



FAIR WORK
COMMISSION

29 January 2013

Michele O'Neil
National Secretary
Textile, Clothing and Footwear Union of Australia
National Office

By email: moneil@tcfvic.org.au

CC: Vivienne Wiles, National Industrial Officer, by email: vwiles@tcfvic.org.au
CC: Barry Willcocks, WA Branch Secretary by post: PO Box 2556, Perth, WA 6001

Dear Michele O'Neil,

Re: Financial report of the Textile, Clothing and Footwear Union of Australia - WA Branch for the years ending 31 December 2010 and 2011 (FR2010/2823 and FR2011/2831)

I acknowledge receipt of the additional materials supplied in response to our correspondence. The documents were lodged with Fair Work Australia on 29 November 2012 and 21 December 2012.

The financial reports have now been filed.

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 Fair Work Commission will confirm these concerns have been addressed prior to filing next year's report.

1. Note 8 - 2010 General Purpose Financial Report

I shall provide information on the process of applying for alternative reporting units in further correspondence however, please note, until such time as an application has been approved by the General Manager the WA Branch will need to submit its own General Purpose Financial Report in 2013.

While this does not preclude the national office from preparing the reports in practice, the WA Branch's Committee of Management must sign off the Committee of Management's Statement, appoint the auditor, approve the final reports and sign the Designated Officer's Certificate.

2. The Auditor's Report

The opinion

The letter from the Auditor dated 20 December 2012 contained the wording suggested in the earlier correspondence and satisfies the requirements under the legislation.

The Auditor also explained that the item in the 2010 report identified as a transfer to the WACTU was in fact used internally for committee expenses and as part of the honorarium being paid to the State Secretary. This would explain the reclassification in the 2011 General Purpose Financial Report.

The Auditor's Qualifications

Regulation 4 of the *Fair Work (Registered Organisations) Regulations 2009* defines an approved auditor as a person who is a member of CPA Australia, The Institute of Chartered Accountants in Australia or the National Institute of Accountants, and holds a current Public Practice Certificate. In all likelihood the auditor is such a person. However, it is our preference that this is made explicit in future auditor's reports.

3. The Honorarium

The auditor in the correspondence of 20 December 2012 states that the Committee expenses in 2011 included an honorarium expense of \$3,100.

This information was confirmed in your letter dated 21 December 2012.

The honorarium equates to 97% of the reporting unit's revenue for the 2011 financial year and as such appears to be a material expense needing to be disclosed as a separate line item.

Additionally, the State Secretary would appear to be a related party; being a person who:

- i) has control... over the reporting entity;*
- ii) has significant influence over the reporting entity; or*
- iii) is a member of the key management personnel of the reporting entity*

This raises a concern that the honorarium may be a related party transaction. AASB 124 defines a related party transaction as:

a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

As such, if the honorarium is paid in the 2012 financial year to the State Secretary, please ensure that it is represented in the General Purpose Financial Report as a separate line item (if of a material nature) and meets the requirements of related party disclosure.

4. Time lines

I note that the 2010 and 2011 General Purpose Financial Reports were not presented to the membership within the required timeframes. If the WA Branch wishes to have their report presented to a Committee of Management meeting the requirement is to have the report provided to members within the first 5 months following the end of the financial year.

This was raised in relation to the 2009 report.

Please ensure the 2012 report is provided to members within 5 months if presenting to the Committee of Management Meeting or at least 21 days before the general meeting of members otherwise. Failure to do so exposes the Branch to the imposition of civil penalties.

5. The Committee of Management Statement

The Committee of Management for the 2011 General Purpose Financial Report contained statements relating to the provision of a concise report and Recovery of Wages information.

Please ensure that the Committee of Management Statement for the 2012 report is correctly formulated so that the information is as accurate as possible.

6. Operating Report

Significant changes

The Operating Report for the 2011 financial year included the statement:

There were no significant changes in the Union's state of affairs during the financial year.

The Operating Report is required to contain two 'significant changes' statements. The first relates to the financial affairs of the union and the second to the principal activities of the union. While the statement as phrase might do this, it is ambiguous.

For the sake of clarity please reword this statement so that it specifically mentions principal activities and financial affairs.

Result

The Operating Report is required to contain a statement of the results of the principal activities of the union. This is not considered to be a financial result, but rather a descriptive statement of what the Committee of Management believes the results of principal activities of the branch were.

The financial results of the principal activities are contained within the statements that follow the Committee of Management Statement, and while the loss or profit may be contained in the Operating Report, this information would be in addition to this requirement.

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 8661 7974 or by email at catherine.bebbington@fwc.gov.au.

