

22 November 2013



Ms Michele O'Neil
National Secretary
Textile, Clothing and Footwear Union of Australia
PO Box 441
Carlton South VIC 3053

Dear Ms O'Neil,

**Textile, Clothing and Footwear Union of Australia
Financial Report for the year ended 31 December 2012 - [FR2012/524]**

I acknowledge receipt of the financial report of the Textile, Clothing and Footwear Union of Australia (the reporting unit). The documents were lodged with Fair Work Commission (FWC) on 18 June 2013.

The financial report has now been filed. This financial report was filed based on a preliminary review. Please note that the reporting unit financial report for the year ending 31 December 2013 may be subject to a full compliance audit.

I make the following comments to assist you when you next prepare a financial report. You are not required to take any further action in respect of the report lodged. The FWC will confirm these concerns have been addressed prior to filing next year's report.

General purpose financial report to be prepared on accrual basis

Section 252 of the *Fair Work (Registered Organisations) Act 2009* (RO Act) places obligations upon organisations to keep financial records. Under section 252(4) an organisation may keep the financial records for its membership subscriptions on a cash basis.

This is distinct from the obligation under section 253 to prepare a general purpose financial report (GPFR). Section 253 requires that '...a reporting unit must cause a general purpose financial report to be prepared, in accordance with the Australian Accounting Standards, from the financial records kept under subsection 252(1) in relation to the financial year...'.

Please note that paragraph 27 of Australian Accounting Standard 101 states that 'an entity shall prepare its financial statements, except for cash flow information, using the accrual basis of accounting'. In future the GPFR, in particular membership contributions, should be prepared on an accrual basis as required by section 253 of the RO Act and the relevant Australian Accounting Standard (AASB 101(27)). It is further noted that this will result in a change of accounting policy that will need to be disclosed in accordance with AASB 108 (Accounting Policies, Changes in Accounting Estimates and Errors). You may need to discuss this with your auditor.

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**TEXTILE CLOTHING & FOOTWEAR UNION OF AUSTRALIA
NATIONAL COUNCIL
ABN 93 734 785 862**

**CONCISE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012**

**TEXTILE CLOTHING & FOOTWEAR UNION OF AUSTRALIA
NATIONAL COUNCIL
ABN 93 734 785 862**

The concise financial report is an extract of the full financial report for the year ended 31 December 2012.

The financial statements, specific disclosure and other information included in the concise financial report are derived from and are consistent with the full financial report of the Textile, Clothing and Footwear Union of Australia (National Council).

The concise financial report cannot be expected to provide as detailed an understanding of the financial performance, financial position and financial and investing activities of Textile, Clothing and Footwear Union of Australia (National Council) as the full financial report.

The Union will provide a copy of the full financial report for the year ended 31 December 2012, free of charge to any member who requests it.

**TEXTILE CLOTHING & FOOTWEAR UNION OF AUSTRALIA
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OPERATING REPORT

In accordance with Section 254 of the Fair Work (Registered Organisations) Act 2009 ("Act") the Committee of Management present their Operating Report on the Textile Clothing Footwear Union of Australia National Council ("the Union"), the relevant Reporting Unit for the financial year ended 31 December 2012.

Principal Activities

The principal activities of the Union during the financial year were to provide industrial and organising services to each of the Branches of the Textile, Clothing & Footwear Union of Australia and their members, consistent with the objectives of the National Council and particularly the objective of protecting and improving the interests of the various Branches and their members.

Operating Result

The results of the principal activities of the Union during the financial year was to further the interests of TCF workers through improvements in wages and conditions, health and safety, legal rights and company compliance with Australian labour standards.

The operating loss of the Union for the financial year was \$60,157 (2011: \$77,797 Loss). No provision for tax was necessary as the Union is exempt from income tax.

Significant change

There were no significant changes in the principal activities or financial affairs of the Union during the financial year.

Rights of Members

Pursuant to the Reporting Unit Rule 21 and Section 174 of the Fair Work (Registered Organisations) Act 2009, members have the right to resign from membership by providing written notice addressed to and delivered to the Secretary of the Reporting Unit.

