



Australian Government
Registered Organisations Commission

17 May 2019

Joanne Blair
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 2018 (FR2018/312)

I refer to the application lodged pursuant to section 269 of the *Fair Work (Registered Organisations) Act 2009* in respect of the Australian Hotels Association-New South Wales Branch for the financial year ended 31 December 2018. The application was lodged with the Registered Organisations Commission on 6 May 2019.

I have granted the application. The certificate is attached.

If you wish to discuss this matter, please contact me on 1300 341 665 or by email at regorgs@roc.gov.au.

Yours faithfully

A handwritten signature in blue ink, appearing to be 'CE', with a small horizontal line to the right.

Chris Enright
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
(FR2018/312)

MR ENRIGHT

MELBOURNE, 17 MAY 2019

Reporting unit's financial affairs encompassed by associated State body

[1] On 6 May 2019 an application was made under s.269(2)(a) of the *Fair Work (Registered Organisations) Act 2009* (**the Act**) by 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 The Australian Hotels Association NSW (**the Association**), an associated State body, in respect of the financial year ending 31 December 2018.

[2] On 6 May 2019, the reporting unit lodged a copy of the audited accounts of the Association with the Registered Organisations Commission.

[3] I am satisfied that the Association:

- is registered under the *Industrial Relations Act 1996* (NSW), 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 2018, 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



FR 2018/312

23 April 2019

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)* ('the Act')

I am the Secretary/Treasurer of the Australian Hotels Association, NSW Branch ("the 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) ("the State Act"), being an associated state body; and
- ii. That the Branch is taken to have satisfied Part 3 of the 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 ("the 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 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. A copy of the audited accounts for the year ending 31 December 2018 are **attached** (Annexure B);

- ii. All members of the Branch and the State Organisation, at substantially the same time, have been provided with a copy of the **attached** accounts, in accordance with the provisions of the State Act through their reproduction in the 2018 Annual Report of the State Organisation (Annexure C); and
- iii. At the time of providing a copy of the 2018 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 2018, which is set out on pages 29 to 31 of Annexure C.

If you require any further information in relation to this Application would you please contact Mr. Phillip Ryan, Director, Legal and Industrial Affairs on (02) 9281 6922.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Joanne Blair', written over a horizontal line.

JOANNE BLAIR
Secretary/Treasurer

Encl.

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.

ANNEXURE B

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

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

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

CONTENTS	PAGE
Consolidated Statement of Profit or Loss and Other Comprehensive Income	1
Consolidated Statement of Financial Position	2
Consolidated Statement of Cash Flows	3
Consolidated Statement of Changes in Equity	4
Notes to the Consolidated Financial Statements	5 – 26
Certificate by Prescribed Designated Officer	27
Report Required Under Subsection 255 (2A) of the Fair Work (Registered Organisations) Act 2009	28
Operating Report	29 – 31
Committee of Management Statement	32 – 33
Officer Declaration Statement	34
Independent Auditor’s Report to the Members	35 – 37
Compilation Report to the Members	38
Profit and Loss Statement	39 – 40

**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 2018**

	Note	Consolidated		Parent	
		2018	2017	2018	2017
		\$	\$	\$	\$
REVENUE					
Membership Subscriptions		4,369,120	4,379,843	4,369,120	4,379,843
Gain on Disposal of Non-Current Assets		1,523	-	1,523	-
Grants and/or Donations		-	-	-	-
Other Revenue		6,813,896	6,892,218	4,973,125	4,981,318
Revenue from Recovery of Wages Activity		-	-	-	-
	3	11,184,539	11,272,061	9,343,768	9,361,161
EXPENDITURE					
Advertising		(65,550)	(170,400)	(65,550)	(170,400)
Capitation Fees and Other Expenses to Another Reporting Unit	4(b) – (d)	(658,579)	(1,158,579)	(658,579)	(1,158,579)
Donations to Political Parties		(172,977)	(215,182)	(172,977)	(215,182)
Legal Costs		(43,440)	(63,461)	(43,440)	(63,461)
Operating Costs		(4,415,547)	(4,168,661)	(4,381,477)	(4,168,661)
Remuneration, and Other Employment Related Expenses, in respect of Employees	4(a)	(3,660,473)	(3,137,940)	(3,660,473)	(3,137,940)
Profit Before Depreciation and Income Tax Expense		2,167,973	2,357,838	361,272	446,938
Depreciation		(384,711)	(365,664)	(384,711)	(365,664)
Profit / (Loss) Before Income Tax Expense		1,783,262	1,992,174	(23,439)	81,274
Income Tax Expense	6	-	-	-	-
PROFIT / (LOSS) FOR THE YEAR		1,783,262	1,992,174	(23,439)	81,274
OTHER COMPREHENSIVE INCOME					
Items that may be Reclassified Subsequently to Profit or Loss		-	-	-	-
Items that will not be Reclassified Subsequently to Profit or Loss		-	-	-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		1,783,262	1,992,174	(23,439)	81,274

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 2018

	Note	Consolidated		Parent	
		2018	2017	2018	2017
		\$	\$	\$	\$
CURRENT ASSETS					
Cash and Cash Equivalents	7	13,245,551	11,602,972	13,188,095	11,602,962
Trade and Other Receivables	8	848,731	816,300	893,891	1,991,087
Inventory	9	1,161	1,161	1,161	1,161
Other Assets	10	276,106	124,307	276,106	124,307
TOTAL CURRENT ASSETS		<u>14,371,549</u>	<u>12,544,740</u>	<u>14,359,253</u>	<u>13,719,517</u>
NON-CURRENT ASSETS					
Property, Plant and Equipment	11	5,557,891	5,865,544	5,557,891	5,865,544
Investments	12	4,800,000	4,800,000	2	4
TOTAL NON-CURRENT ASSETS		<u>10,357,891</u>	<u>10,665,544</u>	<u>5,557,893</u>	<u>5,865,548</u>
TOTAL ASSETS		<u>24,729,440</u>	<u>23,210,284</u>	<u>19,917,146</u>	<u>19,585,065</u>
CURRENT LIABILITIES					
Trade and Other Payables	13	5,106,836	4,715,090	5,726,462	4,715,090
Provisions	14	712,583	1,288,744	712,583	1,288,744
TOTAL CURRENT LIABILITES		<u>5,819,419</u>	<u>6,003,834</u>	<u>6,439,045</u>	<u>6,003,834</u>
NON-CURRENT LIABILITES					
Provisions	14	133,365	213,056	133,365	213,056
TOTAL NON-CURRENT LIABILITIES		<u>133,365</u>	<u>213,056</u>	<u>133,365</u>	<u>213,056</u>
TOTAL LIABILITIES		<u>5,952,784</u>	<u>6,216,890</u>	<u>6,572,410</u>	<u>6,216,890</u>
NET ASSETS		<u>18,776,656</u>	<u>16,993,394</u>	<u>13,344,736</u>	<u>13,368,175</u>
EQUITY					
Capital Funds		10	10	-	-
Retained Earnings		18,776,646	16,993,384	13,344,736	13,368,175
TOTAL EQUITY		<u>18,776,656</u>	<u>16,993,394</u>	<u>13,344,736</u>	<u>13,368,175</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 2018**

	Note	Consolidated		Parent	
		2018	2017	2018	2017
		\$	\$	\$	\$
Cash Flows from Operating Activities:					
Receipts from Members and Third Parties		9,101,849	8,961,227	10,197,404	10,872,128
Payment to Suppliers and Employees		(8,023,892)	(7,175,973)	(7,370,195)	(7,175,973)
Contributions to Other Reporting Units		(1,408,579)	(408,579)	(1,408,579)	(408,579)
Dividend Received		1,806,700	1,910,900	-	-
Interest Income		242,036	202,659	242,036	202,659
Net Cash Provided By Operating Activities	17	1,718,114	3,490,234	1,660,666	3,490,235
Cash Flows from Investing Activities					
Payment for Property, Plant and Equipment		(99,582)	(192,280)	(99,582)	(192,280)
Proceeds from Sale of Property, Plant and Equipment		24,047	30,000	24,047	30,000
Payment for Investments		-	-	-	(1)
Proceeds from Sale of Investments		-	-	2	-
Proceeds from Capital Funds		-	10	-	-
Net Cash (Used In) Investing Activities		(75,535)	(162,270)	(75,533)	(162,281)
Net Increase in Cash held		1,642,579	3,327,964	1,585,133	3,327,954
Cash and Cash Equivalents at Beginning of Financial Year		11,602,972	8,275,008	11,602,962	8,275,008
Cash and Cash Equivalents at End of Financial Year	7	13,245,551	11,602,972	13,188,095	11,602,962

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 2018

	Capital Funds \$	Retained Earnings \$	Total Equity \$
CONSOLIDATED			
At 1 January 2017	-	15,001,210	15,001,210
<i>Total Comprehensive Income for the Year</i>			
Net Profit for the Year		1,992,174	1,992,174
<i>Other Comprehensive Income</i>			
Other Comprehensive Income		-	-
<i>Trust Settlement</i>	10	-	10
At 31 December 2017	10	16,993,384	16,993,394
<i>Total Comprehensive Income for the Year</i>			
Net Profit for the Year		1,783,262	1,783,262
<i>Other Comprehensive Income</i>			
Other Comprehensive Income		-	-
At 31 December 2018	10	18,776,646	18,776,656
PARENT			
At 1 January 2017		13,286,901	13,286,901
<i>Total Comprehensive Income for the Year</i>			
Net Profit for the Year		81,274	81,274
<i>Other Comprehensive Income</i>			
Other Comprehensive Income		-	-
At 31 December 2017		13,368,175	13,368,175
<i>Total Comprehensive Income for the Year</i>			
Net (Loss) for the Year		(23,439)	(23,439)
<i>Other Comprehensive Income</i>			
Other Comprehensive Income		-	-
At 31 December 2018		13,344,736	13,344,736

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 2018**

1 CORPORATE INFORMATION

The financial report of the Australian Hotels Association (NSW) (“the Association”), and its Controlled Entities (together referred to as “the Reporting Unit”) for the year ended 31 December 2018 was authorised for issue in accordance with a Resolution of the Committee of Management on the date of authorisation of the Committee of Management Statement.

The Reporting Unit 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 and Interpretations issued by the Australian Accounting Standards Board that apply for the reporting period, the *Fair Work (Registered Organisation) Act 2009 (“RO Act”)* and the *Industrial Relations Act 1996 (NSW)*. For the purpose of preparing the general purpose financial statements, the Association is a not-for-profit entity and the Controlled Entities are for-profit entities.