Kind regards



CATHERINE BEBBINGTON

Regulatory Compliance Branch

FAIR WORK COMMISSION

Tel: 03 8661 7974

Fax: 03 9655 0410

catherine.bebbington@fwc.gov.au

11 Exhibition Street, Melbourne Victoria 3000

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20 December 2012

Michelle O'Neil
National Secretary
Textile, Clothing and Footwear Union of Australia
National Office
359 Exhibition Street
MELBOURNE VIC 3000

Dear Michelle

TCFUA WA BRANCH

With reference to Item 5 of the FWA letter of 23 November 2012 to the TCFUA, I write to confirm that in our opinion the general purpose financial report is presented fairly in accordance with the Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009. The word performance in Part (a) of our auditor's opinion section (page 27) includes both the statement of comprehensive income and the statement of cash flows. In addition, the opening paragraph on page 26 refers to 'statement of cash flows'.

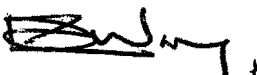
With reference to Item 6 of the FWA letter of 23 November 2012 I write to advise that none of the 2010 expenses were reclassified in the 2011 Financial Statements. The expenses in the 2011 statement of comprehensive income were grouped into administration and committee expenses in accordance with AASB 101 with the comparable expenses in 2010 of \$2011 grouped accordingly. The individual expenses for 2010 have not changed as indicated in page 29 with the exception of committee expenses of \$644 for the 2010 financial year which were split between committee expense of \$541 with the remainder of \$103 included in commission expenses under administration expenses. We did not consider an allocation of \$103 to be material to warrant detailed explanation pursuant to AASB 101.41.

The committee expense of \$3700 for the 2011 financial year is comprised of Honorarium expenses of \$3,100 and committee fees of \$600 and in our opinion a further dissection in the financial statements is not necessary.

We are not aware of any related party transactions and we are of the view that the WACTU is not and should not have been disclosed as a related party in the 2010 financial year.

We trust the above clarifies your queries.

Yours sincerely
MSI RAGG WEIR



LEE WONG
Partner

TCF450C4 - Document Ref: 1314750_1



TEXTILE CLOTHING & FOOTWEAR UNION OF AUSTRALIA

National Secretary
Michele O'Neil

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21 December 2012

Ms Catherine Bebbington
Regulatory Compliance Branch
Fair Work Australia
11 Exhibition Street
Melbourne VIC 3000

By email: catherine.bebbington@fwa.gov.au

Dear Ms Bebbington,

**Re: Textile, Clothing and Footwear Union of Australia (Western Australian Branch)
Financial Reports year ending 31 December 2010 and 2011 (FR2010/2823 and
FR2011/2831)**

I refer to your correspondence to me dated 23 November 2012, and my subsequent correspondence to you dated 29 November 2012 regarding the above.

Further information, specifically in response to items 5 and 6 raised by FWA is provided in the attached correspondence provided by the TCFUA's auditors, Mr Lee Wong, MSI Wagg Weir of even date, and as follows. ...

Item 5: The Auditors Report – 2011 General Purpose Financial Report

As requested, Mr Wong's correspondence addresses the 'cashflow' issue and provides additional opinion in respect to the full General Purpose Financial Report.

Item 6: Reclassification of figures between 2010 and 2011

In summary, Mr Wong's correspondence confirms that there has been no reclassification of figures between the 2010 and 2011 Financial Reports. In addition, he provides further explanation regarding the breakdown of certain classes of expenses (committee and administration expenses) and confirms there were no related party transactions in respect of the 2011 Financial Report.

One of the issues raised under item 6 included:

'committee expenses....appear to be of a material nature; please provide grater detail on the nature of the committee expenses as these were not present in the 2010 report and may indicate a significant change in financial affairs.'

I can further confirm the TCFUA's view that the change in committee expenses between the 2010 and 2011 Financial Report does not indicate a significant change in financial affairs. The increase in committee expenses in 2011 represents the recommencement of the payment of an honorarium to the State Secretary of the TCFUA Western Australian Branch (Mr Barry Willcocks) who was elected to the position in October 2010 (Matter E2010/2649). Relevantly, the WA Branch State Secretary position has been an unpaid, honorary position since September 2006 (see effect of alteration to R56 of the TCFUA Rules; R2006/265).

Prior to Mr Willcocks' election in Oct 2010, there was a period of time when the honorarium was not paid following the death of the former elected honorary State Secretary, Ms Lorraine Rudd.

Conclusion

If you require further information or clarification please do not hesitate to contact me, or alternatively, Vivienne Wiles (TCFUA National Industrial Officer).

Yours Sincerely



Michele O'Neil
National Secretary
TCFUA

cc. MSI Ragg Weir (L.S. Wong) by email: info@raggweir.com.au



UA

THE TEXTILE CLOTHING & FOOTWEAR UNION OF WESTERN AUSTRALIA

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ABN 40 773 308 986

TEXTILE CLOTHING AND FOOTWEAR UNION OF AUSTRALIA (WESTERN AUSTRALIAN BRANCH)

FINANCIAL REPORT (For year ending 31 December 2010)

DESIGNATED OFFICER'S CERTIFICATE

I, Barry Willcocks, being the State Secretary of the Textile Clothing and Footwear Union of Australia (Western Australian Branch) certify:

- that the documents lodged with Fair Work Australia (FWA) on 20 September 2012 are copies of the full report referred to in s268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members on 6 September 2012 and;
- that the full report was presented to a meeting of the committee of management of the reporting unit on 27 August 2012 and again on 16 September 2012 in accordance with section 266 of the *Fair Work (Registered Organisations) Act 2009*.