A notice of resignation from membership of the Union takes effect:

- (a) where the member ceases to be eligible to become a member of the Union
 - (i) on the day on which the notice is received by the Union
 - (ii) on the day specified in the notice which is a day not earlier than the day when the member ceases to be eligible to become a member;whichever is the later, or
- (b) in any other case:
 - (i) at the end of two weeks after the notice is received by the Union, or
 - (ii) on the day specified in the noticewhichever is the later.

Superannuation Officeholders

Michele O'Neil is an officer of the Union and also holds Alternate Directorship of Australian Super.

No other officer or member of the reporting unit:

- (a) is a trustee of a superannuation entity or an exempt public sector superannuation scheme; or
- (b) a director of a company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme.

Other Prescribed Information

In accordance with Regulation 159 of the Fair Work (Registered Organisations) Regulations 2009 ("Regulations"):

- (a) the number of persons that were, at the end of the financial year to which the report relates, recorded in the register of members for Section 230 of the Act and who are taken to be members of the Union under section 244 of the Act was 4,859 (2011: 5,317).

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OPERATING REPORT continued

- (b) the number of persons who were, at the end of the financial year to which the report relates, employees of the Union, where the number of employees includes both full-time and part-time employees, measured on a full-time equivalent basis was 1.

Other Prescribed Information continued

- (c) the names of each person who have been a member of the Committee of Management of the Union at any time during the reporting period, and the period for which he or she held such a position were;

Name

Barry Tubner	National President
Jenny Kruschel	National Senior Vice President
John Owen	National Junior Vice President
Michele O'Neil	National Secretary
Peter Lane	National Trustee
Elizabeth MacPherson	National Trustee

Committee members have been in office since the start of the financial year to the date of this report unless otherwise stated.

Signed in accordance with a resolution of the Committee of Management.

For Committee of Management: **Michele O'Neil**
Title of Office held: **National Secretary**

Signature:



Dated:

7 MAY 2013

Melbourne:

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**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012 \$	2011 \$
Revenue		753,579	644,644
Administration expense		(53,298)	(71,968)
Affiliation and capitation fees		(47,386)	(41,222)
Bad Debts		-	(38,966)
Depreciation and amortisation expenses		(2,122)	(2,747)
Employee benefits expense		(146,627)	(148,025)
Travel expense		(47,886)	(56,976)
Campaign and project expenses		(506,917)	(354,037)
Mortality funds expense		(9,500)	(8,500)
		<hr/>	<hr/>
Profit/ (loss) before income tax expense		(60,157)	(77,797)
Income tax expense		<hr/> -	<hr/> -
Net profit/ (loss) attributable to the Union		<hr/> (60,157)	<hr/> (77,797)

Discussion and Analysis of Statement of Comprehensive Income:

Campaign and project income and expenditure increased by \$144,617 and \$152,880 respectively during the year. This is mainly due to the release of project income in 2012 which was deferred in 2011.

There was a decrease in expenses overall which resulted in a small decrease in the net losses.

The accompanying notes form part of these financial statements.

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**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012**

	Note	2012 \$	2011 \$
CURRENT ASSETS			
Cash and cash equivalents		417,128	204,087
Trade and other receivables		111,435	301,413
Other current assets		6,675	6,706
TOTAL CURRENT ASSETS		<u>535,238</u>	<u>512,206</u>
NON-CURRENT ASSETS			
Property, plant and equipment		10,769	12,891
Financial assets		13,461	13,461
TOTAL NON-CURRENT ASSETS		<u>24,230</u>	<u>26,352</u>
TOTAL ASSETS		<u>559,468</u>	<u>538,558</u>
CURRENT LIABILITIES			
Trade and other payables		363,393	295,056
Short term provisions		92,973	80,243
TOTAL CURRENT LIABILITIES		<u>456,366</u>	<u>375,299</u>
TOTAL LIABILITIES		<u>456,366</u>	<u>375,299</u>
NET ASSETS		<u>103,102</u>	<u>163,259</u>
EQUITY			
Retained profits		<u>103,102</u>	<u>163,259</u>
TOTAL EQUITY		<u>103,102</u>	<u>163,259</u>

Discussion and Analysis of Statement of Financial Position

There has been an increase in the cash held at the year end, due mainly to the timing of payment of trade payables at the year end. The loss for the year has resulted in a decrease in equity.