A statement of compliance with the International Financial Reporting Standards as issued by the International Accounting Standards Board cannot be made due to the Association applying not-for-profit specific requirements contained in the Australian Accounting Standards.

The consolidated financial statements, except for the cash flow information, have been prepared on an accrual basis. The consolidated financial statements have been prepared on the basis of historical cost, except where measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. 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) Fair Value Measurement (“FVM”)

The Reporting Unit measures, where indicated, financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The FVM is based on the presumption the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of this, the most advantageous market for the asset or liability. In estimating the fair value of an asset or a liability, the Reporting Unit takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, with the exception of the investment in Hospitality Employers Mutual Limited which is valued at cost. Trade and other payables have been brought to account also at cost.

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 2018

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Fair Value Measurement (“FVM”) (Continued)

For financial reporting purposes, FVMs are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the FVMs are observable and the significance of the inputs to the FVM in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Reporting Unit can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(c) Comparative Amounts

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

(d) Future Australian Accounting Standard Requirements

The Reporting Unit has not adopted any Australian Accounting Standard earlier than the application date. At the date of authorisation of the financial statements, the significant Standards and Interpretations that were issued but not yet effective are as follows:

Standard	Effective for Annual Reporting Periods Beginning on or After	Expected to be Initially Applied in the Financial Year Ending
AASB 9 ‘Financial Instruments’, and the relevant amending standards	1 January 2019	31 December 2019
AASB 15 ‘Revenue from Contracts with Customers’	1 January 2019	31 December 2019

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 2018

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Basis of Consolidation

The Australian Hotels Association (NSW) (“the Association”) is the ultimate parent company. 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 and Hospitality Legal Pty Limited (together referred to as “the Reporting Unit”).

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

Hotel Technologies Pty Limited and Hotel Technologies Finance Pty Limited were both deregistered on 29 May 2018.

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.

All intra group transactions, balances, income and expenses are eliminated in full on consolidation.

(f) Revenue Recognition

Revenue is recognised to the extent that it is probable that the accrued benefits will flow to the Reporting Unit. The following specific recognition criteria also apply before revenue is recognised:

- Subscription revenue from general division members is recognised on a receipt basis and is allocated to the relevant period;
- Dividends are brought to account when received; and
- Other subscription revenue, advertising revenue, commission, interest received and other sundry revenues are recognised on an accrual basis.

(g) 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 Trust does not pay tax as all its 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 2018

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) 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 (f) 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 (f) 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 15 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 2018

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- (i) **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.

(j) **Cash and Cash Equivalents**

Cash and cash equivalents in the Consolidated Statement of Financial Position is recognised at its nominal amount and comprises cash on hand and at bank together with short-term deposits with a maturity of six months or less.

(k) **Trade and Other Receivables**

The collectability of debts is assessed at the reporting date and specific provision is made for any doubtful debts. The policy is to provide for all debtors greater than 90 days.

(l) **Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost as indicated, less accumulated depreciation.

Strata Units

Strata units including improvements thereto are shown at cost less subsequent depreciation. The Association has adopted the cost model of *AASB 116 Property, Plant and 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 Unit 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 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 2018**

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Investments

The Association accounts for its investments in subsidiaries at cost, which in the opinion of the Committee of Management equates to or is less than their fair value.

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 and therefore has resolved not to equity account for this investment. The investment is recorded at cost which in the opinion of the Committee of Management is less than its fair value.

(n) 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.

At the reporting date, the Committee of Management does not consider any asset impaired.

(o) 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.

(p) Interest Bearing Loans and Borrowings

All loans and borrowings are recognised at their principal amount including transaction costs attributable to their issue. The Reporting Unit has no interest bearing loans at the reporting date.

(q) 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)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) 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 Reporting Unit has a present obligation to pay resulting from employees' services provided up to the reporting date.

- Liabilities for short term employee benefits (such as wages, salaries, annual and long service leave) which are expected to be settled within 12 months of the end of the reporting period are measured at their nominal amounts. The provision has been calculated at current wage and salary rates including related on-costs. Sick leave is expensed as incurred.
- Other long term employee benefits which are expected to be settled beyond twelve months are measured as the present value of the estimated future cash out flows to be made in respect of services provided by employees up to the reporting date.
- 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.

(s) 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 2018

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) **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. During the current year, the Committee of Management determined that the useful lives of assets do not require amendment.
- Valuation of Strata Units – as outlined in note 11 this asset is carried at cost. 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 2018 financial year.
- Valuation of Investments – as outlined in note 12 these assets are carried at cost. The Committee of Management has determined based on evidence at hand the carrying amount of these assets is below its fair value.
- Provision for Doubtful Debts – The Reporting Unit reviews all trade debtors at each reporting date and makes a specific provision for all debtors greater than 90 days. At the reporting date there was no provision required as no debts were due past 90 days.

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 2018

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Financial Instruments

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

Financial Assets

They are classified into the following specific categories:

Fair Value Through Profit or Loss ("FVTPL")

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling 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 assets held at FVTPL.

Held-to-Maturity Investments ("HTM")

Term deposits (as outlined in note 7) and investments (as outlined in note 12) with fixed or determinable payments and fixed maturity dates that the Association or Controlled Entities have the positive intent and ability to hold to maturity, are classified as HTM investments. HTM investments are measured at cost.

Available for Sale Investments ("AFS")

The Reporting Unit has an AFS investment outlined in note 12.

Loans and Receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost less any impairment.

Impairment of Financial Assets

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

The Committee of Management have determined no financial asset is impaired.

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 2018

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) 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.

(w) Going Concern

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

(x) Events after the Reporting Period

There were no events that occurred after 31 December 2018, and/or prior to signing the financial statements, that would affect the ongoing structure and financial activities of the Reporting Unit.

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 2018

	Consolidated		Parent	
	2018	2017	2018	2017
	\$	\$	\$	\$
3 REVENUE				
Advertising Commissions	893,423	770,314	893,423	770,314
Dividend Received	1,806,700	1,910,900	-	-
Gain on Disposal of Non-Current Assets	1,523	-	1,523	-
Grants and/or Donations	-	-	-	-
Legal Costs	122,670	-	-	-
Interest Income	242,036	202,659	242,036	202,659
Keno Commissions	884,191	870,709	884,190	870,709
Membership Activities	2,864,876	3,137,636	2,864,876	3,137,636
Membership Subscriptions	4,369,120	4,379,843	4,369,120	4,379,843
Revenue from Recovery of Wages Activity	-	-	-	-
Trust Distribution	-	-	88,600	-
	<u>11,184,539</u>	<u>11,272,061</u>	<u>9,343,768</u>	<u>9,361,161</u>
(a) Capitation Fees included in Membership Subscriptions				
	<u>145,394</u>	<u>145,394</u>	<u>145,394</u>	<u>145,394</u>

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 2018

	Consolidated		Parent	
	2018	2017	2018	2017
	\$	\$	\$	\$
4 EXPENSES				
(a) Salaries and Wages				
Total Employee Benefits Expense				
Annual Leave	29,422	(28,187)	29,422	(28,187)
Fringe Benefits Tax	14,400	15,600	14,400	15,600
Long Service Leave	76,843	83,593	76,843	83,593
Payroll Tax	157,184	136,837	157,184	136,837
Salary and Wages	3,086,679	2,658,470	3,086,679	2,658,470
Superannuation	295,945	271,627	295,945	271,627
	<u>3,660,473</u>	<u>3,137,940</u>	<u>3,660,473</u>	<u>3,137,940</u>
Breakdown of Salaries and Wages and Superannuation Expenses:				
Holder of Office				
Salary and Wages	451,986	409,374	451,986	409,374
Superannuation	25,000	25,000	25,000	25,000
	<u>476,986</u>	<u>434,374</u>	<u>476,986</u>	<u>434,374</u>
Employees Other Than Holders of Office				
Salary and Wages	2,634,693	2,456,939	2,634,693	2,456,939
Superannuation	270,945	246,627	270,945	246,627
	<u>2,905,638</u>	<u>2,703,566</u>	<u>2,905,638</u>	<u>2,703,566</u>

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 2018

	Consolidated		Parent	
	2018	2017	2018	2017
	\$	\$	\$	\$
4 EXPENSES (Continued)				
(b) Capitation Fees				
Australian Hotels Association (National Office)	145,094	145,094	145,094	145,094
(c) Affiliation Fees				
Australian Hotels Association (National Office)	300	300	300	300
(d) Other Expenses				
Australian Hotels Association (National Office)	513,185	1,013,185	513,185	1,013,185
(e) Grants or Donations (incl. amounts paid to political parties)				
Total paid \$1,000 or less	-	-	-	-
Total paid greater than \$1,000	378,556	365,513	378,556	365,513
	378,556	365,513	378,556	365,513
Donations – paid to political parties:				
Total paid \$1,000 or less	-	-	-	-
Total paid greater than \$1,000	172,977	215,182	172,977	215,182
	172,977	215,182	172,977	215,182
(f) Legal Costs				
Legal Costs	43,440	63,461	43,440	63,461
(g) Other Expenses				
Penalties – via <i>RO Act</i>	-	-	-	-
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	42,000	42,000
Other Services – Association	21,300	24,175	21,300	24,175
Other Services – Controlled Entities	150	450	-	-
	63,450	66,625	63,300	66,175
6 INCOME TAX EXPENSE				

No provision has been made for income tax on the results of the Association as it is exempted from income tax under *Section 50-15* of the *Income Tax Assessment Act 1997*.