BARRY WILLCOCKS
STATE SECRETARY

27/11/12

DATED



TEXTILE CLOTHING & FOOTWEAR UNION OF AUSTRALIA

National Secretary

Michele O'Neil

National Office

359 Exhibition Street
Melbourne Victoria 3000

PO Box 441

Carlton South Victoria 3053

Phone (03) 9639 2955

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Email nationaloffice@tcfvic.org.au

Website www.tcfua.org.au

29 November 2012

Catherine Bebbington
Regulatory Compliance Branch
Fair Work Australia
11 Exhibition Street
Melbourne VIC 3000

By email: catherine.bebbington@fwa.gov.au

Dear Ms Bebbington,

**Re: Textile Clothing and Footwear Union of Australia (Western Australian Branch)
Financial Reports year ending 31 December 2010 and 2011 (FR2010/2823 and
FR2011/2831)**

I refer to your correspondence to me dated 23 November 2012 regarding the above Financial Reports.

I advise that the TCFUA is currently in a position to provide a response to items 1 – 4 of your correspondence as follows. In relation to items 5 – 6, we are awaiting clarification from the union's auditors, MSI Wagg Weir and will subsequently provide a further written response to FWA.

1. Operating Report – 2010 General Purpose Financial Report

Issue:

'Under section 265 of the Fair Work (Registered Organisations) Act 2009 (the RO Act), the operating report must be provided free of charge to members. The operating report for the year 2010 was not listed in the index to the General Purpose Financial Report and was sent to FWA as a separate document.'

Please confirm that the Operating Report was provided to members on 18 September 2012 as per the designated officers certificate.'

TCFUA Response:

I confirm that the Operating Report (year ending 31 December 2010) was provided to all members free of charge on 6 September 2012 (not 18 September 2012 as stated in the original Designated Officer's Certificate dated 7 October 2012 lodged with FWA). The

issue of the incorrectly dated Designated Officer's Certificate is addressed below at point 3.

2. Note 8 – 2010 General Purpose Financial Report

Issue:

'Note 8 provides that "preparations have continued with the TCF's National Office...with a view to their taking responsibility for the future operations of the Western Australian Branch". This is not reiterated in the 2011 General Purpose Financial Report.

Please provide an update on whether this process is ongoing and whether the branch will require advice in relation to applications for determination of reporting units on an alternative basis under section 247, or whether the branch will continue to have a functioning committee that can continue to pass resolutions, prepare and sign a General Purpose Financial Report.'

TCFUA Response:

I confirm that the transition of the responsibility of the operations of the WA Branch to the National Office of the TCFUA is continuing and is close to completion. Whilst small in size, the WA Branch Committee of Management continues to operate as a functioning committee, including the holding of regular meetings, passing resolutions and signing documentation required under the TCFUA's Rules and under the RO Act.

I can however indicate that the TCFUA at a national level has already commenced preliminary discussions regarding the establishment of an alternative reporting unit as provided for under section 247. In this regard, the union would appreciate any advice or assistance from FWA as to the key issues for consideration and the best way to proceed should the decision be made to progress this option.

3. Designated Officers Certificate – 2011 General Purpose Financial Report

Issue:

'The 2011 General Purpose Financial Report was not accompanied by a Designated Officer's Certificate as required by section 268 of the RO Act.

Please prepare a certificate stating the date the report was provided to members and the date it was provided to a general meeting of the Committee of Management. If this date was more than 14 days prior to lodging with FWA please also include a request for an extension of time, in writing, signed by the appropriate officer, outlining any reasons for the delay.'

TCFUA Response:

A Designated Officer's Certificate for the 2010 Financial Statements (year ending 31 December) signed by Barry Willcocks (WA Branch Secretary) and dated 7 October 2012 was lodged in FWA on 9 October 2012.

After reviewing the union's files upon receipt of your correspondence, it has come to our attention that there was an error in the heading of the certificate which stated 'Financial Statements Year Ended 31/12/2010', rather than referring to the 2011 Financial year to which the actual information relates. Unfortunately, the error was perpetuated when the document was lodged with FWA.

Mr Willcocks has subsequently prepared:

- A corrected Designated Officer's Certificate for 2011 (date and year amended, but otherwise information is the same as previous certificate lodged 9 October 2012)
- A new Designated Officer's Certificate for 2010.

The respective certificates are attached to this correspondence.

In relation to the 2010 or 2011 Designated Officer's Certificate, in neither case was the date the report was provided to the Committee of Management more than 14 days prior to the lodging of the respective reports to FWA.

