



Australian Government
Registered Organisations Commission

20 June 2022

Joanne Blair
Branch Secretary/Treasurer
Australian Hotels Association - New South Wales Branch

Sent via email: enquiries@ahansw.com.au

Dear Joanne Blair,

Section 269 application for certificate stating financial affairs of reporting unit are encompassed by financial affairs of associated State body for year ended 31 December 2021 (FR2021/272)

I refer to the application lodged pursuant to section 269 of the *Fair Work (Registered Organisations) Act 2009 (RO Act)* in respect of the Australian Hotels Association - New South Wales Branch for the financial year ended 31 December 2021. The application was lodged with the Registered Organisations Commission (**the ROC**) on 28 April 2022.

I have granted the application. The certificate is attached however I make the following comments in relation to the reporting unit's application.

The application lodged by the reporting unit on 28 April 2022 did not include a signed operating report as required under section 254 of the RO Act. I note that a copy of the signed operating report was subsequently provided, on 20 June 2022.

Please ensure that in any future applications the lodgement also includes a signed operating report.

If you wish to discuss this matter, please contact Madeleine Hurrell (03) 9603 0988 or by email at Madeleine.Hurrell@roc.gov.au.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Bill Steenson', with a long horizontal flourish extending to the right.

Bill Steenson
Executive Director (A/g)
Registered Organisations Commission



CERTIFICATE

Fair Work (Registered Organisations) Act 2009

s.269(2)(a)—Reporting unit's financial affairs encompassed by associated State body

Australian Hotels Association - New South Wales Branch
(FR2021/272)

MR STEENSON

SYDNEY, 20 JUNE 2022

Reporting unit's financial affairs encompassed by associated State body

[1] On 28 April 2022 an application was made under s.269(2)(a) of the *Fair Work (Registered Organisations) Act 2009* (the Act) by the Australian Hotels Association - New South Wales Branch (the reporting unit) for a certificate stating that the financial affairs of the reporting unit are encompassed by the financial affairs of Australian Hotels Association NSW (the Association), an associated State body, in respect of the financial year ending 31 December 2021.

[2] On 28 April 2022, the reporting unit lodged a copy of the audited accounts of the Association with the Registered Organisations Commission (ROC). A copy of the signed operating report for the reporting unit was lodged on 20 June 2022.

[3] I am satisfied that the Association:

- is registered under the Industrial Relations Act 1996, a prescribed State Act; and
- is, or purports to be, composed of substantially the same members as the reporting unit; and
- has, or purports to have, officers who are substantially the same as designated officers in relation to the reporting unit; and
- is an associated State body.

[4] I am further satisfied that:

- the Association has in accordance with prescribed State legislation, prepared accounts, had those accounts audited, provided a copy of the audited accounts to its members and lodged the accounts with the relevant State authority;
- any members of the reporting unit who are not also members of the Association have been provided with copies of the accounts at substantially the same time as the members of the reporting unit who are members of the Association; and
- a report under s.254 of the Act has been prepared in respect of those activities of the reporting unit and has been provided to the members of the reporting unit with copies of the accounts.

[5] I am satisfied that the financial affairs of the reporting unit in respect of the financial year ending 31 December 2021, are encompassed by the financial affairs of the Association and I certify accordingly under s.269(2)(a) of the Act.



DELEGATE OF THE COMMISSIONER

Printed by authority of the Commonwealth Government Printer

**NSW
BRANCH**

OF THE
AUSTRALIAN
HOTELS
ASSOCIATION



27 April 2022

Mr. Mark Bielecki
Registered Organisations Commissioner
Registered Organisations Commission
GPO Box 2983
MELBOURNE VIC 3001

Dear Commissioner,

Application for exemption pursuant to s.269 of the *Fair Work (Registered Organisations) Act 2009 (Cth) (RO Act)*

I am the Secretary/Treasurer of the Australian Hotels Association, NSW Branch (**Branch**) and am authorised by the Branch to make an Application for a Certificate stating that:-

- i. The financial affairs of the Branch are encompassed by the financial affairs by the Australian Hotels Association NSW, an organisation of employers registered under the *Industrial Relations Act 1996* (NSW) (**State Act**), being an associated state body; and
- ii. That the Branch is taken to have satisfied Part 3 of the RO Act.

The Grounds and reasons for this Application are as follows:

1. The Australian Hotels Association NSW is an organisation of employers registered under the State Act (**State Organisation**) and is an associated State body to the Branch.
2. The State Organisation is composed substantially of the same members of the Branch.
3. The officers of the State Organisation are the same as the officers of the Branch. In that regard I refer to Rule 32A of the Rules of the State Organisation, a copy of which is **attached** hereto (**Annexure A**). I also refer in this regard to section 239 of the State Act, which facilitates this arrangement.
4. It is submitted that the Branch can be taken to have satisfied Part 3 of the RO Act, because of the following matters: -
 - i. The State Organisation has in accordance with the State Act, prepared accounts, had those accounts audited, provided a copy of the audited accounts to its members and lodged the audited

accounts with the New South Wales Industrial Registry.

- ii. All members of the Branch and the State Organisation, at substantially the same time, have been provided with a copy of the audited accounts of the State Organisation, in accordance with the provisions of the State Act through their reproduction in the 2021 Annual Report of the State Organisation (**Annexure B**); and
- iii. At the time of providing a copy of the 2021 Annual Report of the State Organisation, all members of the Branch and the State Organisation were provided with the Branch's Operating Report for the financial year ended 31 December 2021, which is contained in Annexure B.

If you require any further information in relation to this Application would you please contact Mr. Sean Morrissey, Deputy Chief Executive Officer on (02) 9281 6922.

Yours faithfully,



JOANNE BLAIR
Secretary/Treasurer

Encl.

AUSTRALIAN HOTELS ASSOCIATION – NEW SOUTH WALES BRANCH

OPERATING REPORT

PURSUANT TO SECTION 254 OF THE FAIR WORK (REGISTERED ORGANISATIONS) ACT 2009

This operating report covers the results of those activities that were provided for the financial year which ended on 31 December 2021.