The accompanying notes form part of these financial statements.

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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Retained Profits \$	Total \$
Balance at 31 December 2011	241,056	241,056
Profit attributable to members	<u>(77,797)</u>	<u>(77,797)</u>
Balance at 1 January 2012	163,259	163,259
Loss attributable to members	<u>(60,157)</u>	<u>(60,157)</u>
Balance at 31 December 2012	<u>103,102</u>	<u>103,102</u>

Discussion and Analysis of Statement of Financial Position

Net equity at the year end has decreased in line with the losses incurred during the year.

The accompanying notes form part of these financial statements.

**TEXTILE CLOTHING & FOOTWEAR UNION OF AUSTRALIA
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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012 \$	2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Capitation receipts		424,665	102,490
Payments to suppliers and employees		(589,108)	(1,066,403)
Interest received		9,129	14,449
Sundry income		368,355	499,433
		<hr/>	<hr/>
Net cash provided by (used in) operating activities		213,041	(450,031)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		-	-
Proceeds on sale of fixed assets		-	-
		<hr/>	<hr/>
Net cash provided by (used in) investing activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings		-	-
Repayment of Borrowings		-	-
		<hr/>	<hr/>
Net cash provided by (used in) financing activities		-	-
		<hr/>	<hr/>
Net increase/(decrease) in cash held		213,041	(450,031)
Cash at beginning of year		204,087	654,118
		<hr/>	<hr/>
Cash at end of year		417,128	204,087
		<hr/>	<hr/>

Discussion and Analysis of Statement of Financial Position

Cashflows have increased due to the timing of the payment of trade payables at the year end.

The accompanying notes form part of these financial statements.

**TEXTILE CLOTHING & FOOTWEAR UNION OF AUSTRALIA
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**STATEMENT OF RECEIPTS AND PAYMENTS FOR RECOVERY OF WAGES ACTIVITY
CASH BASIS - FOR THE YEAR ENDED 31 DECEMBER 2012**

	2012 \$	2011 \$
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		
Deductions of amounts due in respect of membership for:-		
- 12 months or less	-	-
- greater than 12 months	-	-
Deductions of donations or other contributions to accounts or funds of:-		
- the reporting unit	-	-
- other entity	-	-
Deductions of fees or reimbursements of expenses	-	-
Payments to workers in respect of recovered money	-	-
Total payments	-	-
Cash assets in respect of recovered money at end of year	-	-

Discussion and Analysis of Statement of Receipts and Payments for Recovery of Wages Activity

The union did not collect any wages on behalf of members throughout the year ended 31 December 2012.

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The concise financial report is an extract of the full financial report for the year ended 31 December 2012. The concise financial report has been prepared in accordance with Accounting Standard AASB 1039: Concise Financial Reports and the Fair Work (Registered Organisations) Act 2009.

The financial statements, specific disclosure and other information included in the concise financial report are derived from and are consistent with the full financial report of the Textile, Clothing and Footwear Union of Australia National Council. The concise financial report cannot be expected to provide as detailed an understanding of the financial performance, financial position and financial and investing activities of Textile, Clothing and Footwear Union of Australia National Council as the full financial report.

The financial report of the Textile, Clothing and Footwear Union of Australia National Council comply with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

NOTE 2: INFORMATION TO BE PROVIDED TO MEMBERS OR THE GENERAL MANAGER OF WORK COMMISSION (FORMERLY KNOWN AS FAIR WORK AUSTRALIA)

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of sub-sections (1), (2) and (3) of Section 272 of the Act, which read as follows:-

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

NOTE 3: FINANCIAL STATEMENTS

The Union will provide a copy of the full financial report for the year ended 31 December 2012, free of charge to any member who requests it.