4. Concise Report – 2011 General Purpose Financial Report

Issue:

'The 2011 General Purpose Financial Report states on the bottom of the Committee of Management statement that 'the members receive a copy of the concise financial report.'

Please confirm whether the members received a full or concise financial report. If the members received a concise financial report please provide a copy of the report including the requisite auditor's statements to FWA as soon as possible.'

TCFUA Response:

The above statement contained at the bottom of the COM statement is an error.

I can confirm that in respect to the 2011 General Purpose Financial Report the members received a copy of the full financial report.

Conclusion

If you require further information or clarification please do not hesitate to contact me, or alternatively Vivienne Wiles (TCFUA National Industrial Officer).

Yours sincerely

A handwritten signature in black ink, appearing to read 'Michele O'Neil', written in a cursive style.

Michele O'Neil
National Secretary
TCFUA

Enc. Designated Officer Certificate (2010) and (2011)

CC: Barry Willcocks, WA Branch Secretary, by post: PO Box 2556, Perth, WA 6001
Ragg Weir (L.S. Wong) by email: info@raggweir.com.au



FAIR WORK
AUSTRALIA

23 November 2012

Michele O'Neil
National Secretary
Textile, Clothing and Footwear Union of Australia
National Office

By email: moneil@tcfvic.org.au

CC: Vivienne Wiles, National Industrial Officer, by email: vwiles@tcfvic.org.au
CC: Barry Willcocks, WA Branch Secretary by post: PO Box 2556, Perth, WA 6001
CC: Ragg Weir, ATTN: L.S. Wong, by email: info@raggweir.com.au

Dear Ms O'Neil

Re: Financial report of the Textile, Clothing and Footwear Union of Australia - WA Branch for the years ending 31 December 2010 and 2011 (FR2010/2823 and FR2011/2831)

I acknowledge receipt of the two financial reports of the Textile, Clothing and Footwear Union of Australia - WA Branch for the years ending 31 December 2010 and 31 December 2011. The documents were lodged with Fair Work Australia on 25 September 2012 and 17 October 2012 respectively.

The reports have not been filed.

I write to request clarification of a number of issues prior to the filing of the General Purpose Financial Reports.

1. Operating report - 2010 General Purpose Financial Report

Under section 265 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act), the operating report must be provided free of charge to members. The operating report for the year 2010 was not listed in the index to the General Purpose Financial Report and was sent to Fair Work Australia as a separate document.

Please confirm that the Operating Report was provided to members on 18 September 2012 as per the designated officer's certificate.

2. Note 8 - 2010 General Purpose Financial Report

Note 8 provides that "preparations have continued with the TCF's National Office... with a view to their taking responsibility for the future operations of the Western Australian Branch". This is not reiterated in the 2011 General Purpose Financial Report.

Please provide an update on whether this process is ongoing and whether the branch will require advice in relation to applications for determination of reporting units on an alternate basis under section 247, or whether the branch will continue to have a functioning committee that can continue to pass resolutions, prepare and sign a General Purpose Financial Report.

3. Designated Officer's Certificate - 2011 General Purpose Financial Report

The 2011 General Purpose Financial Report was not accompanied by a Designated Officer's Certificate as required by section 268 of the RO Act.

Please prepare a certificate stating the date the report was provided to members and the date it was provided to a general meeting or the Committee of Management. If this date was more than 14 days prior to lodging with Fair Work Australia please also include a request for an extension of time, in writing, signed by the appropriate officer, outlining any reasons for the delay.

4. Concise Report - 2011 General Purpose Financial Report

The 2011 General Purpose Financial Report states on the bottom of the Committee of Management statement that "the members receive a copy of the concise financial report."

Please confirm whether the members received a *full* or *concise* financial report. If the members received a concise financial report please provide a copy of the report, including the requisite auditor's statements to Fair Work Australia as soon as possible.

5. The Auditor's Report - 2011 General Purpose Financial Report

The opinion in the 2011 auditor's report appears to be limited. It states that the report presents fairly the financial position and performance. This does not cover the cash flows of the organisation and therefore does not seem to represent the entire General Purpose Financial Report.

Please obtain an opinion from the auditor that covers the full General Purpose Financial Report. The following wording would satisfy the requirements:

In our opinion the general purpose financial report is presented fairly in accordance with the Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.

6. Reclassification of figures between 2010 and 2011

The comparative figures in the 2011 General Purpose Financial Report appear to represent a substantial reclassification of the figures presented in the 2010 financial report. Where comparative figures in a General Purpose Financial Report are reclassified the notes are required to disclose the nature of the reclassification, the amount of each item or class of items reclassified and the reason for reclassification (AASB 101(41)).

Please provide details of the reclassification of the figures in the 2011 report as compared to the 2010 report.

In particular, the 2010 report discloses a related party transaction to the WACTU of \$644. Please indicate where this amount is represented in the new figures (or if not, why the organisation no longer considers the WACTU a related party) and whether the current financial year included any related party transactions.