The Controlled Entities have no tax payable for the 2018 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 2018**

	Consolidated		Parent	
	2018	2017	2018	2017
	\$	\$	\$	\$
7 CASH AND CASH EQUIVALENTS				
CURRENT				
Cash on Hand	3,009	3,009	2,999	2,999
Term Deposits	10,008,356	10,000,000	10,008,356	10,000,000
Cash at Bank	3,234,186	1,599,963	3,176,740	1,599,963
	<u>13,245,551</u>	<u>11,602,972</u>	<u>13,188,095</u>	<u>11,602,962</u>
8 TRADE AND OTHER RECEIVABLES				
CURRENT				
Receivable from Other Reporting Units	-	-	-	-
Australian Hotels Association NSW Legal Practice Trust	43,440	-	-	-
Australian Hotels Association (NSW) Holdings Pty Limited	-	-	-	1,174,790
Trade Debtors	805,291	816,300	893,891	816,297
	<u>848,731</u>	<u>816,300</u>	<u>893,891</u>	<u>1,991,087</u>
9 INVENTORY				
CURRENT				
Promotion Items – At Cost	1,161	1,161	1,161	1,161
10 OTHER ASSETS				
CURRENT				
Prepayments	276,106	124,307	276,106	124,307
11 PROPERTY, PLANT & EQUIPMENT				
NON-CURRENT				
Strata Units – At Cost	7,762,585	7,762,585	7,762,585	7,762,585
Accumulated Depreciation	(2,460,468)	(2,152,393)	(2,460,468)	(2,152,393)
	<u>5,302,117</u>	<u>5,610,192</u>	<u>5,302,117</u>	<u>5,610,192</u>
Plant and Equipment – At Cost	729,557	699,657	729,557	699,657
Accumulated Depreciation	(651,803)	(624,140)	(651,803)	(624,140)
	<u>77,754</u>	<u>75,517</u>	<u>77,754</u>	<u>75,517</u>
Motor Vehicles – At Cost	246,274	242,790	246,274	242,790
Accumulated Depreciation	(68,254)	(62,955)	(68,254)	(62,955)
	<u>178,020</u>	<u>179,835</u>	<u>178,020</u>	<u>179,835</u>
Total	<u>5,557,891</u>	<u>5,865,544</u>	<u>5,557,891</u>	<u>5,865,544</u>

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 2018

	Consolidated		Parent	
	2018	2017	2018	2017
	\$	\$	\$	\$
11 PROPERTY, PLANT & EQUIPMENT (Continued)				
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	5,610,192	5,918,267	5,610,192	5,918,267
Depreciation	(308,075)	(308,075)	(308,075)	(308,075)
	<u>5,302,117</u>	<u>5,610,192</u>	<u>5,302,117</u>	<u>5,610,192</u>
<u>Plant & Equipment</u>				
Carrying Amount at Beginning of Year	75,517	53,375	75,517	53,375
Additions	29,900	50,298	29,900	50,298
Depreciation	(27,663)	(28,156)	(27,663)	(28,156)
	<u>77,754</u>	<u>75,517</u>	<u>77,754</u>	<u>75,517</u>
<u>Motor Vehicles</u>				
Carrying Amount at Beginning of Year	179,835	104,437	179,835	104,437
Additions	69,682	141,982	69,682	141,982
Disposals	(22,524)	(37,151)	(22,524)	(37,151)
Depreciation	(48,973)	(29,433)	(48,973)	(29,433)
	<u>178,020</u>	<u>179,835</u>	<u>178,020</u>	<u>179,835</u>

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*.

**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 2018**

	Consolidated		Parent	
	2018	2017	2018	2017
	\$	\$	\$	\$

12 INVESTMENTS

NON-CURRENT

Shares in Hospitality Employers Mutual Limited – At Cost	4,800,000	4,800,000	-	-
Shares in Subsidiary Companies – At Cost	-	-	2	4
	<u>4,800,000</u>	<u>4,800,000</u>	<u>2</u>	<u>4</u>

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%.

In the opinion of the Committee of Management, a prudent valuation accounting policy as indicated in note 2 (m) is to value this investment at cost.

In the opinion of the Committee of Management, AHA Holdings does not have any significant influence over HEM and therefore has resolved not to equity account for this investment. The investment is recorded at cost which in the opinion of the Committee of Management is less than its fair value.

13 TRADE AND OTHER PAYABLES

CURRENT

Payable to Other Reporting Units	-	-	-	-
Trade Creditors and Accruals	930,497	869,279	930,497	869,279
Legal Costs Accrual	-	-	-	-
GST Payable	302,800	214,020	302,800	214,020
Subscriptions in Advance	3,043,918	2,944,852	3,043,918	2,944,852
Income in Advance	817,336	686,939	817,336	686,939
Australian Hotels Association NSW Legal Practice Trust	12,285	-	-	-
Australian Hotels Association (NSW) Holdings Pty Limited	-	-	631,911	-
	<u>5,106,836</u>	<u>4,715,090</u>	<u>5,726,462</u>	<u>4,715,090</u>

**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 2018**

	Consolidated		Parent	
	2018	2017	2018	2017
	\$	\$	\$	\$
14 PROVISIONS				
CURRENT				
Employee Entitlements	712,583	538,744	712,583	538,744
Industry Protection Fund Provision	-	750,000	-	750,000
	<u>712,583</u>	<u>1,288,744</u>	<u>712,583</u>	<u>1,288,744</u>
NON-CURRENT				
Employee Entitlements	<u>133,365</u>	<u>213,056</u>	<u>133,365</u>	<u>213,056</u>
 Holders of Office				
Annual Leave	25,574	36,022	25,574	36,022
Long Service Leave	94,459	72,790	94,459	72,790
	<u>120,033</u>	<u>108,812</u>	<u>120,033</u>	<u>108,812</u>
 Employees Other Than Holders of Office				
Annual Leave	321,410	293,655	321,410	293,655
Long Service Leave	404,505	349,333	404,505	349,333
	<u>725,915</u>	<u>642,988</u>	<u>725,915</u>	<u>642,988</u>

**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 2018**

15 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 16 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 may provide goods and services to the Association on normal commercial terms and are entitled to the payment of outgoings made on their behalf. No transactions occurred with related parties during the year ended 31 December 2018 apart from those identified in the subsequent paragraphs.

The President was paid an allowance of \$100,000 in the financial year (2017: \$81,385) and Treasurer \$50,000 (2017: \$18,754) by way of compensation for costs incurred.

Other Related Parties

Payment of the sum of \$145,394 (2017: \$145,394) by the Association to the AHA, constituting satisfaction of the obligation of the Federal Branch for the reporting period to the AHA pursuant to Rule 12 of the Rules of the AHA (see also Rule 9 of the Rules of the Federal Branch).

Further payments were made by the Association to the AHA for National Office Costs of \$163,185 (2017: \$163,185) and an Industry Protection Fund contribution of \$350,000 (2017: 850,000).

A company owned by an Executive Member, Phillip Webster, was paid \$3,600 for charter boat hire on normal commercial terms.

**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 2018**

Consolidated		Parent	
2018	2017	2018	2017
\$	\$	\$	\$

16 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	Colin Waller	Peter Tudehope	Matthew Thomas
Des Kennedy	Joanne Blair	Robert Lees	Peter Harris
Michael Johnson	Gavin Brown		

Transactions with Key Management Personnel

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

Short Term Employee Benefits

Salary and Wages	451,986	409,374	451,986	409,374
Superannuation	25,000	25,000	25,000	25,000
	<u>476,986</u>	<u>434,374</u>	<u>476,986</u>	<u>434,374</u>

The following key management personnel were officeholders in the Association's subsidiary companies referred to in note 2 (f); Scott Leach, Lynette Humphreys, Colin Waller, 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)
 ABN 64 243 628 807
 AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2018**

	Consolidated		Parent	
	2018	2017	2018	2017
	\$	\$	\$	\$
17 RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO PROFIT / (LOSS) AFTER INCOME TAX				
Profit / (Loss) for the Year	1,783,262	1,992,174	(23,439)	81,274
<i>Non-Cash Flows and Non-Operating Items in Operating Profit:</i>				
Depreciation	384,711	365,664	384,711	365,664
(Profit) / Loss on Disposal of Non-Current Assets	(1,523)	7,151	(1,523)	7,171
<i>Changes in Assets and Liabilities:</i>				
(Decrease) / Increase in Receivables	(32,431)	(197,256)	1,097,196	1,713,625
Decrease in Inventory	-	581	-	581
(Increase) in Other Assets	(151,799)	(90,912)	(151,799)	(90,912)
Increase in Payables	162,284	-	781,910	-
Increase in Income in Advance	229,462	587,082	229,462	587,082
(Decrease) / Increase in Provisions	(655,852)	825,750	(655,852)	825,750
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,718,114</u>	<u>3,490,234</u>	<u>1,660,666</u>	<u>3,490,235</u>

**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 2018**

	Consolidated		Parent	
	2018	2017	2018	2017
	\$	\$	\$	\$

18 FINANCIAL INSTRUMENTS

Capital Management

The Reporting Unit manages its capital to ensure it is able to continue as going concerns. 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:

Held to Maturity Investments	10,008,356	10,000,000	10,008,356	10,000,000
Available for Sale Investments	4,800,000	4,800,000	2	4
Loans and Receivables	848,731	816,300	893,891	1,991,087
	<u>15,657,087</u>	<u>15,616,300</u>	<u>10,902,249</u>	<u>11,991,091</u>

Financial Liabilities:

Trade and Other Payables	<u>5,106,835</u>	<u>4,715,090</u>	<u>5,726,462</u>	<u>4,715,090</u>
--------------------------	------------------	------------------	------------------	------------------

Market Risk

Market risk includes interest rate risk. The Association 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.

Credit Risk

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

Cash at Bank and Term Deposits (excluding Petty Cash)	13,242,542	11,599,963	13,185,096	11,599,963
Receivables	848,731	816,300	893,891	1,991,087
Investments	<u>4,800,000</u>	<u>4,800,000</u>	<u>2</u>	<u>4</u>
	<u>18,891,273</u>	<u>17,216,263</u>	<u>14,078,989</u>	<u>13,591,054</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 receivable recoverable in full and no provision is required.

The Association has a debt owing from a Controlled Entity which is recoverable and this amount is eliminated on consolidation.

Investments in subsidiaries are carried at cost which in the opinion of the Committee of Management equates to or is less than their fair value.

In the opinion of the Committee of Management, AHA Holdings does not have any significance influence over HEM and therefore has resolved not to equity account for this investment. The investment is recorded at cost which in the opinion of the Committee of Management is below its fair value which is based on audited accounts for HEM for the year ended 30 June 2018.

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 2018

18 FINANCIAL INSTRUMENTS (Continued)

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.

19 NOTICE PURSUANT TO SECTION 272 FAIR WORK (REGISTERED ORGANISATION) ACT 2009 ("RO ACT")

In accordance with the requirements of the *RO Act*, the attention of members is drawn to the provisions of *Subsections (1) to (3) of Section 272*, which reads as follows:

"Information to be provided to members or Commissioner of the Fair Work Commission:

1. A member of a reporting unit, or Commissioner, may apply to the Reporting Unit for specified prescribed information in relation to the Reporting Unit to be made available to the person making the application.
2. The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the Reporting Unit.
3. A Reporting Unit must comply with an application made under *Subsection (1)*."

20 EVENTS SUBSEQUENT TO REPORTING PERIOD

No matters or circumstances have arisen since 31 December 2018 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**

CERTIFICATE BY PRESCRIBED DESIGNATED 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 documents lodged herewith are copies of the full report for the Reporting Unit for the period ended 31 December 2018 referred to in *Section 268* of the *Fair Work (Registered Organisations) Act 2009*;
- b) the full report was presented to a meeting of the Committee of Management of the Reporting Unit on 7 March 2019 in accordance with *Section 266* of the *Fair Work (Registered Organisations) Act 2009*; and
- c) the full report will be provided to members of the Reporting Unit on 9 April 2019.