1. Principal activities of the Branch

- a) The Branch operates as the New South Wales Branch of the Australian Hotels Association, (“AHA”) an organisation of employers registered under the *Fair Work (Registered Organisations) Act 2009*.
- b) The Branch works closely with the Australian Hotels Association (NSW), an organisation of employers registered under the *Industrial Relations Act 1996* (NSW) which is the state registered counterpart of the Branch (“the State Organisation”).
- c) The officers of the Branch are also the officers of the State Organisation pursuant to *Section 239* of the *Industrial Relations Act 1996* (NSW) and Rule 32A of the Rules of the State Organisation.
- d) The principal activities of the Branch, as conducted through the Council and the Executive Committee of the Branch during the past year fell into the following categories:
 - Provision of legal and industrial support to members on a range of legal and legislative matters, contractual obligations and representation of individual members. Specific examples include:
 - Representation of members interests in the Fair Work Commission’s four-year review of modern awards and award matters generally;
 - Representation of members interests in the Annual Wage Review by providing assistance to the AHA and the Australian Chamber of Commerce and Industry;
 - Representation of members interests to various regulatory authorities relating to liquor licensing;
 - Representation and monitoring of members interests, where necessary to Local Government Authorities relating to the gazetting of local public holidays;
 - Representation of members before the Fair Work Commission in a variety of matters including: collective bargaining, unfair dismissals and general protections applications;
 - Representation of members in industrial matters before other courts and tribunals;
 - Provision of online tools hosting fact sheets, wage rates, template contracts of employment and template policy and procedure documents; and
 - Delivery of onsite and online seminars relating to compliance with federal workplace laws and relevant state legislation.
 - Media and Communications to members and to the broader community via media releases in support of campaigns and targeted publications including national & state magazines. Examples of specific activities include:
 - Liaising with members on a daily basis concerning local and state media;
 - Crisis management for members where media is involved; and
 - Liaising with media on a daily basis.

AUSTRALIAN HOTELS ASSOCIATION – NEW SOUTH WALES BRANCH

OPERATING REPORT PURSUANT TO SECTION 254 OF THE FAIR WORK (REGISTERED ORGANISATIONS) ACT 2009 (CONTINUED)

- Provision of information to members providing up to date material relevant to eligible venues including:
 - Changes in state and federal legislation;
 - Work health and safety alerts; and
 - Licensing legislation.
- Provision of information to members, lobbying of Federal and State Governments and support to members generally during the COVID-19 pandemic.
- e) There have been no significant changes in the principal activities of the Branch in the financial year ended 31 December 2021.

2. Financial activities of the Branch

There were no financial activities of the Branch for the financial year which ended on 31 December 2021.

3. Details of the right of members to resign

A member may resign in writing pursuant to Rule 10.2.1 of the Rules of the Australian Hotels Association, New South Wales Branch. This applies irrespective of whether the member obtained membership pursuant to Rule 8 or Rule 9 of the said Rules.

4. Details of any officer or member who is a director of a superannuation entity or a director of a company that is a trustee of a superannuation entity

N/A.

5. Number of members recorded on the register of members

The number of members recorded on the register of members as at 31 December 2021 was 1,684.

6. Number of employees

The Branch did not have any employees in the reporting period. By arrangement with the State Organisation employees of the State Organisation provide services to the Branch in respect of its operations and activity as required from time to time.

AUSTRALIAN HOTELS ASSOCIATION – NEW SOUTH WALES BRANCH

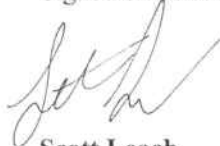
**OPERATING REPORT
PURSUANT TO SECTION 254 OF THE FAIR WORK (REGISTERED ORGANISATIONS)
ACT 2009 (CONTINUED)**

7. Details of persons who were a member of the Committee of Management

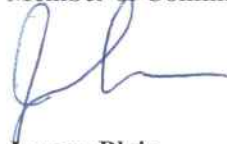
For the period of 1 January 2021 to 31 December 2021 the Branch's Committee of Management comprised of the following persons:

Name	Position	Period
Scott Leach	President	1 January 2021 to 31 December 2021
Lynette Humphreys	Senior Vice-President (General Division)	1 January 2021 to 31 December 2021
Kim Maloney	Vice President	1 January 2021 to 31 December 2021
Joanne Blair	Secretary/Treasurer	1 January 2021 to 31 December 2021
Desmond Kennedy	Country Member representing the General Division	1 January 2021 to 31 December 2021
Rolly De With	Country Member representing the General Division	1 January 2021 to 31 December 2021
Phillip Webster	Metropolitan Member representing the General Division	1 January 2021 to 31 December 2021
Peter Harris	Metropolitan Member representing the General Division	1 January 2021 to 31 December 2021
Robert Lees	Metropolitan Member representing the General Division	1 January 2021 to 31 December 2021
Gavin Brown	Country Member representing the General Division	1 January 2021 to 31 December 2021

Signed on behalf of the Committee of Management:



Scott Leach
Member of Committee



Joanne Blair
Member of Committee

Dated at Sydney: 11 March 2022

ANNEXURE A

RULE 32A OF THE RULES OF THE STATE ORGANISATION

32A. SPECIAL RULE RELATING TO OFFICE HOLDING

Notwithstanding any of the other provisions of these Rules, each of the persons elected from time to time to hold the following positions in the New South Wales Branch of the Federal Organisation, namely:

- (i) Delegates to Council for the respective Sub-Branches
- (ii) President
- (iii) Senior Vice Presidents
- (iv) Vice President
- (v) Secretary/Treasurer
- (vi) Country Members representing the General Division
- (vii) Metropolitan Members representing the General Division
- (viii) Member representing Accommodation Division
- (ix) Member representing the Motels' Division
- (x) Member representing the Off-Licence Division
- (xi) Member representing the Restaurant, Catering and Cafes Division

shall be taken to be validly elected to the corresponding office in the State Organisation, and shall constitute full compliance with these Rules and the State Act (and any regulations thereunder) relating to election of office holders.

PROVIDED THAT

- (a) Not later than 30 September in each Election Year or such later date as the Industrial Registrar allows, the President shall, if the facts permit him to do so, file with the Industrial Registrar a statutory declaration certifying that:
 - (i) The membership of the New South Wales Branch of the Federal Organisation and the membership of the State Organisation are identical or substantially similar;
 - (ii) The Rules of the New South Wales Branch of the Federal Organisation relating to the election of office holders remain unaltered from the latter of the following date:
 - (iia) the date of this Rule; or
 - (iib) if any changes have been made to the Rules of the New South Wales Branch of the Federal Organisation concerning the election of office holders, the

date upon which the Industrial Registrar is satisfied that the said Rules entitled the State Organisation to the benefit of Section 239 of the State Act;

AND PROVIDED THAT

- (b) Nothing in this Rule shall affect the operation of Rules 33 or 34 of these Rules.
- (c) A person who for any reason ceases to hold any one of the offices in the NSW Branch of the Federal Organisation referred to in this Rule shall forthwith cease to hold the corresponding office in the State Organisation.
- (d) Within 28 days of becoming aware any amendment to the Rules of the New South Wales Branch of the Federal Organisation concerning or related to eligibility for membership or election to the offices referred to in this Rule, the State Organisation shall provide written notice of any such amendments to the Industrial Registrar.