The committee expenses also appear to be of a material nature; please provide greater detail on the nature of the committee expenses as these were not present in the 2010 report and may indicate a significant change in financial affairs.

Summary

Accordingly, in order to secure compliance with your obligations under the RO Act, please:

- confirm that the operating report was provided to members with the 2010 General Purpose Financial Report.
- provide an update on the disclosure in note 8 of the 2010 General Purpose Financial Report.
- provide the Designated Officer's Certificate for the 2011 General Purpose Financial Report and, if required, a request for an extension of time for lodgement.
- confirm whether a concise report was provided to members, and if so, lodge a copy of the concise report with Fair Work Australia as soon as possible.
- provide an opinion from the auditor that covers the entire 2011 General Purpose Financial Report.
- provide any details of the reclassification of figures between the 2010 and 2011 financial reports, in particular the related party transactions.

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 8661 7988 or by email at catherine.bebbington@fwa.gov.au

Yours sincerely

A handwritten signature in black ink, appearing to read 'C Bebbington', with a stylized flourish at the end.

CATHERINE BEBBINGTON
Regulatory Compliance Branch

Fair Work Australia

Tel: 03 8661 7988

Fax: 03 9655 0410

catherine.bebbington@fwa.gov.au

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THE TEXTILE CLOTHING & FOOTWEAR UNION OF WESTERN AUSTRALIA

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ABN 40 773 308 986



7 October 2012

The General Manager
Fair Work Australia
GPO BOX 1994S
MELBOURNE VIC 3001

Dear Sir

Re: Financial Statements Year Ended 31/12/2010
Textile Clothing and Footwear Union of Australia (Western Australia Branch)

Please find attached for filing in the General Manager of Fair Work Australia the above accounts.

The necessary certificate is set out hereunder:

Secretary's Certificate

I, the undersigned, Barry Willcocks, Secretary of the Textile Clothing and Footwear Union of Australia (Western Australian Branch) certify:

- that the documents lodged herewith are copies of the full report referred to in s268 of the Fair Work (Registered Organisations) Act 2009; and
- that the full report, was provided to members on 18 September 2012; and
- that the full report was presented to the Committee of Management of the Textile Clothing and Footwear Union of Australia (Western Australian Branch) on the 16 September 2012 and again on the 7 October 2012; in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.

BARRY WILCOCKS

Dated 7.10.12

SECRETARY

**Textile, Clothing and Footwear Union of Australia, Western
Australian Branch**

Financial Report

For the financial year ended 31 December 2010

Textile, Clothing and Footwear Union of Australia, Western Australian Branch

Financial Report For the Financial Year Ended 31 December 2010

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Textile, Clothing and Footwear Union of Australia, Western Australian Branch

Branch Committee's Statement

I, Barry Willcocks being a member of the Branch Committee of the Textile, Clothing and Footwear Union of Australia, Western Australian Branch, do declare on behalf of the Committee and in accordance with a resolution passed by the Committee on 28-8-2012, that in the opinion of the Committee:

- a) The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') (including Australian Interpretations) adopted by the Australian Accounting Standards Board ('AASB'). The financial report of the Union complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).
- b) The financial statements and notes comply with the Australian Accounting Standards;
- c) The financial statements and notes comply with the reporting guidelines of the General Manager of Fair Work Australia;
- d) The financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Branch for the financial year to which they relate;
- e) There are reasonable grounds to believe that the Branch will be able to pay its debts as and when they become due and payable; and
- f) During the year ended 31 December 2010 and since the end of that year;
 - (i) Meetings of the Branch Committee were held in accordance with the rules of the Textile, Clothing and Footwear Union of Australia including the rules of the Branch;
 - (ii) The financial affairs of the Branch have been managed in accordance with the rules of the Textile, Clothing and Footwear Union of Australia including the rules of the Branch;
 - (iii) The financial records of the Branch have been kept and maintained in accordance with the Fair Work (Registered Organisations) Regulations 2009 and Fair Work (Registered Organisations) Act 2009;
 - (iv) The information sought in any request of a member of the Branch or the General Manager of Fair Work Australia duly made under section 272 of the Fair Work (Registered Organisations) Act 2009 has been furnished to the member or General Manager of Fair Work Australia; and
 - (v) There has been compliance with any order for inspection of financial records made by Fair Work Australia under section 273 of the Fair Work (Registered Organisations) Act 2009.
 - (vi) There has been no recovery of wages activity during the period per section 255 of the Fair Work (Registered Organisations) Act 2009.



Secretary

28/8/12

Date:
Perth, WA



Independent audit report to the members of the Textile, Clothing and Footwear Union of Australia, Western Australian Branch

Report on the financial report

We have audited the accompanying financial report of the Textile, Clothing and Footwear Union of Australia, Western Australian Branch (the Union), which comprises the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 10 comprising a summary of significant accounting policies and other explanatory information and the Branch Committee's Statement.