I also certify:

- a) the number of members of the Association at 31 December 2018 was 1,801;
- b) The accompanying consolidated financial statements show a true and fair view of the financial affairs of the Reporting Unit at 31 December 2018;
- 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: 7th March 2019

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

**REPORT REQUIRED UNDER SUBSECTION 255 (2A) OF THE FAIR WORK
 (REGISTERED ORGANISATIONS) ACT 2009**

FOR THE YEAR ENDED 31 DECEMBER 2018

	Consolidated		Parent	
	2018	2017	2018	2017
	\$	\$	\$	\$

The Committee of Management presents the expenditure report as required under *subsection 255 (2A)* of the *Fair Work (Registered Organisations) Act 2009* on the Reporting Unit for the year ended 31 December 2018

Categories of expenditure

Advertising	(65,550)	(170,400)	(65,550)	(170,400)
Capitation Fees and Other Expenses to Another Reporting Unit	(658,579)	(1,158,579)	(658,579)	(1,158,579)
Donations to Political Parties	(172,977)	(215,182)	(172,977)	(215,182)
Legal Costs	(43,440)	(63,461)	(43,440)	(63,461)
Operating Costs	(4,415,547)	(4,168,661)	(4,381,477)	(4,168,661)
Remuneration, and Other Employment Related Expenses, in respect of Employees	(3,660,473)	(3,137,940)	(3,660,473)	(3,137,940)



**Joanne Blair
 Accounting Officer**

Dated at Sydney: 7th March 2019

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

AUSTRALIAN HOTELS ASSOCIATION – NSW 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 2018.

1. Principal activities of the Branch

- a) The Branch operates as the New South Wales Branch of the Australian Hotels Association, 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;
 - Representation of members interests to various regulatory authorities relating to liquor licensing;
 - Representation of members interests 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 housing 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 (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES**

AUSTRALIAN HOTELS ASSOCIATION – NSW 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.

e) There have been no significant changes in the principal activities of the Branch in the financial year ended 31 December 2018.

2. Financial activities of the Branch

There were no financial activities of the Branch for the financial year which ended on 31 December 2018.

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 2018 was 1,801.

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

AUSTRALIAN HOTELS ASSOCIATION – NSW 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 2018 to 31 December 2018 the Branch's Committee of Management comprised of the following persons:

Name	Position	Period
Scott Leach	President	1 January 2018 to 31 December 2018
Lynette Humphreys	Senior Vice-President (General Division)	1 January 2018 to 31 December 2018
Peter Tudehope	Senior Vice-President (Accommodation Division)	1 January 2018 to 31 December 2018
Kim Maloney	Vice President	1 January 2018 to 31 December 2018
Colin Waller	Secretary/Treasurer	1 January 2018 to 10 April 2018
Matthew Thomas	Member representing the Accommodation Division	1 January 2018 to 31 December 2018
Desmond Kennedy	Country Member representing the General Division	1 January 2018 to 31 December 2018
Rolly De With	Country Member representing the General Division	1 January 2018 to 31 December 2018
Joanne Blair	Country Member representing the General Division	1 January 2018 to 10 April 2018
Phillip Webster	Metropolitan Member representing the General Division	1 January 2018 to 31 December 2018
Peter Harris	Metropolitan Member representing the General Division	1 January 2018 to 31 December 2018
Robert Lees	Metropolitan Member representing the General Division	1 January 2018 to 31 December 2018
Michael Johnson	Member representing the Accommodation Division	4 April 2018 to 31 December 2018
Joanne Blair	Secretary/Treasurer	10 April 2018 to 31 December 2018
Gavin Brown	Country Member representing the General Division	10 April 2018 to 31 December 2018

Signed on behalf of the Committee of Management


Scott Leach
Member of Committee


Joanne Blair
Member of Committee

Dated at Sydney: 7th MARCH, 2019.

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

COMMITTEE OF MANAGEMENT STATEMENT

On 7 March 2019, the Committee of Management of the Australian Hotels Association (NSW) (“the Association”) and its Controlled Entities (together referred to as the “Reporting Unit”) passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 31 December 2018:

The Committee of Management declares that in its opinion:

- a) the financial statements and notes comply with the Australian Accounting Standards;
- b) the financial statements and notes comply with any other requirements imposed by the Reporting Guideline or *Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009* (“RO Act”).
- c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Reporting Unit for the financial year to which they relate;
- d) there are reasonable grounds to believe that the Reporting Unit will be able to pay its debts as and when they become due and payable; and
- e) during the financial year to which the GPFR relates and since the end of that year:
 - meetings of the Committee of Management were held in accordance with the rules of the Association including the rules of a Branch concerned; and
 - the financial affairs of the Reporting Unit have been managed in accordance with the rules of the Association including the rules of a Branch concerned; and
 - the financial records of the Reporting Unit have been kept and maintained in accordance with the *RO Act*; and
 - where the Association consists of two or more Reporting Units, the financial records of the Reporting Unit have been kept, as far as practicable, in a consistent manner with each of the other Reporting Units of the Association; and
 - where information has been sought in any request by a member of the Reporting Unit or Commissioner duly made under *Section 272* of the *RO Act* has been provided to the member or Commissioner; and
 - where any order for inspection of financial records has been made by the Fair Work Commission under *Section 273* of the *RO Act*, there has been compliance.
- f) the Reporting Unit has not derived revenue from undertaking recovery of wages activity during the reporting period; or
- g) where the Reporting Unit has derived revenue from undertaking recovery of wages activity:
 - the financial report on recovery of wages activity has been fairly and accurately prepared in accordance with the requirements of the reporting guidelines of the Commissioner; and
 - the Committee of Management instructed the Auditor to include in the scope of the audit required under *Subsection 257(1)* of the *RO Act* all recovery of wages activity by the Reporting Unit from which revenues had been derived for the financial year in respect of such activity; and

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


COMMITTEE OF MANAGEMENT STATEMENT (CONTINUED)


- no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from monies recovered from employers on behalf of workers other than reported in the financial report on recovery of wages activity and the notes to the financial statements; and
- that prior to engaging in any recovery of wages activity, the Association has disclosed to members by way of a written policy all fees to be charged or reimbursement of expenses required for recovery of wages activity, and any likely request for donations or other contributions in acting for a worker in recovery of wages activity; and
- no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from monies recovered from employers on behalf of workers until distributions of recovered money were made to the workers.

We also certify:

- a) Meetings of the Committee of Management were held in accordance with the Rules of the Association;
- b) During the financial year to which the consolidated financial statements relate, there has not been, to the knowledge of any member of the Committee of Management, instances where records of the Association or other documents (not being documents containing information made available to a member of the Association under the Regulations of the *Industrial Relations Act 1996 (NSW)*), or copies of those records or other documents, or copies of the Rules of the Association, have not been furnished or made available to members of the Association in accordance with the *Industrial Relations Act 1996 (NSW)*, this regulation or the Rules of the Association, as the case may be; and
- c) In relation to the report prepared in accordance with the regulations under the *Industrial Relations Act 1996 (NSW)* by the Auditor of the Association in respect of the financial year immediately preceding the financial year to which these consolidated financial statements relate and in relation to any financial report prepared in accordance with the Regulations under the *Industrial Relations Act 1996 (NSW)* to which that report relates, the Association has distributed the relevant financial report in accordance with the Regulations under the *Industrial Relations Act 1996 (NSW)*.

This Statement is made in accordance with a resolution Committee of Management


Scott Leach
Member of Committee


Joanne Blair
Member of Committee

Dated at Sydney: **TTH MARCH, 2019.**

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

OFFICER DECLARATION STATEMENT

I, Joanne Blair, being the Accounting Officer of the Australian Hotels Association (NSW) and its Controlled Entities (together referred to as "the Reporting Unit"), declare that the following activities did not occur during the reporting period ended 31 December 2018.

The Reporting Unit did not:

- agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support not dollar amount)
- agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to agreement regarding financial support not dollar amount)
- acquire an asset or liability due to an amalgamation under *Part 2 of Chapter 3 of the RO Act*, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- receive capitation fees from another reporting unit
- receive any other revenue from another reporting unit
- receive revenue via compulsory levies
- receive donations or grants
- receive revenue from undertaking recovery of wages activity
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- pay compulsory levies
- pay legal costs relating to litigation
- pay a penalty imposed under the *RO Act* or the *Fair Work Act 2009*
- have a payable with other reporting unit(s)
- have a payable to an employer for that employer making payroll deductions of membership subscriptions
- have a payable in respect of legal costs relating to litigation
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- have a balance within the general fund
- provide cash flows to another reporting unit and/or controlled entity
- receive cash flows from another reporting units and/or controlled entity
- have another entity administer the financial affairs of the Reporting Unit
- make a payment to a former related party of the Reporting Unit



**Joanne Blair
Accounting Officer**

Dated at Sydney: 7th March 2019

**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 2018, consisting of the Consolidated Statement of Financial Position as at 31 December 2018, 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; Certificate by Prescribed Accounting Officer, Report Required under Subsection 255 (2A) of the Fair Work (Registered Organisations) Act 2009, the Committee of Management Statement and the Officer Declaration Statement.

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 Reporting Guidelines of *Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009* and 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 2018; 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)**

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

The Committee of Management is responsible for the other information. The other information comprises the information included in the Reporting Unit's annual report for the year ended 31 December 2018 and the Operating Report but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and the Operating Report and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and the Operating Report and, in doing so, consider whether the other information and the Operating Report are materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the other information or the Operating Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Committee of Management for the Financial Report

The Committee of Management of the Reporting Unit is responsible for the preparation and true and fair presentation of the financial report in accordance with Australian Accounting Standards, the *Fair Work (Registered Organisations) Act 2009* 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.

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

Auditor's Responsibilities for the Audit of the Financial Report (Continued)

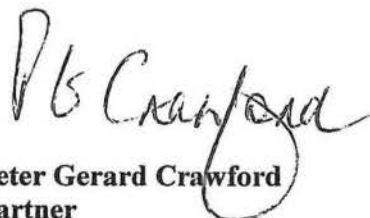
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Reporting Unit's internal control.
- Evaluate the appropriateness of accounting 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.
- 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 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.

We declare that the Audit Partner is an auditor registered under the *RO Act*.