AHA
NSW

AUSTRALIAN HOTELS
ASSOCIATION
NEW SOUTH WALES

ANNUAL REPORT 2021

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES**

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES**

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AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
 COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 \$	2020 \$
REVENUE	3	8,939,752	9,505,348
EXPENDITURE			
Administrative, Member and Other Expenses		(3,670,269)	(4,111,058)
Employee Benefits Expense	4	<u>(4,249,516)</u>	<u>(3,915,475)</u>
Profit Before Depreciation and Income Tax Expense		1,019,965	1,478,815
Depreciation		<u>(536,203)</u>	<u>(546,681)</u>
Profit Before Income Tax Expense		483,762	932,134
Income Tax Expense	6	<u>-</u>	<u>-</u>
NET PROFIT FOR THE YEAR		<u>483,762</u>	<u>932,134</u>
OTHER COMPREHENSIVE (LOSS) / INCOME			
Items that may be reclassified subsequently to Profit or Loss		-	-
Items that will not be reclassified to Profit or Loss		<u>(1,326,000)</u>	<u>824,010</u>
TOTAL COMPREHENSIVE LOSS) / INCOME FOR THE YEAR		<u>(842,238)</u>	<u>1,756,144</u>

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to the financial statements.

AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 \$	2020 \$
CURRENT ASSETS			
Cash and Cash Equivalents	7	9,387,717	7,623,123
Trade and Other Receivables	8	457,161	470,976
Inventory	9	1,161	1,161
Other Assets	10	133,114	220,735
TOTAL CURRENT ASSETS		<u>9,979,153</u>	<u>8,315,995</u>
NON-CURRENT ASSETS			
Property, Plant and Equipment	11	11,055,996	11,525,113
Investments	12	9,118,000	10,444,000
TOTAL NON-CURRENT ASSETS		<u>20,173,996</u>	<u>21,969,113</u>
TOTAL ASSETS		<u>30,153,149</u>	<u>30,285,108</u>
CURRENT LIABILITES			
Trade and Other Payables	13	794,458	891,339
Provisions	14	1,025,116	960,317
Contract Liabilities		3,069,661	2,335,014
TOTAL CURRENT LIABILITES		<u>4,889,235</u>	<u>4,186,670</u>
NON-CURRENT LIABILITIES			
Provisions	14	26,426	18,712
TOTAL NON-CURRENT LIABLITIES		<u>26,426</u>	<u>18,712</u>
TOTAL LIABILITIES		<u>4,915,661</u>	<u>4,205,382</u>
NET ASSETS		<u>25,237,488</u>	<u>26,079,726</u>
EQUITY			
Capital Funds		20	20
Retained Earnings		20,919,468	20,435,706
Asset Revaluation Reserve		4,318,000	5,644,000
TOTAL EQUITY		<u>25,237,488</u>	<u>26,079,726</u>

The Consolidated Statement of Financial Position is to be read in conjunction with the notes to the financial statements.

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
 ABN 64 243 628 807
 AND ITS CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 \$	2020 \$
Cash Flows from Operating Activities:			
Receipts from Members and Third Parties		8,511,852	8,718,619
Payment to Suppliers and Employees		(7,151,842)	(9,177,169)
Dividend Received		447,674	1,231,100
Interest Income		21,881	55,610
Net Cash Provided By Operating Activities	18	<u>1,829,565</u>	<u>828,160</u>
Cash Flows from Investing Activities			
Payment for Property, Plant and Equipment		(148,751)	(724,557)
Proceeds from Sale of Property, Plant and Equipment		83,780	-
Trust Capital		-	10
Net Cash (Used In) Investing Activities		<u>(64,971)</u>	<u>(724,547)</u>
Net Increase in Cash held		1,764,594	103,613
Cash and Cash Equivalents at Beginning of Financial Year		<u>7,623,123</u>	<u>7,519,510</u>
Cash and Cash Equivalents at End of Financial Year	7	<u>9,387,717</u>	<u>7,623,123</u>

The Consolidated Statement of Cash Flows is to be read in conjunction with the notes to the financial statements.

AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Capital Funds \$	Retained Earnings \$	Asset Revaluation Reserve \$	Total Equity \$
At 1 January 2020	10	19,503,572	4,820,000	24,323,582
Total Comprehensive Income for the Year				
Profit for the Year	-	932,134	-	932,134
Other Comprehensive Income				
Asset Revaluation	-	-	824,000	824,000
Trust Capital	10	-	-	10
Total Comprehensive Income for the Year	10	932,134	824,000	1,756,144
At 31 December 2020	20	20,435,706	5,644,000	26,079,726
Total Comprehensive Income / (Loss) for the Year				
Profit for the Year	-	483,762	-	483,762
Other Comprehensive (Loss)				
Asset Devaluation	-	-	(1,326,000)	(1,326,000)
Trust Capital	-	-	-	-
Total Comprehensive Income / (Loss) for the Year	-	483,762	(1,326,000)	(842,238)
At 31 December 2021	20	20,919,468	4,318,000	25,237,488

The Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements.

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1 CORPORATE INFORMATION

The consolidated financial report of Australian Hotels Association (NSW) (“the Association”), and its Controlled Entities (together referred to as “the Reporting Unit”) for the year ended 31 December 2021 was authorised for issue in accordance with a Resolution of the Committee of Management on 11 March 2022.

The Association is incorporated in Australia. The nature of the operations is that of an Industrial Association comprising and representing members of the hotel industry.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Industrial Relations Act 1996 (NSW)*.

The Association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. The Controlled Entities are for-profit entities for financial reporting purposes under Australian Accounting Standards.

The consolidated financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs.

The accounting policies have been consistently applied and except where there is a change in accounting policy, are consistent with those of the previous year. All amounts are presented in Australian dollars and have been rounded to the nearest dollar.

(b) Comparative Amounts

When required by Australian Accounting Standards or to improve disclosure, comparative amounts have been adjusted to conform to changes in presentation for the current financial year.