Branch Committee's responsibility for the financial report

The Branch Committee of the Union is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and *Fair Work (Registered Organisations) Act 2009* and for such internal control as the Branch Committee determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error. In note 1, the Branch Committee also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Union's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Union's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Branch Committee, as well as evaluating the overall presentation of the financial report.



We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with Australian Accounting Standards and the *Fair Work (Registered Organisations) Act 2009*, a view which is consistent with our understanding of the Union's financial position, and of its performance and cash flows.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Australian Professional and Ethical Standards Board.

Auditor's opinion

In our opinion:

- (a) The general purpose financial report presents fairly, in all material respects, in accordance with applicable Australian Accounting Standards and other mandatory professional reporting requirements in Australia and the *Fair Work (Registered Organisations) Act 2009*, the financial position of the Textile, Clothing and Footwear Union of Australia, Western Australian Branch as of 31 December 2010 and of its financial performance and its cash flows for the year then ended; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

KPMG

KPMG

Matthew Beevers
Partner

Perth

28 August 2012

Textile, Clothing and Footwear Union of Australia, Western Australian Branch

Statement of Comprehensive Income For the year ended 31 December 2010

	<u>Note</u>	<u>2010</u>	<u>2009</u>
		\$	\$
REVENUE FROM CONTINUING OPERATIONS			
Membership contributions		4,286	5,172
Interest		5	21
TOTAL REVENUE AND INCOME		4,291	5,193
EXPENDITURE			
Organiser refunds – SDA Union		-	714
Audit fees		1,250	1,250
Commission on contributions collected		117	213
Transfer to WACTU		644	5,000
Sundry Expenses		-	995
TOTAL EXPENDITURE		2,011	8,172
SURPLUS/(DEFICIT) FOR THE YEAR		2,280	(2,979)
Total Comprehensive Income/(Loss) for the Year		2,280	(2,979)

The notes on pages 8 to 16 are an integral part of these financial statements.

Textile, Clothing and Footwear Union of Australia, Western Australian Branch

Statement of Financial Position As at 31 December 2010

	<u>Note</u>	<u>2010</u> \$	<u>2009</u> \$
CURRENT ASSETS			
Cash and cash equivalents	6 (a)	51,077	47,950
Receivables		2,378	2,175
TOTAL CURRENT ASSETS		53,455	50,125
TOTAL ASSETS		53,455	50,125
CURRENT LIABILITIES			
Accrued liabilities		1,050	-
TOTAL CURRENT LIABILITIES		1,050	-
TOTAL LIABILITIES		1,050	-
NET ASSETS		52,405	50,125
TOTAL MEMBERS FUNDS		52,405	50,125

The notes on pages 8 to 16 are an integral part of these financial statements.

Textile, Clothing and Footwear Union of Australia, Western Australian Branch

Statement of Cash Flows For the year ended 31 December 2010

	<u>Note</u>	<u>2010</u> \$ Inflows (Outflows)	<u>2009</u> \$ Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES			
Membership contributions		4,083	3,891
Payments to suppliers		(961)	(11,506)
Interest received		5	21
		<hr/>	<hr/>
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	8(b)	3,127	(7,594)
		<hr/>	<hr/>
NET INCREASE/(DECREASE) IN CASH HELD		3,127	(7,594)
		<hr/>	<hr/>
CASH AT THE BEGINNING OF THE YEAR		47,950	55,544
		<hr/>	<hr/>
CASH AT THE END OF THE YEAR	6(a)	51,077	47,950
		<hr/>	<hr/>

The notes on pages 8 to 16 are an integral part of these financial statements.

Textile, Clothing and Footwear Union of Australia, Western Australian Branch

Statement of Changes in Equity For the year ended 31 December 2010

2009	Total Members Funds
Balance at 1 January 2009	53,104
Deficit for the period	(2,979)
Total Comprehensive Loss for the Year	(2,979)
Balance at 31 December 2009	50,125
 2010	 Total Members Funds
Balance at 1 January 2010	50,125
Surplus for the period	2,280
Total Comprehensive Income for the Year	2,280
Balance at 31 December 2010	52,405

The notes on pages 8 to 16 are an integral part of these financial statements.

Textile, Clothing and Footwear Union of Australia, Western Australian Branch

Notes to and forming part of the accounts For the year ended 31 December 2010

1. BASIS OF PREPARATION

(a) Reporting entity

The Textile, Clothing and Footwear Union of Australia, Western Australian Branch (the "Union") is a union domiciled in Australia. The address of the Union's registered office is 5th Floor 25 Barrack Street, Perth 6000.

(b) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') (including Australian Interpretations) adopted by the Australian Accounting Standards Board ('AASB'). The financial report of the Union complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

(c) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(d) Functional and presentation currency

The financial statements are presented in Australian dollars, which is the Union's functional currency.