V J RYAN & CO
Chartered Accountants

Level 5
255 George Street
SYDNEY NSW 2000



Peter Gerard Crawford
Partner

Dated at Sydney: 7 March 2019

Registration Number: AA2017/212


**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 39 and 40 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 2018. 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
Chartered Accountants

Level 5
255 George Street
SYDNEY NSW 2000


Peter Gerard Crawford
Partner

Dated at Sydney: 7 March 2019

Registration Number: AA2017/212

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

**PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Consolidation	
	2018	2017
	\$	\$
INCOME		
Advertising Commissions	893,423	770,314
Dividend Received	1,806,700	1,910,900
Interest Income	242,036	202,659
Legal Fees	122,670	-
Keno Commission	884,191	870,709
Membership Activities	2,864,876	3,137,636
Membership Subscriptions	4,369,120	4,379,843
Profit on Disposal of Non-Current Assets	1,523	-
	<u>11,184,539</u>	<u>11,272,061</u>
EXPENDITURE		
Accommodation Division	603,979	459,504
Accounting and Consulting Fees	21,300	24,175
Administration	797	1,454
Advertising and Staff Hire	14,000	1,963
Annual Leave	29,422	(28,187)
Auditor's Remuneration	42,000	42,000
Bank and Credit Card Charges	13,318	20,822
Capitation and Affiliation Fees	145,394	145,394
Casual Wages	12,943	-
Cleaning and Laundry	57,888	57,114
Computer and Development Costs	98,781	98,494
Delegates	244,872	303,721
Depreciation	384,711	365,664
Donations	215,125	73,851
Electricity	49,440	43,255
Executive Administration	441,090	477,536
Executive and Committee of Management	68,053	111,663
Flowers and Plant Hire	7,730	7,098
Fringe Benefits Tax	14,400	15,600
Gaming Department	122,517	154,316
Hotel Advertising Campaign	65,550	147,500
Hotel News	218,123	216,057
Industrial and Membership	176,286	157,951
Industry Development	-	22,307
Industry Protection Fund	350,000	850,000
Insurance	85,507	69,424
Legal Costs	43,440	63,461
Liquor, Policing & Research	60,723	42,837
Long Service Leave	76,843	83,593
Loss on Disposal of Non-Current Assets	-	7,171

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 2018**

	Consolidation	
	2018	2017
	\$	\$
EXPENDITURE (Continued)		
Marketing	1,107,644	948,289
Membership	185,151	161,809
National Executive and Board Meetings	15,429	22,905
National Office Costs	163,185	163,185
Parking Levy	41,504	40,234
Payroll Preparation	4,734	4,344
Payroll Tax	157,184	136,837
Political Engagement	258,087	424,110
President's Allowance	100,000	81,385
Printing and Stationery	3,692	7,121
Provision for Doubtful Debts Movement	-	266
Public Relations	64,825	63,545
Rates, Taxes and Strata Levies	72,312	54,653
Regional Meetings	24,436	26,745
Repairs and Maintenance	35,279	89,824
Salaries and Wages	3,086,679	2,658,470
Security	558	365
Sponsorship	24,614	30,716
Staff Amenities	14,422	11,771
Superannuation	295,945	271,627
Telephone	24,457	22,590
Travel	6,908	4,604
Treasurer's Allowance	50,000	18,754
	<u>9,401,277</u>	<u>9,279,887</u>
Profit for the Year	<u>1,783,262</u>	<u>1,992,174</u>

This statement has not been audited.

ANNEXURE C

AHA
NSW

AUSTRALIAN HOTELS
ASSOCIATION
NEW SOUTH WALES

ANNUAL REPORT 2018

WINNERS 2018

AWARDS
FOR EXCELLENCE 2018

BEST BUSH PUB

Armatree Hotel, Armatree

BEST TRADITIONAL HOTEL BAR COUNTRY

The George Tavern Greenhills

BEST TRADITIONAL HOTEL BAR CITY

Rose of Australia, Erskineville

BEST COCKTAIL, LOUNGE OR THEMED BAR

Donnys Manly, Winner

HIGHLY COMMENDED

The Bayview

BEST DRAUGHT BEER QUALITY

Parkview Hotel Alexandria, Alexandria

BEST WINE LIST

The Dolphin Hotel, Surry Hills

HIGHLY COMMENDED

The Junction Hotel Newcastle

BEST RETAIL LIQUOR OUTLET

Toronto Hotel/Toronto

BEST FAMILY FRIENDLY

Moonee Beach Tavern, Moonee Beach

BEST OUTDOOR EXPERIENCE

(INCLUDING ROOFTOP BARS)

Headlands Austinmer Beach, Austinmer

HIGHLY COMMENDED

Watsons Bay Boutique Hotel, Watsons Bay

BEST INNOVATIVE REFURBISHMENT

Crossroads Hotel, Casula

HIGHLY COMMENDED

Orient Hotel, The Rocks

BEST NEW/TOTAL REDEVELOPED HOTEL COUNTRY

Thoroughbred Hotel, Scone

BEST NEW/TOTAL REDEVELOPED HOTEL CITY

Verandah Sydney

HIGHLY COMMENDED

Terminus Hotel, Pyrmont

HEART OF THE COMMUNITY

Settlers Inn Hotel, Port Macquarie

BEST PROMOTIONAL CONCEPT

Royal Hotel Paddington, Paddington

BEST SOCIAL MEDIA ACTIVITY

The Imperial, Erskineville

HIGHLY COMMENDED

Watsons Bay Boutique Hotel, Watsons Bay

BEST RESTAURANT COUNTRY

Bonville Golf Resort, Bonville

BEST RESTAURANT CITY

Barangaroo House, Barangaroo

BEST CASUAL DINING VENUE COUNTRY SOUTHERN

Burrawang Village Hotel, Burrawang

BEST CASUAL DINING VENUE COUNTRY WESTERN

The George Hotel, Bathurst

BEST CASUAL DINING VENUE COUNTRY NORTHERN

The Commonwealth Hotel, Cooks Hill

HIGHLY COMMENDED

Windsor Castle Hotel, East Maitland

BEST CASUAL DINING VENUE CITY CBD/EASTERN

Hyde Park House, Darlinghurst

BEST CASUAL DINING VENUE CITY SOUTHERN

Crossroads Hotel, Casula

BEST CASUAL DINING VENUE CITY WESTERN

The Fiddler, Rouse Hill

BEST CASUAL DINING VENUE CITY NORTHERN

The Oaks, Neutral Bay

BEST STEAK

Verandah, Sydney

BEST BURGER

Huxley's, Caringbah

HIGHLY COMMENDED

Thoroughbred Hotel, Scone

BEST STEAK SANDWICH

Hero of Waterloo Hotel, Millers Point

BEST CHEAP EAT MEAL UNDER \$15

Shortland Hotel, Shortland

HIGHLY COMMENDED

The Mark Hotel, Lambton

BEST LIVE MUSIC VENUE

Cambridge Hotel, Newcastle West

NIGHTLIFE

Kings Cross Hotel, Potts Point

BEST SPORTS BAR

Hunters Hill Hotel, Hunters Hill

BEST GAMING VENUE COUNTRY

The Bradford Hotel, Rutherford

BEST GAMING VENUE CITY

El Cortez Hotel, Canley Heights

BEST PUB TAB COUNTRY

Toormina Hotel, Toormina

BEST PUB TAB CITY

Richards on the Park, Canley Vale

HIGHLY COMMENDED

Highfield Caringbah, Caringbah

BEST KENO VENUE

The Mark Hotel, Lambton

BEST PUB STYLE ACCOMMODATION STANDARD/TRADITIONAL

Nags Head Hotel, Adamstown

BEST PUB STYLE ACCOMMODATION DELUXE OVERNIGHT

Headlands Austinmer Beach, Austinmer

INDUSTRY RISING STAR

Wesley Adams, Barangaroo House, Barangaroo

BARTENDER OF THE YEAR

Pauc Kennedy, Barangaroo House, Barangaroo

CHEF OF THE YEAR COUNTRY

Lawson Park Hotel, Mudgee

HIGHLY COMMENDED

Seaview Tavern, Woolgoolga

CHEF OF THE YEAR CITY

Crossroads Hotel, Casula

HIGHLY COMMENDED

Cruise Bar, West Circular Quay

INDIVIDUAL HOTEL OPERATOR

Kazuko Nelson, Hero of Waterloo Hotel, Millers Point

GROUP HOTEL OPERATOR

Feros Hotel Group

HOTEL OF THE YEAR COUNTRY

The Bayview, Woy Woy

HOTEL OF THE YEAR CITY

Barangaroo House, Barangaroo

ANNUAL REPORT 2018

CONTENTS

- 4 From the President
- 7 From the Chief Executive Officer
- 8 From the Secretary Treasurer
- 10 Financial Report for the year ending 31 December 2018

AHA NSW EXECUTIVE MEMBERS 2018

As at 31 December 2018

PRESIDENT

Scott Leach

SENIOR VICE-PRESIDENT (GENERAL)

Lynette Humphreys

SENIOR VICE-PRESIDENT (ACCOMMODATION)

Peter Tudehope

VICE-PRESIDENT

Kim Maloney

SECRETARY/TREASURER

Joanne Blair

ACCOMMODATION DIVISION REP

Michael Johnson

GENERAL DIVISION REP (COUNTRY)

Desmond Kennedy

Gavin Brown

Rolly De With

GENERAL DIVISION REP (METRO)

Peter Harris

Phillip Webster

Robert Lees

AHA NSW STATE COUNCIL 2018

As at 31 December 2018

METROPOLITAN:

Bankstown - John Thomas
Blacktown & District - Danielle Maree Hilton
Central Coast - Peter Robert Harris
City Central - Elizabeth West
City Central - Steven Speed
City Central - Kim Maloney
East Central - Carolyn Kelly
East Central - Chris Thomas
Eastern Suburbs - Antony Jones
Eastern Suburbs - Robert Ellis Lees
Fairfield - Liverpool - Phillip Webster
Leichhardt - Glebe - Paul McGirr
Leichhardt - Glebe - William Gregory Bliss Ryan
Manly - Warringah - Sean King
Near West & Blue Mtns - Michael Broome
Near West & Blue Mtns - Glendon John Stanford
Newtown - Craig Allan Coote
Newtown - Scott Leach
North Sydney - Peter Calligeros
Northern Suburbs - Paul Dirou
Parramatta - Leon Colosimo
South Sydney - David John Coppleson
South Sydney - Trevor Walker
St George / Sutherland - Lynette Humphreys
Western Suburbs - Patrick Gallagher

COUNTRY:

Albury & District - Daniel William Burke
Barrier - Dean Trengove
Canobolas - Phillip Tudor
Castlereagh/Barwon - Erik Valdis Ozols
Chilley - Campbell Gibson
Clarence River - Gordon Leslie Masters
Far North Coast - Gavin Brown
Far South Coast - David Creary
Goulburn & District - Patrick Burke
Hastings/Manning - Adam Nixon
Illawarra - Michael Thomas Dennis
Lachlan - James Robert Clyburn
Macarthur/Sthn Highlands - Thomas Porter
Mid North Coast - Timothy Smith
Mudgee - Des Kennedy
Murray - Peter John Pretschner
New England - Todd Kelsall
Newcastle - Gabrielle Mary McCabe
Newcastle - Michael John Starkey
Newcastle - Rolly De With
Orana - Joanne Blair
Outback - Daniel McGirr
Riverina - Jason Torresan
Snowy Mtns - Michael Sharkey
South Coast - Colin Waller
South West Slopes - Garry Cummins
Tamworth & District - Rob Broomham
Upper Hunter Valley - Greg Smith
Wagga & District - David Scott Barnhill Jnr
Wagga & District - John McRedmond

ACCOMMODATION:

Matthew Thomas
Peter Tudehope

THE YEAR IN REVIEW

SCOTT LEACH, AHA NSW PRESIDENT



Our industry experiences highs and lows throughout a year.