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Basis of Consolidation

The Australian Hotels Association (NSW) (“the Association”) is the ultimate parent entity. The consolidated financial statements include the financial statements of the Association together with its wholly owned subsidiaries being Australian Hotels Association (NSW) Holdings Pty Limited, Hospitality Legal Pty Limited and Australian Hotels Association (NSW) PPA Pty Limited (together referred to as “the Reporting Unit”).

Hospitality Legal Pty Limited is the Trustee of Australian Hotels Association NSW Legal Practice Trust (“Legal Practice Trust”). Australian Hotels Association (NSW) PPA Pty Limited is the Trustee of Australian Hotels Association (NSW) PPA Trust (the “PPA Trust”). The Association is the sole beneficiary of both the Legal Practice Trust and the PPA Trust.

Subsidiaries are entities controlled by the Association. Control exists when the Association has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

In the Association’s financial statements, investments in subsidiaries are carried at cost which in the opinion of the Committee of Management equates to their market value. Intra group balances are eliminated on consolidation.

(d) Revenue Recognition

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Reporting Unit expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally, the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Reporting Unit have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Revenue Recognition (Continued)

Specific revenue streams:

Membership subscriptions – Membership subscriptions are payments which give members access to a range of services to support hotels and bars, these are recognised progressively over a 12 month period as this is when the performance obligations are expected to be met.

Membership activities – These are payments by members, sponsors, associates and others who have an interest in events run by the Association and who obtain an opportunity to promote their products and services through these activities. These are recognised at a point in time when the event occurs or progressively over a 12 month period.

Legal fees – These are paid by the members and other associates for additional legal services provided by a controlled entity outside the normal scope of standard service provided to members. These are recognised at the time the service has been completed and an invoice has been raised.

Commissions – These are commissions received from service providers with whom the Association negotiates prices, by which members enjoy preferential rates that would have not been possible if they negotiated individually for products and services. These are recognised over time as this is when the various performance obligations are met.

Contract liabilities

When an amount of consideration is received from a member or customer prior to the Reporting Unit transferring a good or service to the member or customer, the Reporting Unit presents the contract sum as a contract liability.

(e) Taxation

The Association is exempt from income tax under *Section 50-15* of the *Income Tax Assessment Act 1997*; however, the Association still has obligations for Fringe Benefits Tax and Goods and Services Tax. The Legal Practice Trust and the PPA Trust do not pay tax as all their distributable income is distributed to the Association.

Australian Hotels Association (NSW) Holdings Pty Limited is not exempt from income tax.

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Special Note Concerning Basis of Financial Statements

- (i) The financial statements herein are a consolidation of the financial affairs of the following entities:
 - a) The Australian Hotels Association (NSW), an organisation of employers registered under the *Industrial Relations Act 1996 (NSW)* (herein referred to as “the State Organisation”); and
 - b) certain entities which are wholly owned subsidiaries of the State Organisation, as referred to in note 2 (c) hereof.
- (ii) There is also a special relationship between the State Organisation and the Australian Hotels Association, NSW Branch, being a branch of an organisation of employers by the name “Australian Hotels Association” registered under the *Fair Work (Registered Organisations) Act 2009*.
- (iii) The Australian Hotels Association NSW Branch (“the Federal Branch”) is the counterpart branch of the federally registered Australian Hotels Association (“AHA”) to the State Organisation, and the membership and officers of the Federal Branch are the same as the membership and officers of the State Organisation.
- (iv) By reason of arrangements that exist between the State Organisation and the Federal Branch, the Federal Branch does not require its members to pay membership fees to the Federal Branch on condition that any capitation fees, levies, contributions or other amounts required to be paid by the Federal Branch to the National Office of the AHA are paid to that Office by the State Organisation on behalf of the Federal Branch (See Rule 9 of the Rules of the Federal Branch).
- (v) All other assets (including real property) and liabilities including those held by the Controlled Entities referred to in note 2 (c) hereof are assets and liabilities of the State Organisation.
- (vi) As a consequence of the foregoing arrangements the Federal Branch does not currently and has not had in the reporting period any financial activities separate to those of the State Organisation, all such activities of the Federal Branch being encompassed within the financial affairs of the State Organisation as contemplated by *Section 269 of the Fair Work (Registered Organisations) Act 2009*.
- (vii) These financial statements reflect the arrangements between the Federal Branch and the State Organisation as referred to above and by way of an explanation at note 16 concerning related party transactions.

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Notice pursuant to Regulations under Section 282(3) of the *Industrial Relations Act 1996 (NSW)*

- (i) A member of an organisation, or the Industrial Registrar, may apply to the organisation for specified information prescribed by the regulations in relation to the organisation; and
- (ii) An organisation must, on the making of such an application, make the specified information available to the member or the Industrial Registrar in the manner, and within the time, prescribed by the regulations.

(h) Cash and Cash Equivalents

Cash and cash equivalents in the Consolidated Statement of Financial Position comprise cash on hand and at bank together with short-term deposits with an original maturity of six months or less.

(i) Trade and Other Receivables

The collectability of debts is assessed at the reporting date and specific provision is made for any doubtful debts.

(j) Property, Plant and Equipment

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

Strata Units

The Association has adopted the cost model of AASB 116 Property Plant & Equipment.

Plant, Equipment and Motor Vehicles

These assets are measured on the cost basis and are therefore carried at cost less accumulated depreciation.

Depreciation is calculated on a combination of straight-line and diminishing value basis over the estimated useful life of the asset as follows:

- Strata Units – 40 years straight line
- Strata Units Renovations – 10 to 15 years straight line
- Plant and Equipment – 5 to 15 years straight line
- Motor Vehicles – 4 to 5 years diminishing value

The estimated useful lives, residual values and depreciation methods are reviewed at each financial year, with the effect of any changes in estimate accounted for on a prospective basis.

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Investments

As outlined in note 12, a Controlled Entity owns 25% of the ordinary share capital of Hospitality Employers Mutual Limited (“HEM”).

In the opinion of the Committee of Management, the Controlled Entity does not have any significant influence over HEM. The investment is recorded at the cost price paid for the shares in HEM together with the Controlled Entity’s share of HEM’s retained earnings which is considered equates to fair value.

The Association also accounts for its investments in Controlled Entities at fair value.

(l) Impairment of Assets

At each reporting date, the Committee of Management assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Committee of Management makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

(m) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received during the reporting period that remain unpaid at the end of the reporting period.

(n) Provisions

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

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Employee Benefits

Provision is made for entitlements accruing to employees in relation to wages, salaries, annual leave, long service leave and other benefits where the Association has a present obligation to pay resulting from employees' services provided up to the reporting date.