(e) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

(a) Financial instruments

(i) *Non-derivative financial assets*

The Union initially recognises receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Union becomes a party to the contractual provisions of the instrument.

The Union derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Union is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Union has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Union has the following non-derivative financial assets: receivables.

Textile, Clothing and Footwear Union of Australia, Western Australian Branch

Notes to and forming part of the accounts For the year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

(a) Financial instruments (cont.)

(i) *Non-derivative financial assets (cont.)*

Receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Receivables comprise cash and cash equivalents and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

(ii) *Non-derivative financial liabilities*

The Union recognises financial liabilities initially on the trade date at which the Union becomes a party to the contractual provisions of the instrument. The Union derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Union has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Union has the following non-derivative financial liabilities: trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

(b) Impairment

(i) *Non-derivative financial assets*

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Union on terms that the Union would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Union or economic conditions that correlate with defaults.

The Union considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics. In assessing collective impairment the Union uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Textile, Clothing and Footwear Union of Australia, Western Australian Branch

Notes to and forming part of the accounts For the year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

(c) Revenue

(i) *Member contributions*

Gross contributions by members are shown. Commissions deducted by employers as payment for collection services are shown separately as an expense. Contributions by members have been brought to account on an accruals basis.

(d) Finance Income

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

(e) Income tax

Under Section 50-15 of the Income Tax Assessment Act 1997, the Union is exempt from income tax.

(f) Goods and service tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(g) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2011, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Union, except for AASB 9 Financial Instruments, which becomes mandatory for the Union's 2013 financial statements and could change the classification and the measurement of financial assets. The Union does not plan to adopt this standard early and the extent of the impact has not been determined.

Textile, Clothing and Footwear Union of Australia, Western Australian Branch

Notes to and forming part of the accounts For the year ended 31 December 2010

3. INFORMATION TO BE PROVIDED TO MEMBERS OR A REGISTRAR

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, which reads as follows:

- 1 A member of an organisation, or the General Manager of Fair Work Australia, may apply to the organisation for specified prescribed information in relation to the organisation.
- 2 An organisation shall, on application made under subsection (1) by a member of the organisation or the General Manager of Fair Work Australia, make the specified information available to the member or General Manager of Fair Work Australia in such manner, and within such time, as is prescribed.
- 3 The General Manager of Fair Work Australia may only make an application under subsection (1) at the request of a member of the organisation concerned, and the General Manager of Fair Work Australia shall provide to a member information received because of an application made at the request of the member.

4. RIGHT OF MEMBERS TO RESIGN

Under Section 174, Fair Work (Registered Organisations) Act 2009,

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

5. TRUSTEES OF SUPERANNUATION ENTITIES

During the year ended 31 December 2010, the Union did not have any officers or members who held the following posts;

- 1 a trustee of a superannuation entity or an exempt public sector superannuation scheme; or
- 2 a director of a Union that is a trustee of a superannuation entity or an exempt public sector superannuation scheme

6. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the statement of cash flows cash includes cash on hand and in banks and short term deposits with an original maturity at these months or less, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

	<u>2010</u>	<u>2009</u>
	\$	\$
Cash	51,077	47,950

(b) Reconciliation of surplus/(deficit) to net cash flows from operating activities

	<u>2010</u>	<u>2009</u>
	\$	\$
Surplus/(Deficit) for the year	2,280	(2,979)
Changes in net assets and liabilities		
Change in accounts receivable and prepayments	(203)	(1,635)
Change in payables	1,050	(2,980)
Net cash from/(used in) operating activities	3,127	(7,594)

Textile, Clothing and Footwear Union of Australia, Western Australian Branch

Notes to and forming part of the accounts For the year ended 31 December 2010

7. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT Overview

The Union has exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Union's exposure to each of the above risks, the Union's objectives, the policies and processes for measuring and managing risk and the Union's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Branch Committee has overall responsibility for the establishment and oversight of the Union's risk management framework, which is responsible for developing and monitoring the Union's risk management policies.

The Union's risk management policies are established to identify and analyse the risks faced by the Union, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Union's activities. The Union, through its training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Branch Committee oversees how management monitors compliance with the Union's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Union.

Credit risk

Credit risk is the risk of financial loss to the Union if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Union's receivables from customers.

Trade and other receivables

The Union's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Union's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. All of the Union's customers are based in Western Australia.

The Union does not require a credit policy as all receivables relate to deductions for members working at their customers enterprises. As such terms are not created, rather membership contributions are remitted on a periodic basis.

The Union has not established an allowance for impairment as historical data and the payment reputation of the customers does not indicate an impairment issues.

Cash and cash equivalents

The Union mitigates credit risk by depositing funds with Australian financial institutions with appropriate credit ratings.

Textile, Clothing and Footwear Union of Australia, Western Australian Branch

Notes to and forming part of the accounts For the year ended 31 December 2010

7. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (cont.)

