statements, including a summary of significant accounting policies; and the Committee of Management Statement.

In my opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of Victorian Association of Forest Industries as at 30th June 2017, and its financial performance and its cash flows for the year ended on that date in accordance with:

- a) Australian Accounting Standards; and
- b) Other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act)

I declare that management's use of the going concern basis in the preparation of the financial statements of the Reporting Unit is appropriate.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Reporting Unit in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Information Other than the Financial Report and Auditor's Report Thereon

The Committee of Management is responsible for the other information. The other information obtained at the date of this auditor's report is in the Operating Report accompanying the financial report.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

Liability limited by a scheme approved under Professional Standards Legislation.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Committee of Management for the Financial Report

The Committee of Management of the Reporting Unit is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the Committee of Management determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Committee of Management is responsible for assessing the Reporting Unit's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee of Management either intend to liquidate the Reporting Unit or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

My objective is to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting for fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Reporting Unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of management.
- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Reporting Unit to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Reporting Unit to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Reporting Unit audit. I remain solely responsible for my audit opinion.

I communicate with the Committee of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I declare that I am an approved auditor, a member of the Chartered Accountants Australia and New Zealand and hold a current Public Practice Certificate.

REPORT ON THE RECOVERY OF WAGES ACTIVITY FINANCIAL REPORT

Opinion on the recovery of wages activity financial report

In my opinion, the financial statements and notes and recovery of wages activity financial report properly and fairly report all information required by the reporting guidelines of the General Manager. The Committee of Management statement discloses that the Reporting Unit has not undertaken any recovery of wages activity during the reporting period and, accordingly, no opinion can be provided in relation to recovery of wages activity.


CWS – Sincock & Co.


R.J. Sincock

Partner

Dated

15 October, 2017