We have our wins and losses.

We continue to fight the long game against the rising tide of over-regulation and the all-consuming nanny state.

And we continue to innovate, to improve our hotels, and to work hard for the communities we serve.

But the great uncontrollable factor for a heavily regulated industry like ours, is, and always has been, that we are at the whim of the government of the day.

In recent times our industry has had to hunker down and ride out the increasingly turbulent waters of our politics at both a state and federal level.

We have had to rise and fall with the growing polarisation of our political debate and do our best to keep up with the revolving door of leaders here in Macquarie Street and in Canberra.

But in more than a decade at the head of our great Association one fact has become clear to me.

A strong and united industry group is the best antidote to motion sickness.

On 23 March, 2019 we saw the Gladys Berejiklian led Coalition Government returned to power in NSW with the slimmest of majorities.

Her victory means that for the first time in a long time, we have the same premier and the same government as we had when I wrote my column for the last annual report.

That this situation is even worth mentioning is an indication of just how fickle our politics has become.

In the ten years I have been AHA NSW President, the hotel industry has seen six NSW premiers, six Prime Ministers and many Ministers come and go.

An elected Premier has not served out a full-term in this state since Bob Carr's last full term – and that began last century (1999 – 2003).

We want elected leaders to serve a full term.

It allows leaders and ministers to get a true grasp of their portfolios, to understand the nuances of how systems operate.

It allows for solid working relationships to be built.

And it allows business to take risks and grow, because a stable, functioning government is far less likely to rush to the kind of populist, ideology-based decisions which sacrifice the long-term health of the nation for short-term political point scoring.

When a leader is removed, replaced or resigns all of that corporate knowledge is lost.

And all too often the new leader needs to start again. And so do their staff. And so do we.

I like to hold this instability up against the last decade at AHA NSW.

In a decade in which a lot has changed at the policy and media levels, we have ridden the waves of change with stable leadership and a long-serving team full of corporate knowledge – knowledge developed from years at the coal-face.

Our respected CEO John Whelan has been with us for more than a decade now.

Our Director of Legal and Industrial Affairs Phillip Ryan has chalked up an amazing 18 years with the Association and marked a major milestone this year with the launch of Hospitality Legal.

Our Director of Liquor and Policing John Green and my talented EA Jessica Hannaford both also recently marked 10 years with the AHA.

Our Director of Membership Dom Catanzariti has been with us for nine years and our Director of Media and Communications Jason Bartlett for more than eight.

Together, that's more than 60 years of corporate knowledge available to the Association and its members.

We are a stable team, led by a stable executive, working to deliver results for our members. But that is only half the story.

As I travel around this state, and this country in my role as National President, I see that our industry is united in a way it has never been.

We are a united professional body ready and willing to present its case.

We are a group that remembers what unites us is much

stronger than any perceived differences that divide us.

A group that speaks with one voice to ensure fairness and common-sense prevails, and to make sure we are recognised for our true value to the community.

And that is the type of stability politicians these days can only dream about.

I am pleased to say AHA NSW went from strength to strength in 2018.

We held over 30 sub branch meetings across the state and four larger member events which took place in each major region.

We saw membership in our Association reach record levels, our annual Awards for Excellence receive the highest ever number of nominations and for the second year in a row our Rockin' the Pubs competition helped shine the light on the live music industry in NSW.

Following a review of the Local Impact Assessment Scheme, the Government implemented the most consequential changes to gaming legislation in a decade.

This package included welcome changes to how Gaming Machine Entitlements are able to be traded between hotels, in particular for country pubs, as well as the introduction of a GME leasing scheme for smaller hotels.

And in the last 12 months we have again shown what we as an industry can do when we put our minds to it.

Across NSW hotels raised more than \$25 million for charities.

They raised it through big events like the Hotels Have Hearts gala dinner at The Hilton, Sydney which raised \$750,000 for the city's homeless, and the AHA Newcastle Variety Bash which raised \$800,000 for the children's charity.

And it was raised through thousands of smaller gestures; from the country hotel putting a tin on the bar, the city hotel holding

a raffle to get money for a local mum doing it tough, to the trivia night to help a footy team buy some new jerseys.

There will be more challenges in the year to come.

We have a Federal Election looming and the wowsers and their sympathisers continue to gather their strength.

But I am not worried.

Regardless of which government is in office, the resilience and determination of the AHA network across NSW and the rest of Australia will continue to deliver results for members.

The only way to push back the nanny state and bring back common-sense and balance to the politics surrounding our industry is to turn up and speak up.

And nothing will stop that.

I would like to thank AHA NSW CEO John Whelan and his team for their support during the year, in particular my Executive Assistant Jessica Hannaford.

I would also like to thank my wife, Clare, and my mother and business partner Elissa for their support.

Finally, I would like to thank our members.

Hoteliers are remarkable people capable of extraordinary things.

We are respected for our drive and determination in business.

We are known for our compassion, our special place in the community and our wisdom in dealing with everyone equally, no matter their station in life.

Every day – in so many ways – hotels are working to make their communities better places and I look forward to working with you all in the coming year.



PRINCIPAL

DIAMOND

PLATINUM

GOLD

SILVER

BRONZE

THE YEAR IN REVIEW

JOHN WHELAN, AHA NSW CEO



The year of 2018 was an uncharacteristically stable one in NSW politics.

The stability was a chance for AHA NSW to consolidate and to get on with delivering for our members.

In 2018 we continued to deliver for members across a range of services including liquor and policing, media and communications, gaming, membership and legal and industrial affairs and partnerships and events.

Looking back on the year, there were many highlights. These are just a few:

- Following a review of the Local Impact Assessment Scheme, the Government implemented the most consequential changes to gaming legislation in a decade. This package included welcome changes to how Gaming Machine Entitlements are able to be traded between hotels, in particular for country pubs, as well as the introduction of a leasing scheme for smaller hotels.
- We worked in collaboration with Government agencies, industry associations and Registered Training Organisations to develop Licensee and Advanced Licensee training courses that are relevant and price sensitive.
- AHA NSW worked closely with local liquor accords across the State, implementing strategies at the local level to reduce antisocial behaviour in and around venues and foster better relationships with police and the community.
- AHA NSW launched Hospitality Legal Pty Limited - an incorporated legal practice providing specialist legal services to the hospitality industry.
- We also continued to actively represent members in the review of modern awards before the before the Fair Work Commission on a range of matters relevant to the Hospitality Industry.
- During 2018 we held over 30 sub branch meetings across the state and four larger member events which took place in each major region.
- The association continues to provide members with the online GameCare MVSE self-exclusion system.

- Following strong advocacy from TAA NSW, steps have been taken to control unregulated accommodation, introducing a Code of Conduct, and giving power to strata corporations to limit short-term letting.

- The record-breaking 2018 AHA NSW Awards for Excellence again proved a major success for all involved.

Finally, I would like to thank all our members for their efforts on behalf of our great industry over the last year.

In particular I would like to NSW and National President Scott Leach and his hard-working executive team. I'd also like to thank my Deputy CEO Sean Morrissey, my Executive Assistant Jessica Hannaford and all the AHA NSW staff for the hard work they do, day in and day out, to support our members.



MEMBER: 2018 SURPLUS/SERVICES/ STRATEGY/SUCCESSION

JOANNE BLAIR – AHA NSW SECRETARY/TREASURER



For the year 2018 a surplus of \$1.78M was achieved, this is due to the Association operating at virtually breakeven point and HEM declaring a dividend of \$1.80M.

The foresight and determination of past Executive/Council to establish HEM is to be applauded. The Advertising Fee income the association receives throughout the year contributes to our operational activities without the need to increase membership fees, and the Dividend income received (now for the third year in a row) is establishing substantial capital for future investment and will negate the need to impose a levy on members for any major projects.

As at year end, Current Assets were recorded at \$14.3M and Current Liabilities were recorded at \$5.9M, I am pleased to report the Association is in a strong cashflow position with an increase of the Current Ratio from 2.09 (2017) to 2.42.

Net Members Equity increased from \$16.99M (2017) to \$18.77M which is a reflection of the \$1.78M surplus achieved this year.

A change in legislation brought forward the opportunity for the Association to establish Hospitality Legal Pty Limited, a specialist legal firm providing industrial relations services beyond what is provided to our members under your membership fee structure. This entity has begun to produce income to the Association helping cover the cost of delivering Industrial Relations services to members, this department has previously had an operating cost of \$500K-\$600K per year. As this contribution grows it will assist in preventing the need to raise membership fees.

This is my first year in the role of Treasurer, a role I take very seriously, I feel very honoured by the trust the Council have placed in me, when electing me to this role.

I'd like to thank Colin Waller for the seamless transition, made easy by good governance practices already being well established and the Association being in a strong financial position. This doesn't just happen, it is due to Colin's prudent financial management over the previous 14 years he served

as Treasurer. Colin along with the President and the Executive Committee through their leadership have delivered this strong, secure position, for the Association. I look forward to the huge challenge of "filling Colin's shoes".

Finally I would like to thank and acknowledge the CEO John Whelan, and CFO Prabhu Fernando for developing, complying with and enforcing the good governance practices that are already in place that certainly help simplify my role. They have been very accommodating with all of my requests and/or suggestions as I settle into the job. I look forward to working with John and Prabhu and their teams in 2019.