- *Wages, Salaries and Annual Leave* – Liabilities for employee benefits for wages, salaries and annual leave expected to be settled within 12 months of year-end. The provision has been calculated at current wage and salary rates including related on-costs. Sick leave is expensed as incurred.
- *Long Service Leave* – The liability for employee benefits for long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided up to the reporting date. The portion of the long service leave liability not expected to be settled within 12 months is discounted using the rates applicable to national government securities at the reporting date, which most closely match the terms of maturity of the related liability.
- *Superannuation* – Superannuation contributions by the Association on a defined basis to an employee superannuation fund are charged as expenses when incurred. The Association has no legal obligation to provide benefits to employees on retirement.

(p) Goods and Services Tax

Revenues, 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 Australian Taxation Office ("ATO"). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST payable to the ATO is included as a current liability in the Consolidated Statement of Financial Position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) **Critical Accounting Estimates and Judgments**

The Committee of Management evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Reporting Unit. Estimates and underlying assumptions are reviewed on an ongoing basis.

Key Sources of Estimation Uncertainty

- **Useful lives of Property, Plant and Equipment** – the Committee of Management reviews the estimated useful lives of property, plant and equipment at the end of each reporting period.

The Committee of Management determined that the useful lives of assets do not require amendment.

- **Valuation of Strata Units** – as outlined in note 11 the Macquarie Street asset is carried at cost, less subsequent depreciation. The Committee of Management obtained an independent valuation on 8 January 2016 to determine the asset's fair value. The fair value of this asset has not been brought to account in the 2021 financial year.

The Castlereagh Street asset is carried at cost, less subsequent depreciation.

- **Valuation of Investments** – as outlined in note 12 these assets are carried at fair value. The Committee of Management has determined fair value based on the net tangible asset value of the investments held. HEM and the Controlled Entities are unlisted entities.

- **Provision for Expected Credit Losses** – The Reporting Unit reviews all trade debtors at each reporting date and makes a specific provision for all debtors considered doubtful. At the reporting date there was no provision required as no debts were considered doubtful.

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Financial Instruments

Financial instruments are recognised initially on the date that the Reporting Unit becomes a party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The Reporting Unit has financial assets measured at amortised cost. These are assets where the business model is to hold assets to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Reporting Unit's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the Consolidated Statement of Financial Position. Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Fair Value Through Other Comprehensive Income

Investments

The Reporting Unit has a strategic investment in HEM over which it does not have significant influence nor control. The Reporting Unit has made an irrevocable election to classify this investment at fair value through other comprehensive income, as the investment is not held for trading purposes.

This investment is carried at fair value with changes in fair value recognised in other comprehensive income and the asset revaluation reserve. On disposal any balance in the financial asset reserve is transferred to retained earnings and is not reclassified to profit or loss. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income.

A similar treatment occurs for the investments in Controlled Entities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Financial Instruments (Continued)

Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'. They are classified into the following specific categories:

Fair Value Through Profit or Loss ("FVTPL")

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Reporting Unit manages and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

The Reporting Unit has no financial liabilities held at FVTPL.

Other Financial Liabilities

Other financial liabilities are measured at amortised cost.

Derivative Financial Instruments

No derivative financial instruments are used by the Reporting Unit.

(s) Going Concern

The Reporting Unit is not reliant on financial support from an entity to continue as a going concern.

(t) Events after the Reporting Period

The Committee of Management recognise the financial effects of the Coronavirus (COVID-19) pandemic has had and continues to have on the value of assets and the returns from those assets, however there were no events that occurred after 31 December 2021, and/or prior to signing the financial statements, that would affect the ongoing structure and financial activities of the Reporting Unit.

(u) Critical Accounting Estimates and Judgments

The Committee of Management evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Association. Estimates and underlying assumptions are reviewed on an ongoing basis.

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Financial Instruments

Derivative Financial Instruments

No derivative financial instruments are used by the Reporting Unit.

(w) Adoption of New and Revised Accounting Standards

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

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
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AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021	2020
	\$	\$
3 REVENUE		
Advertising Commissions	820,227	682,120
Dividend Received	447,674	1,231,100
Cash Flow Boost	-	100,000
JobKeeper Subsidy	227,400	643,800
Legal Fees	448,526	166,439
Interest Received	21,881	55,610
Keno Commissions	690,809	708,223
Membership Activities	2,113,309	1,872,899
Membership Subscriptions	4,043,275	4,019,512
Trust Distribution	124,536	25,645
	<u>8,939,752</u>	<u>9,505,348</u>
Revenue from Contracts with Customers		
Advertising Commissions	820,227	682,120
Legal Fees	448,526	166,439
Keno Commissions	690,809	708,223
Membership Activities	2,113,309	1,872,899
Membership Subscriptions	4,043,275	4,019,512
	<u>8,116,146</u>	<u>7,449,193</u>
Other Revenue		
Dividend Received	447,674	1,231,100
Cash Flow Boost	-	100,000
JobKeeper Subsidy	227,400	643,800
Interest Received	21,881	55,610
Profit on Sale of Non-Current Assets	2,115	-
Trust Distribution	124,536	25,645
	<u>823,606</u>	<u>2,056,155</u>

AUSTRALIAN HOTELS ASSOCIATION (NSW)
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	\$	\$
4 EXPENSES		
(a) Employee Benefits Expense		
Annual Leave	11,398	8,509
Fringe Benefits Tax	24,804	23,231
Long Service Leave	51,539	42,460
Payroll Tax	139,910	117,048
Salary and Wages	3,678,066	3,410,722
Superannuation	343,799	313,505
	<u>4,249,516</u>	<u>3,915,475</u>
(b) Capitation Fees		
Australian Hotels Association (National Office)	<u>145,094</u>	<u>145,094</u>
(c) Affiliation Fees		
Australian Hotels Association (National Office)	<u>300</u>	<u>300</u>
(d) Other Expenses		
Australian Hotels Association (National Office)	<u>163,185</u>	<u>163,185</u>
(e) Grants or Donations		
All grants and donations paid (incl. amounts paid to political parties)	<u>269,648</u>	<u>396,016</u>
Donations – paid to political parties:	<u>166,445</u>	<u>102,380</u>
(f) Legal Costs	<u>45,533</u>	<u>46,501</u>