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COMMITTEE OF MANAGEMENT CERTIFICATE

On 7 May 2013 the Committee of Management of the Textile Clothing Footwear Union of Australia National Council ("Union/Reporting Unit") passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 31 December 2012:

The Committee of Management declares in relation to the GPFR 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 of the Fair Work Commission (formerly known as Fair Work Australia);
- (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 GPFR 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 Act and the Regulations; and
 - (iv) where the organisation consists of 2 or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation; and
 - (v) the information sought in any request of a member of the reporting unit or the General Manager of the Fair Work Commission (formerly known as Fair Work Australia) duly made under section 272 of the Act has been furnished to the member or the General Manager of the Fair Work Commission (formerly known as Fair Work Australia); and
 - (vi) there has been compliance with any order for inspection of financial reports made by the Fair Work Commission (formerly known as Fair Work Australia) under section 273 of the Act.

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**COMMITTEE OF MANAGEMENT CERTIFICATE
continued**

- (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 Fair Work Commission (formerly known as Fair Work Australia); and
 - (ii) the committee of management caused the auditor to include in the scope of the audit required under subsection 257(1) of the Act all recovery of wages activity by the reporting unit in 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 moneys recovered from employers on behalf of workers other than reported in the financial report on recovery of wages activity and the notes to the financial statements; 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 moneys recovered from employers on behalf of workers until distributions of recovered money were made to the workers.
- (g) that the members receive a copy of the concise financial report.

Signed in accordance with a resolution of the Committee of Management:

For Committee of Management: Michele O'Neil
Title of Office held: National Secretary

Signature: 

Dated: 7 MAY 2013
Melbourne

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF TEXTILE, CLOTHING & FOOTWEAR UNION OF AUSTRALIA
NATIONAL COUNCIL**

Scope

We have audited the concise financial report of the Textile, Clothing and Footwear Union of Australia National Council (the reporting unit), for the year ended 31 December 2012, as set out on pages 3 to 11 in order to express an opinion on it to the members of the Union. The Union's Committee of Management is responsible for the concise financial report.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the concise financial report is free of material misstatement. We have also performed an independent audit of the full financial report of the Textile, Clothing and Footwear Union of Australia National Council for the year ended 31 December 2012. Our audit report on the full financial report was signed on *7 May 2013* and was not subject to any qualification.

Our procedures in respect of the audit of the concise financial report included testing that the information in the concise financial report is consistent with the full financial report, and examination on a test basis, of evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the full financial report. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report is presented fairly in accordance with Accounting Standards and the Fair Work (Registered Organisations) Act 2009.

The audit opinion expressed in this report has been formed on the above basis.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Audit Opinion

In our opinion, the concise financial report of the Textile, Clothing and Footwear Union of Australia National Council complies with Accounting Standard AASB 1039: Concise Financial Reports and the Fair Work (Registered Organisations) Act 2009.

MSI Ragg Weir

MSI RAGG WEIR
Chartered Accountants

L S Wong

L S WONG CA

Partner,

Member of the Institute of Chartered Accountants in Australia and
holder of a current public practice certificate

Melbourne: *7 May* 2013

Changes to the legislation and reporting guidelines

I note with the change of legislation, references to Fair Work Australia will need to be updated to the Fair Work Commission.

Additionally, a third edition to the General Manager's s.253 reporting guidelines was gazetted on 26 June 2013. These guidelines will apply to all financial reports that end on or after 30 June 2013. Fair Work Commission has also developed a model set of financial statement for the 2012-2013 financial year. There is no requirement to use this model but it may be a useful resource to ensure compliance with the *Fair Work (Registered Organisations) Act 2009*, the s.253 reporting guidelines and the Australian Accounting Standards.

The guidelines and model financial statements are available on the website here:

<http://www.fwc.gov.au/index.cfm?pagename=regorgsfrguidelines#finance>

As stated previously, this financial report was filed based on a preliminary review. The financial report for the year ending 31 December 2013 may be subject to a full compliance audit.

If you have any queries regarding this letter, please contact me on (03) 8661 7675 or via email at nick.salzberg@fwc.gov.au.

Yours sincerely

NICK SALZBERG

Regulatory Compliance Branch

Fair Work Commission