"I'd like to thank Colin Waller for the seamless transition, made easy by good governance practices already being well established and the Association being in a strong financial position. This doesn't just happen, it is due to Colin's prudent financial management over the previous 14 years he served as Treasurer."

GOVERNANCE STATEMENT

The Australian Hotels Association NSW (State Organisation) is an organisation of employers registered under the Industrial Relations Act 1996 (NSW).

Members of the State Organisation are employers of labour in licensed or accommodation venues located throughout New South Wales.

There are two main divisions of the State Organisation – the general division and the accommodation division. The general division largely comprises pubs, bars and taverns. The accommodation division, which is promoted as Tourism Accommodation Australia, comprises venues offering accommodation to the general public.

Subject to a general meeting of members, the business and affairs of the State Organisation are overseen and controlled by the Council. The Council comprises 57 persons elected by the members of various Divisions and sub-branches for a two year term. The Council meets at least four times each year. All members of the State Organisation are entitled to attend and participate in discussions before the Council, but only members of the Council are permitted to vote.

From the Council, an Executive Committee of 12 persons is elected to manage matters on behalf of the Council. Similarly to the Council, the Executive Committee is elected for a two year term. In 2018, the Executive Committee met 7 times.

A related entity of the State Organisation is the New South Wales Branch of the Australian Hotels Association, an organisation registered under the Fair Work (Registered Organisations) Act 2009 (Cth). The structure and divisions of the New South Wales Branch of the AHA are identical to the State Organisation.

Under special arrangements, the persons occupying positions

on the Council and Executive Committee of the State Organisation occupy the same positions in the NSW Branch of the AHA, with elections conducted by the Australian Electoral Commission.

Both the State Organisation and the NSW Branch of the AHA are required to hold an annual general meeting of members. The purpose of these meetings is:

- The presentation of the Annual Report;
- The presentation of the Auditor's Report; and
- To consider any other business of which notice has been given.

All members are entitled to be heard and vote at general meetings.

The Executive Committee and Council aim to ensure that members have input on, and are informed of, all major issues and developments affecting the industry. A number of communication channels are used to interact with members including:

- An extensive range of seminars, meetings and other member events held throughout New South Wales;
- Member Update: A fortnightly newsletter;
- Hotel News: A monthly journal;
- Regular direct email communications;
- www.ahansw.com.au - our website containing up-to-date and relevant information; and
- The Annual Report: summarising the past year's activities and including the financial and auditor's reports.

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

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

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

CONTENTS	PAGE
Consolidated Statement of Profit or Loss and Other Comprehensive Income	1
Consolidated Statement of Financial Position	2
Consolidated Statement of Cash Flows	3
Consolidated Statement of Changes in Equity	4
Notes to the Consolidated Financial Statements	5 – 26
Certificate by Prescribed Designated Officer	27
Report Required Under Subsection 255 (2A) of the Fair Work (Registered Organisations) Act 2009	28
Operating Report	29 – 31
Committee of Management Statement	32 – 33
Officer Declaration Statement	34
Independent Auditor's Report to the Members	35 – 37
Compilation Report to the Members	38
Profit and Loss Statement	39 – 40

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 2018

	Note	Consolidated		Parent	
		2018	2017	2018	2017
		\$	\$	\$	\$
REVENUE					
Membership Subscriptions		4,369,120	4,379,843	4,369,120	4,379,843
Gain on Disposal of Non-Current Assets		1,523	-	1,523	-
Grants and/or Donations		-	-	-	-
Other Revenue		6,813,896	6,892,218	4,973,125	4,981,318
Revenue from Recovery of Wages Activity		-	-	-	-
	3	11,184,539	11,272,061	9,343,768	9,361,161
EXPENDITURE					
Advertising		(65,550)	(170,400)	(65,550)	(170,400)
Capitation Fees and Other Expenses to Another Reporting Unit	4(b) – (d)	(658,579)	(1,158,579)	(658,579)	(1,158,579)
Donations to Political Parties		(172,977)	(215,182)	(172,977)	(215,182)
Legal Costs		(43,440)	(63,461)	(43,440)	(63,461)
Operating Costs		(4,415,547)	(4,168,661)	(4,381,477)	(4,168,661)
Remuneration, and Other Employment Related Expenses, in respect of Employees	4(a)	(3,660,473)	(3,137,940)	(3,660,473)	(3,137,940)
Profit Before Depreciation and Income Tax Expense		2,167,973	2,357,838	361,272	446,938
Depreciation		(384,711)	(365,664)	(384,711)	(365,664)
Profit / (Loss) Before Income Tax Expense		1,783,262	1,992,174	(23,439)	81,274
Income Tax Expense	6	-	-	-	-
PROFIT / (LOSS) FOR THE YEAR		1,783,262	1,992,174	(23,439)	81,274
OTHER COMPREHENSIVE INCOME					
Items that may be Reclassified Subsequently to Profit or Loss		-	-	-	-
Items that will not be Reclassified Subsequently to Profit or Loss		-	-	-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		1,783,262	1,992,174	(23,439)	81,274

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 2018

	Note	Consolidated		Parent	
		2018	2017	2018	2017
		\$	\$	\$	\$
CURRENT ASSETS					
Cash and Cash Equivalents	7	13,245,551	11,602,972	13,188,095	11,602,962
Trade and Other Receivables	8	848,731	816,300	893,891	1,991,087
Inventory	9	1,161	1,161	1,161	1,161
Other Assets	10	276,106	124,307	276,106	124,307
TOTAL CURRENT ASSETS		14,371,549	12,544,740	14,359,253	13,719,517
NON-CURRENT ASSETS					
Property, Plant and Equipment	11	5,557,891	5,865,544	5,557,891	5,865,544
Investments	12	4,800,000	4,800,000	2	4
TOTAL NON-CURRENT ASSETS		10,357,891	10,665,544	5,557,893	5,865,548
TOTAL ASSETS		24,729,440	23,210,284	19,917,146	19,585,065
CURRENT LIABILITIES					
Trade and Other Payables	13	5,106,836	4,715,090	5,726,462	4,715,090
Provisions	14	712,583	1,288,744	712,583	1,288,744
TOTAL CURRENT LIABILITIES		5,819,419	6,003,834	6,439,045	6,003,834
NON-CURRENT LIABILITIES					
Provisions	14	133,365	213,056	133,365	213,056
TOTAL NON-CURRENT LIABILITIES		133,365	213,056	133,365	213,056
TOTAL LIABILITIES		5,952,784	6,216,890	6,572,410	6,216,890
NET ASSETS		18,776,656	16,993,394	13,344,736	13,368,175
EQUITY					
Capital Funds		10	10	-	-
Retained Earnings		18,776,646	16,993,384	13,344,736	13,368,175
TOTAL EQUITY		18,776,656	16,993,394	13,344,736	13,368,175

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 2018

Note	Consolidated		Parent	
	2018	2017	2018	2017
	\$	\$	\$	\$
Cash Flows from Operating Activities:				
Receipts from Members and Third Parties	9,101,849	8,961,227	10,197,404	10,872,128
Payment to Suppliers and Employees	(8,023,892)	(7,175,973)	(7,370,195)	(7,175,973)
Contributions to Other Reporting Units	(1,408,579)	(408,579)	(1,408,579)	(408,579)
Dividend Received	1,806,700	1,910,900	-	-
Interest Income	242,036	202,659	242,036	202,659
Net Cash Provided By Operating Activities	17	1,718,114	3,490,234	1,660,666
Cash Flows from Investing Activities				
Payment for Property, Plant and Equipment	(99,582)	(192,280)	(99,582)	(192,280)
Proceeds from Sale of Property, Plant and Equipment	24,047	30,000	24,047	30,000
Payment for Investments	-	-	-	(1)
Proceeds from Sale of Investments	-	-	2	-
Proceeds from Capital Funds	-	10	-	-
Net Cash (Used In) Investing Activities		(75,535)	(162,270)	(75,533)
Net Increase in Cash held		1,642,579	3,327,964	1,585,133
Cash and Cash Equivalents at Beginning of Financial Year		11,602,972	8,275,008	11,602,962
Cash and Cash Equivalents at End of Financial Year	7	13,245,551	11,602,972	13,188,095

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 2018

	Capital Funds	Retained Earnings	Total Equity
	\$	\$	\$
CONSOLIDATED			
At 1 January 2017	-	15,001,210	15,001,210
Total Comprehensive Income for the Year			
Net Profit for the Year		1,992,174	1,992,174
Other Comprehensive Income			
Other Comprehensive Income		-	-
Trust Settlement	10	-	10
At 31 December 2017	10	16,993,384	16,993,394
Total Comprehensive Income for the Year			
Net Profit for the Year		1,783,262	1,783,262
Other Comprehensive Income			
Other Comprehensive Income		-	-
At 31 December 2018	10	18,776,646	18,776,656
PARENT			
At 1 January 2017		13,286,901	13,286,901
Total Comprehensive Income for the Year			
Net Profit for the Year		81,274	81,274
Other Comprehensive Income			
Other Comprehensive Income		-	-
At 31 December 2017		13,368,175	13,368,175
Total Comprehensive Income for the Year			
Net (Loss) for the Year		(23,439)	(23,439)
Other Comprehensive Income			
Other Comprehensive Income		-	-
At 31 December 2018		13,344,736	13,344,736

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 2018

1 CORPORATE INFORMATION

The financial report of the Australian Hotels Association (NSW) ("the Association"), and its Controlled Entities (together referred to as "the Reporting Unit") for the year ended 31 December 2018 was authorised for issue in accordance with a Resolution of the Committee of Management on the date of authorisation of the Committee of Management Statement.

The Reporting Unit 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 and Interpretations issued by the Australian Accounting Standards Board that apply for the reporting period, the *Fair Work (Registered Organisation) Act 2009 ("RO Act")* and the *Industrial Relations Act 1996 (NSW)*. For the purpose of preparing the general purpose financial statements, the Association is a not-for-profit entity and the Controlled Entities are for-profit entities.

A statement of compliance with the International Financial Reporting Standards as issued by the International Accounting Standards Board cannot be made due to the Association applying not-for-profit specific requirements contained in the Australian Accounting Standards.

The consolidated financial statements, except for the cash flow information, have been prepared on an accrual basis. The consolidated financial statements have been prepared on the basis of historical cost, except where measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. 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) Fair Value Measurement ("FVM")

The Reporting Unit measures, where indicated, financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The FVM is based on the presumption the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of this, the most advantageous market for the asset or liability. In estimating the fair value of an asset or a liability, the Reporting Unit takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, with the exception of the investment in Hospitality Employers Mutual Limited which is valued at cost. Trade and other payables have been brought to account also at cost.