Exposure to credit risk

The carrying amount of the Union's financial assets represents the maximum credit exposure. The Union's maximum exposure to credit risk at the reporting date was:

<i>In AUD</i>	<i>Note</i>	Carrying amount	
		2010	2009
Cash and cash equivalents		51,077	47,950

The Union's maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

<i>In AUD</i>	Carrying amount	
	2010	2009
Australia	2,378	2,175

The Union's maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

<i>In AUD</i>	Carrying amount	
	2010	2009
Member employers	2,378	2,175

The Union's most significant customer, an Australian Company, accounts for \$628 of the trade receivables carrying amount at 31 December 2010 (2009: \$370).

Impairment losses

None of the Union's receivables are past due (2009: \$0). The aging of the Union trade receivables at the reporting date was:

<i>In AUD</i>	Gross 2010	Impairment 2010	Gross 2009	Impairment 2009
Not past due	1,927	-	2,166	-
Past due 0-30 days	-	-	-	-
Past due 31-120 days	451	-	9	-
	2,378	-	2,175	-

Based on historic default rates, the Union believes that no impairment allowance is necessary in respect of trade receivables not past due or past due by up to 30 days; all of the balance, which includes the amount owed by the Union's most significant customer (see above), relates to customers that have a good credit history with the Union.

Textile, Clothing and Footwear Union of Australia, Western Australian Branch

Notes to and forming part of the accounts For the year ended 31 December 2010

7. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (cont.)

Liquidity risk

Liquidity risk is the risk that the Union will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Union's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Union's reputation.

Typically the Union ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Union does not maintain any lines of credit.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

31 December 2010 <i>In AUD</i>	Carrying amount	Contractual cash flows	12mts or less	1-2 yrs	2-5 yrs	More than 5 yrs
Non-derivative financial liabilities						
Trade and other payables	1,050	1,050	1,050	-	-	-
	1,050	1,050	1,050	-	-	-

31 December 2009 <i>In AUD</i>	Carrying amount	Contractual cash flows	12mts or less	1-2 yrs	2-5 yrs	More than 5 yrs
Non-derivative financial liabilities						
Trade and other payables	-	-	-	-	-	-
	-	-	-	-	-	-

Textile, Clothing and Footwear Union of Australia, Western Australian Branch

Notes to and forming part of the accounts For the year ended 31 December 2010

7. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (cont.)

Market risk

Market risk is the risk that changes in market prices, such as interest rates will affect the Union's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The Union adopts a policy of ensuring that its exposure to changes in interest rates is limited by investing in high return deposits with no fixed term.

Profile

At the reporting date the interest rate profile of the Union's interest-bearing financial instruments was:

In AUD	Carrying amount	
	2010	2009
Variable rate instruments		
Financial assets	51,077	47,950

An increase/(decrease) in interest rates of 100 basis points would have the effect of increasing/(decreasing) reported profit by \$511/(\$511) (2009: \$480/(\$480)).

8. REMUNERATION OF THE BRANCH COMMITTEE

The following persons held office from 1st January 2010 to 21st October 2010.

Position	Name	Surname
Branch President	Mary	Miovski
Branch Secretary	Roslyn	Ball
Branch Trustee	Leonie	Dudek
Branch Trustee	Lilia	Taylor
Branch Member	Ani Palene	Walker

The following persons held office from 22nd October 2010 to the end of the financial year 31st December 2010.

Position	Name	Surname
Branch President	Karyn	Constable
Branch Secretary	Barry	Willcocks
Branch Trustee	Natalie	Kellerman

The total remuneration paid or payable, directly or indirectly, from the Branch or any related party to all members of the Branch Committee was \$nil (2009: \$nil).

During the financial year, the Union transferred \$644 (2009: \$5,000) to a related party, the Western Australian Clothing and Allied Trades Industrial Union of Workers, Perth to meet its funding requirements.

Textile, Clothing and Footwear Union of Australia, Western Australian Branch

Notes to and forming part of the accounts For the year ended 31 December 2010

8. REMUNERATION OF THE BRANCH COMMITTEE (cont.)

During the year, preparations have continued with the TCF's National Office (based in Victoria and headed by Michele O'Neil – National Secretary) with a view to their taking responsibility for the future operations of the Western Australian Branch. Accordingly, the Registered Office and Contact Details will change from those currently, to those of the TCF's National Office. The National Office will establish a new Bank Account and Membership and Accounting Records will be progressively handed over that will see a smooth transition of the responsibilities for the running of the Western Australian Branch.

9. SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Branch Committee of the Union, to affect significantly the operations of the Union, the results of those operations, or the state of affairs of the Union in future financial years.

10. AUDITORS REMUNERATION

	2010	2009
<i>In AUD</i>		
Audit Services		
Auditors of the Union		
<i>KPMG Australia:</i>		
Audit of Financial Reports	1,000	1,000
Accounting Assistance	250	250
	<u>1,250</u>	<u>1,250</u>