AUSTRALIAN HOTELS ASSOCIATION (NSW)
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	\$	\$
5 AUDITOR'S REMUNERATION		
Amounts received or due and receivable by V J Ryan & Co for:		
Audit of the Financial Statements - Association	42,000	42,000
Audit of the Financial Statements - Controlled Entities	3,000	1,500
Other Services - Association	29,525	35,575
Other Services - Controlled Entities	4,940	300
	<u>79,465</u>	<u>79,375</u>
6 INCOME TAX EXPENSE		
No provision has been made for income tax on the results of the Association as they are exempted from income tax under Section 50 – 15 of the Income Tax Assessment Act 1997.		
7 CASH AND CASH EQUIVALENTS		
CURRENT		
Cash on Hand	3,009	3,009
Term Deposits	6,000,000	5,000,000
Cash at Bank	3,384,708	2,620,114
	<u>9,387,717</u>	<u>7,623,123</u>
8 TRADE AND OTHER RECEIVABLES		
CURRENT		
Trade Debtors	<u>457,161</u>	<u>470,976</u>
9 INVENTORY		
CURRENT		
Promotional Items – At Cost	<u>1,161</u>	<u>1,161</u>
10 OTHER ASSETS		
CURRENT		
Prepayments	<u>133,114</u>	<u>220,735</u>

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
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 AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021	2020
	\$	\$
<hr/>		
11 PROPERTY, PLANT & EQUIPMENT		
NON-CURRENT		
Strata Units - At Cost	14,718,188	14,718,188
Accumulated Depreciation	<u>(3,826,749)</u>	<u>(3,348,144)</u>
	<u>10,891,439</u>	<u>11,370,044</u>
Plant and Equipment – At Cost	137,417	746,260
Accumulated Depreciation	<u>(123,461)</u>	<u>(714,626)</u>
	<u>13,956</u>	<u>31,634</u>
Motor Vehicles – At Cost	238,364	249,486
Accumulated Depreciation	<u>(87,763)</u>	<u>(126,051)</u>
	<u>150,601</u>	<u>123,435</u>
	<u>11,055,996</u>	<u>11,525,113</u>

AUSTRALIAN HOTELS ASSOCIATION (NSW)
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	\$	\$
11 PROPERTY, PLANT & EQUIPMENT (Continued)		
NON-CURRENT		
Reconciliations		
Reconciliations of the carrying amount for each class of property, plant and equipment are set out below:		
<u>Strata Units</u>		
Carrying Amount at Beginning of Year	11,370,044	11,138,964
Additions	-	713,143
Depreciation	(478,605)	(482,063)
	10,891,439	11,370,044
<u>Plant & Equipment</u>		
Carrying Amount at Beginning of Year	31,634	49,002
Additions	2,459	11,414
Disposals	(1,663)	-
Depreciation	(18,474)	(28,782)
	13,956	31,634
<u>Motor Vehicles</u>		
Carrying Amount at Beginning of Year	123,435	159,271
Additions	146,291	-
Disposals	(80,002)	-
Depreciation	(39,123)	(35,836)
	150,601	123,435

Valuation

The Strata Units of Levels 15 & 16, 131 Macquarie Street, Sydney were independently valued on 8 January 2016. The valuation carried out by Mr Christopher Bateman Registered Valuer number 029855 and Mr Mal Cameron Registered Valuer number 035146 assessed the market value on an individual lot sale basis at \$9,500,000 (ex GST). The valuation has not been reflected in the consolidated financial statements as the Association continues to adopt the cost model of AASB 116 *Property, Plant and Equipment* for Strata Units at both Macquarie Street and Castlereagh Street.

AUSTRALIAN HOTELS ASSOCIATION (NSW)
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	2021	2020
	\$	\$
12 INVESTMENTS		
NON-CURRENT		
Shares in Hospitality Employers Mutual Limited - At Fair Value	9,118,000	10,444,000
Shares in Subsidiary Companies - At Cost	-	-
	<u>9,118,000</u>	<u>10,444,000</u>
<p>Australian Hotels Association (NSW) Holdings Pty Limited (“AHA Holdings”) is a wholly owned subsidiary of the Association. Employers Mutual Limited (“EML”) holds 50% of the ordinary share capital of Hospitality Employers Mutual Limited (“HEM”) with the remaining shareholding split equally between AHA Holdings – 25% and Clubs (NSW) – 25%. The investment is valued at fair value.</p>		
13 TRADE AND OTHER PAYABLES		
CURRENT		
Trade Creditors and Accruals	556,969	738,676
GST Payable	207,534	152,663
Distribution in Advance	29,955	-
	<u>794,458</u>	<u>891,339</u>
14 PROVISIONS		
CURRENT		
Employee Entitlements	<u>1,025,116</u>	<u>960,317</u>
NON-CURRENT		
Employee Entitlements	<u>26,426</u>	<u>18,712</u>
15 CONTRACT LIABILITIES		
Subscriptions in Advance	2,310,151	1,794,401
Income in Advance	759,510	540,613
	<u>3,069,661</u>	<u>2,335,014</u>

AUSTRALIAN HOTELS ASSOCIATION (NSW)
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2021 **2020**
\$ **\$**

16 RELATED PARTY TRANSACTIONS

Executive Members and Councillors Related Parties

Executive Members and Councillors are officeholders of the Association.

Executive Members as set out in note 17 are entitled to claim for attendance at meetings at the rate of \$300 per day or \$150 per half day (inclusive of GST) together with a reimbursement of actual incidental expenses. Members of the Council are entitled to a reimbursement of actual incidental expenses. Officeholders have provided goods and services to the Association on normal commercial terms and are entitled to the payment of outgoings made on their behalf.

The President, Scott Leach, was paid an allowance of \$100,000 in the financial year (2020: \$100,000) and the Treasurer, Joanne Blair, was paid an allowance of \$37,500 (2020: \$Nil) by way of compensation for costs incurred.

Further payments were made by the Association to the AHA for National Office Costs of \$163,185 (2020: \$163,185).

17 KEY MANAGEMENT PERSONNEL DISCLOSURES

Key Management Personnel

The key management personnel include the members of the Executive Committee together with the Chief Executive Officer.

The names of members of the Executive Committee who have held office during the year are:

Scott Leach	Rolly De With	Phillip Webster	Lynette Humphreys
Kim Maloney	Gavin Brown	Desmond Kennedy	Joanne Blair
Robert Lees	Peter Harris		

Transactions with Key Management Personnel

The key management personnel compensation included in employee benefits expense was:

Short Term Employee Benefits

Salary and Wages	487,241	491,801
Superannuation	<u>25,000</u>	<u>25,000</u>
	<u>512,241</u>	<u>516,801</u>

The short term employee benefits as disclosed above represents benefits paid to the Chief Executive Officer. Transactions with members of the Executive Committee are disclosed in note 16.

The following key management personnel were officeholders in the Association's subsidiary companies referred to in note 2(c); Scott Leach, Lynette Humphreys, Joanne Blair, Kim Maloney and the Chief Executive Officer. No remuneration was received for the holding of an office in a subsidiary company.

AUSTRALIAN HOTELS ASSOCIATION (NSW)
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	2021	2020
	\$	\$
18 RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO PROFIT AFTER INCOME TAX		
Profit for the Year	483,762	932,134
<i>Non-Cash Flows and Non-Operating Items in Operating Profit:</i>		
Depreciation	536,203	546,681
Gain on Disposal of Non-Current Assets	(2,115)	-
<i>Changes in Assets and Liabilities:</i>		
Decrease in Receivables	13,815	499,981
Decrease / (Increase) in Other Assets	87,621	(96,491)
(Decrease) / Increase in Trade and Other Payables	(96,881)	72,359
Increase / (Decrease) in Contract Liabilities	734,647	(1,234,202)
Increase in Provisions	72,513	107,698
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,829,565</u>	<u>828,160</u>

19 FINANCIAL INSTRUMENTS

Capital Management

The Reporting Unit manages its capital to ensure it is able to continue as a going concern. The capital structure consists of cash and bank balances, investments and equity (comprising retained earnings). The Reporting Unit is not subject to any externally imposed capital requirements.

Categories of Financial Instruments

Financial Assets:

Term Deposits & Trade and Other Receivables	6,457,161	5,470,976
Fair Value through Other Comprehensive Income	9,118,000	10,444,000
	<u>15,575,161</u>	<u>15,914,976</u>

Financial Liabilities:

Trade and Other Payables	794,458	891,339
Contract Liabilities	3,069,661	2,335,014
	<u>3,864,119</u>	<u>3,226,353</u>

Market Risk

Market risk includes interest rate risk. The Reporting Unit has limited exposure to interest rate risk on its fixed and variable rate financial instruments. Term Deposits have maturity dates between one and four months after reporting date. The Reporting Unit has no exposure to currency risk.

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
 ABN 64 243 628 807
 AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021	2020
	\$	\$
19 FINANCIAL INSTRUMENTS (Continued)		
Credit Risk		
The carrying amount of the Reporting Unit's financial assets represents the maximum credit exposure. The Reporting Unit's maximum exposure to credit risk at reporting date was:		
Cash at Bank and Term Deposits (excluding Petty Cash)	9,384,708	7,620,114
Trade and Other Receivables	457,161	470,976
Investments	9,118,000	10,444,000
	<u>18,959,869</u>	<u>18,535,090</u>

Cash at bank and term deposits are held with St George Bank and the Committee of Management has therefore limited any credit risk, however recognising the concentration risk of having all bank accounts and investments with the same institution.

The Reporting Unit considers trade and other receivables recoverable in full and no provision is required.

Investments in subsidiaries are carried at fair value.

Liquidity Risk

The Reporting Unit has no external bank borrowings. Its short term liabilities are represented by trade and other payables as outlined in note 13. The Reporting Unit has the ability to pay all its short term debts as they fall due.

20 EVENTS SUBSEQUENT TO REPORTING PERIOD

The financial effects of COVID-19 have continued subsequent to the reporting period, however, no matters or circumstances have arisen since 31 December 2021 that have significantly affected or may significantly affect in subsequent financial years:

1. The operations of the Reporting Unit;
2. The results of those operations; or
3. The state of affairs of the Reporting Unit.

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES**

COMMITTEE OF MANAGEMENT'S CERTIFICATE

The Committee of Management of the Australian Hotels Association (NSW) ("the Association") and its Controlled Entities (together referred to as the "Reporting Unit"), hereby certify in respect of the financial year ended 31 December 2021, that:

- i) In the opinion of the Committee of Management, the attached financial statements show a true and fair view of the financial affairs of the Reporting Unit as at 31 December 2021; and
- ii) In the opinion of the Committee of Management, meetings of the Committee of Management were held during the year ended 31 December 2021 in accordance with the Rules of the Association; and
- iii) To the knowledge of any member of the Committee of Management, there have been no instances where records of the Association or other documents not being documents containing information made available to a member of the Association under subsection 512(2) of the *Industrial Relations Act 1991 (NSW)*, as applied by subsection 282(3) of the *Industrial Relations Act 1996 (NSW)* or copies of those records or documents, or copies of the rules of the Association, have not been furnished, or made available to members in accordance with the *Industrial Relations Act 1996 (NSW)*, the Regulations thereto, or the Rules of the Association as the case may be; and
- iv) In relation to the report prepared in accordance with section 514 of the 1991 Act, as applied by section 282(3) of the *Industrial Relations Act 1996 (NSW)*, by the auditor of the organisation in respect of the financial year immediately preceding the financial year to which the accounts relate (i.e. the second most recently concluded financial year) and in relation to any accounts and statements prepared in accordance with section 510(1) of the 1991 Act to which that report relates, the Association has complied with section 517(1) of the 1991 Act and whichever of subsections (5) and (6) of that section of that Act is applicable.

This certificate is in accordance with a resolution passed by the Committee of Management of the Association in relation to the matters to be stated in the certificate and is signed on behalf of the Committee of Management by the undersigned:



Joanne Blair
Accounting Officer



Scott Leach
President

Dated at Sydney: 11th March 2022

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
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CERTIFICATE BY ACCOUNTING OFFICER

I, Joanne Blair, being the Accounting Officer of the Australian Hotels Association (NSW) (“the Association”) and its Controlled Entities (together referred to as the “Reporting Unit”) certify:

- a) the number of members of the Association at 31 December 2021 was 1,684;
- b) The accompanying consolidated financial statements show a true and fair view of the financial affairs of the Reporting Unit at 31 December 2021;
- c) A record has been kept of all moneys paid by, or collected from, members of the Association, and all moneys so paid, or collected have been credited to the bank account to which those moneys are to be credited, in accordance with the Rules of the Association;
- d) Before any expenditure was incurred by the Association, approval of the incurring of the expenditure was obtained in accordance with the Rules of the Association;
- e) With regard to funds of the Association raised by compulsory levies or voluntary contributions from members, or funds other than the General Fund operated in accordance with the Rules, no payments were made out of any such fund for purposes other than those for which the fund was operated;
- f) All loans or other financial benefits granted to persons holding office in the Association were authorised in accordance with the Rules of the Association; and
- g) The register of members of the Association was maintained in accordance with the Regulations under the *Industrial Relations Act 1996 (NSW)*.



**Joanne Blair
Accounting Officer**

Dated at Sydney: 11th March 2022

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES**

Opinion

We have audited the financial report of the Australian Hotels Association (NSW) (“the Association”) and its Controlled Entities (together referred to as “the Reporting Unit”) for the financial year ended 31 December 2021, consisting of the Consolidated Statement of Financial Position as at 31 December 2021, Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity, Notes to the Consolidated Financial Statements including a summary of significant policies for the year then ended; Committee of Management Certificate and Certificate by Accounting Officer.

In our opinion:

- (a) (i) satisfactory accounting records were kept by the Reporting Unit during the financial year including records of the sources and nature of income (including income from members) and of the nature and purpose of expenditure of the Reporting Unit; and
- (ii) the financial report is in accordance with Australian Accounting Standards and any other requirements imposed by the *Industrial Relations Act 1996 (NSW)*, so as to give a true and fair view of: -
 - a) the state of affairs of the Reporting Unit as at 31 December 2021; and
 - b) the performance of the Reporting Unit for the year ended on that date; and
- (b) all of the information and explanations that officers or employees of the Association were required to provide pursuant to the Regulations under the *Industrial Relations Act 1996 (NSW)* were provided.

We declare that the Committee of Management’s use of the going concern basis of accounting in the preparation of the financial statements of the Reporting Unit is appropriate.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of our report. We are 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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES (CONTINUED)**

Responsibilities of the Committee of Management for the Financial Report

The Committee of Management is responsible for the preparation and true and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Industrial Relations Act 1996 (NSW)* and for such internal control as the Committee of Management determines 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 intends to liquidate the Reporting Unit or to cease operations, or have no realistic alternative but to do so.

The Committee of Management is responsible for overseeing the Reporting Unit's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We 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 our opinion. The risk of not detecting a material misstatement resulting from 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Reporting Unit to cease to continue as a going concern.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES (CONTINUED)**

- 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 controlled entities within the Reporting Unit to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Reporting Unit audit. We remain solely responsible for the audit opinion.

We 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 we identify during our audit.

V J Ryan & Co.

V J RYAN & CO
Chartered Accountants

Level 5
255 George Street
SYDNEY NSW 2000

Peter Gerard Crawford

Peter Gerard Crawford
Partner

Dated at Sydney: *11.3.2012*

**COMPILATION REPORT TO THE MEMBERS OF
AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES**

The additional financial data presented on pages 31 and 32 is in accordance with the books and records of the Australian Hotels Association (NSW) (“the Association”) and its Controlled Entities (together referred to as “the Reporting Unit”) which have been subjected to the auditing procedures applied in our audit for the financial year ended 31 December 2021. It should be appreciated that our audit did not cover all details of the attached financial data.

Accordingly, we do not express an opinion on such financial data and in particular no warranty of accuracy or reliability is given. Neither the firm nor any member of the firm undertakes responsibility in any way whatsoever to any person (other than the Reporting Unit) in respect of such data, including any errors or omissions however caused.

V J Ryan & Co.

V J RYAN & CO
Chartered Accountants

Level 5
255 George Street
SYDNEY NSW 2000

P G Crawford

Peter Gerard Crawford
Partner

Dated at Sydney: 11.3.2022

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES**

**PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021	2020
	\$	\$
INCOME		
Advertising Commissions	820,227	682,120
Dividend Received	447,674	1,231,100
Cash Flow Boost	-	100,000
JobKeeper Subsidy	227,400	643,800
Interest Received	21,881	55,610
Legal Fees	448,526	166,439
Keno Commission	690,809	708,223
Membership Activities	2,113,309	1,872,899
Membership Subscriptions	4,043,275	4,019,512
Profit on Sale of Non-Current Assets	2,115	-
Trust Distribution	124,536	25,645
	<u>8,939,752</u>	<u>9,505,348</u>
EXPENDITURE		
Accommodation Division	109,734	99,167
Accounting and Consulting Fees	34,465	35,575
Administration	6,327	4,078
Annual Leave	11,398	8,509
Auditor's Remuneration	45,000	42,000
Bank and Credit Card Charges	22,786	23,208
Capitation and Affiliation Fees	145,394	145,394
Cleaning and Laundry	27,406	51,178
Computer and Development Costs	183,196	240,250
Delegates	371,490	150,853
Depreciation	536,203	546,681
Donations	269,648	396,016
Electricity	29,435	34,358
Executive Administration	304,084	304,752
Executive and Committee of Management	58,052	46,335
Flowers and Plant Hire	3,999	3,138
Fringe Benefits Tax	24,804	23,231
Gaming Department	197,500	169,583
Government and Industry Affairs	17,296	-
Hotel News	73,419	60,962
Industrial and Membership	95,647	196,825
Industry Protection Expenses	100,743	40,067
Insurance	78,765	84,782
Legal Costs	45,533	46,501
Liquor, Policing & Research	17,238	40,422
Long Service Leave	51,539	42,460

This statement has not been audited.

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES**

**PROFIT AND LOSS STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021	2020
	\$	\$
EXPENDITURE (Continued)		
Marketing	378,058	270,682
Membership	140,030	159,603
National Executive and Board Meetings	3,788	-
National Office Costs	163,185	163,185
Parking Levy	37,766	41,400
Payroll Preparation	3,813	3,732
Payroll Tax	139,910	117,048
Political Engagement	82,642	19,391
Power Purchase Agreement	273	168,944
President's Allowance	100,000	100,000
Printing and Stationery	3,903	3,538
Public Relations	105,979	114,236
Rates, Taxes and Strata Levies	182,274	248,659
Regional Meetings	3,255	1,537
Repairs and Maintenance	136,563	541,277
Salaries and Wages	3,678,066	3,410,722
Security	378	378
Sponsorship	16,440	10,000
Staff Amenities	13,972	17,710
Sundry Expenses	2,004	-
Superannuation	343,799	313,505
Telephone	21,291	24,370
Travel	-	6,972
Treasurer's Allowance	37,500	-
Total Expenditure	<u>8,455,990</u>	<u>8,573,214</u>
Profit for the Year	<u><u>483,762</u></u>	<u><u>932,134</u></u>

This statement has not been audited.