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 2018

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Fair Value Measurement ("FVM") (Continued)

For financial reporting purposes, FVMs are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the FVMs are observable and the significance of the inputs to the FVM in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Reporting Unit can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(c) Comparative Amounts

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

(d) Future Australian Accounting Standard Requirements

The Reporting Unit has not adopted any Australian Accounting Standard earlier than the application date. At the date of authorisation of the financial statements, the significant Standards and Interpretations that were issued but not yet effective are as follows:

Standard	Effective for Annual Reporting Periods Beginning on or After	Expected to be Initially Applied in the Financial Year Ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2019	31 December 2019
AASB 15 'Revenue from Contracts with Customers'	1 January 2019	31 December 2019

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 2018

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Basis of Consolidation

The Australian Hotels Association (NSW) ("the Association") is the ultimate parent company. 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 and Hospitality Legal Pty Limited (together referred to as "the Reporting Unit").

Hospitality Legal Pty Limited is the Trustee of Australian Hotels Association NSW Legal Practice Trust ("the Trust"). The Association is the sole beneficiary of the Trust.

Hotel Technologies Pty Limited and Hotel Technologies Finance Pty Limited were both deregistered on 29 May 2018.

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.

All intra group transactions, balances, income and expenses are eliminated in full on consolidation.

(f) Revenue Recognition

Revenue is recognised to the extent that it is probable that the accrued benefits will flow to the Reporting Unit. The following specific recognition criteria also apply before revenue is recognised:

- Subscription revenue from general division members is recognised on a receipt basis and is allocated to the relevant period;
- Dividends are brought to account when received; and
- Other subscription revenue, advertising revenue, commission, interest received and other sundry revenues are recognised on an accrual basis.

(g) 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 Trust does not pay tax as all its 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 2018

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) 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 (f) 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 (f) 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 15 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 2018

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- (i) **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.
- (j) **Cash and Cash Equivalents**
- Cash and cash equivalents in the Consolidated Statement of Financial Position is recognised at its nominal amount and comprises cash on hand and at bank together with short-term deposits with a maturity of six months or less.
- (k) **Trade and Other Receivables**
- The collectability of debts is assessed at the reporting date and specific provision is made for any doubtful debts. The policy is to provide for all debtors greater than 90 days.
- (l) **Property, Plant and Equipment**
- Each class of property, plant and equipment is carried at cost as indicated, less accumulated depreciation.
- Strata Units**
- Strata units including improvements thereto are shown at cost less subsequent depreciation. The Association has adopted the cost model of *AASB 116 Property, Plant and 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 Unit 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 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 2018

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- (m) **Investments**
- The Association accounts for its investments in subsidiaries at cost, which in the opinion of the Committee of Management equates to or is less than their fair value.
- 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 and therefore has resolved not to equity account for this investment. The investment is recorded at cost which in the opinion of the Committee of Management is less than its fair value.
- (n) **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.
- At the reporting date, the Committee of Management does not consider any asset impaired.
- (o) **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.
- (p) **Interest Bearing Loans and Borrowings**
- All loans and borrowings are recognised at their principal amount including transaction costs attributable to their issue. The Reporting Unit has no interest bearing loans at the reporting date.
- (q) **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)
 ABN 64 243 628 807
 AND ITS CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2018

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) 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 Reporting Unit has a present obligation to pay resulting from employees' services provided up to the reporting date.

- Liabilities for short term employee benefits (such as wages, salaries, annual and long service leave) which are expected to be settled within 12 months of the end of the reporting period are measured at their nominal amounts. The provision has been calculated at current wage and salary rates including related on-costs. Sick leave is expensed as incurred.
- Other long term employee benefits which are expected to be settled beyond twelve months are measured as the present value of the estimated future cash out flows to be made in respect of services provided by employees up to the reporting date.
- 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.

(s) 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.

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 2018

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) 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. During the current year, the Committee of Management determined that the useful lives of assets do not require amendment.
- Valuation of Strata Units – as outlined in note 11 this asset is carried at cost. 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 2018 financial year.
- Valuation of Investments – as outlined in note 12 these assets are carried at cost. The Committee of Management has determined based on evidence at hand the carrying amount of these assets is below its fair value.
- Provision for Doubtful Debts – The Reporting Unit reviews all trade debtors at each reporting date and makes a specific provision for all debtors greater than 90 days. At the reporting date there was no provision required as no debts were due past 90 days.

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 2018

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Financial Instruments

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

Financial Assets

They are classified into the following specific categories:

Fair Value Through Profit or Loss ("FVTPL")

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling 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 assets held at FVTPL.

Held-to-Maturity Investments ("HTM")

Term deposits (as outlined in note 7) and investments (as outlined in note 12) with fixed or determinable payments and fixed maturity dates that the Association or Controlled Entities have the positive intent and ability to hold to maturity, are classified as HTM investments. HTM investments are measured at cost.

Available for Sale Investments ("AFS")

The Reporting Unit has an AFS investment outlined in note 12.

Loans and Receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost less any impairment.

Impairment of Financial Assets

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

The Committee of Management have determined no financial asset is impaired.

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 2018

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) 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.

(w) Going Concern

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

(x) Events after the Reporting Period

There were no events that occurred after 31 December 2018, and/or prior to signing the financial statements, that would affect the ongoing structure and financial activities of the Reporting Unit.

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 2018

	Consolidated		Parent	
	2018	2017	2018	2017
	\$	\$	\$	\$
3 REVENUE				
Advertising Commissions	893,423	770,314	893,423	770,314
Dividend Received	1,806,700	1,910,900	-	-
Gain on Disposal of Non-Current Assets	1,523	-	1,523	-
Grants and/or Donations	-	-	-	-
Legal Costs	122,670	-	-	-
Interest Income	242,036	202,659	242,036	202,659
Keno Commissions	884,191	870,709	884,190	870,709
Membership Activities	2,864,876	3,137,636	2,864,876	3,137,636
Membership Subscriptions	4,369,120	4,379,843	4,369,120	4,379,843
Revenue from Recovery of Wages Activity	-	-	-	-
Trust Distribution	-	-	88,600	-
	<u>11,184,539</u>	<u>11,272,061</u>	<u>9,343,768</u>	<u>9,361,161</u>
(a) Capitation Fees included in Membership Subscriptions	<u>145,394</u>	<u>145,394</u>	<u>145,394</u>	<u>145,394</u>

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 2018

	Consolidated		Parent	
	2018	2017	2018	2017
	\$	\$	\$	\$
4 EXPENSES				
(a) Salaries and Wages				
Total Employee Benefits Expense				
Annual Leave	29,422	(28,187)	29,422	(28,187)
Fringe Benefits Tax	14,400	15,600	14,400	15,600
Long Service Leave	76,843	83,593	76,843	83,593
Payroll Tax	157,184	136,837	157,184	136,837
Salary and Wages	3,086,679	2,658,470	3,086,679	2,658,470
Superannuation	295,945	271,627	295,945	271,627
	<u>3,660,473</u>	<u>3,137,940</u>	<u>3,660,473</u>	<u>3,137,940</u>
Breakdown of Salaries and Wages and Superannuation Expenses:				
Holders of Office				
Salary and Wages	451,986	409,374	451,986	409,374
Superannuation	25,000	25,000	25,000	25,000
	<u>476,986</u>	<u>434,374</u>	<u>476,986</u>	<u>434,374</u>
Employees Other Than Holders of Office				
Salary and Wages	2,634,693	2,456,939	2,634,693	2,456,939
Superannuation	270,945	246,627	270,945	246,627
	<u>2,905,638</u>	<u>2,703,566</u>	<u>2,905,638</u>	<u>2,703,566</u>

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 2018

	Consolidated		Parent	
	2018	2017	2018	2017
	\$	\$	\$	\$
4 EXPENSES (Continued)				
(b) Capitation Fees				
Australian Hotels Association (National Office)	145,094	145,094	145,094	145,094
(c) Affiliation Fees				
Australian Hotels Association (National Office)	300	300	300	300
(d) Other Expenses				
Australian Hotels Association (National Office)	513,185	1,013,185	513,185	1,013,185
(e) Grants or Donations				
(incl. amounts paid to political parties)				
Total paid \$1,000 or less	-	-	-	-
Total paid greater than \$1,000	378,556	365,513	378,556	365,513
	378,556	365,513	378,556	365,513
Donations – paid to political parties:				
Total paid \$1,000 or less	-	-	-	-
Total paid greater than \$1,000	172,977	215,182	172,977	215,182
	172,977	215,182	172,977	215,182
(f) Legal Costs				
Legal Costs	43,440	63,461	43,440	63,461
(g) Other Expenses				
Penalties – via <i>RO Act</i>	-	-	-	-
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	42,000	42,000
Other Services – Association	21,300	24,175	21,300	24,175
Other Services – Controlled Entities	150	450	-	-
	63,450	66,625	63,300	66,175
6 INCOME TAX EXPENSE				
No provision has been made for income tax on the results of the Association as it is exempted from income tax under <i>Section 50-15</i> of the <i>Income Tax Assessment Act 1997</i> .				
The Controlled Entities have no tax payable for the 2018 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 2018

	Consolidated		Parent	
	2018	2017	2018	2017
	\$	\$	\$	\$
7 CASH AND CASH EQUIVALENTS				
CURRENT				
Cash on Hand	3,009	3,009	2,999	2,999
Term Deposits	10,008,356	10,000,000	10,008,356	10,000,000
Cash at Bank	3,234,186	1,599,963	3,176,740	1,599,963
	13,245,551	11,602,972	13,188,095	11,602,962
8 TRADE AND OTHER RECEIVABLES				
CURRENT				
Receivable from Other Reporting Units	-	-	-	-
Australian Hotels Association NSW Legal Practice Trust	43,440	-	-	-
Australian Hotels Association (NSW) Holdings Pty Limited	-	-	-	1,174,790
Trade Debtors	805,291	816,300	893,891	816,297
	848,731	816,300	893,891	1,991,087
9 INVENTORY				
CURRENT				
Promotion Items – At Cost	1,161	1,161	1,161	1,161
10 OTHER ASSETS				
CURRENT				
Prepayments	276,106	124,307	276,106	124,307
11 PROPERTY, PLANT & EQUIPMENT				
NON-CURRENT				
Strata Units – At Cost	7,762,585	7,762,585	7,762,585	7,762,585
Accumulated Depreciation	(2,460,468)	(2,152,393)	(2,460,468)	(2,152,393)
	5,302,117	5,610,192	5,302,117	5,610,192
Plant and Equipment – At Cost	729,557	699,657	729,557	699,657
Accumulated Depreciation	(651,803)	(624,140)	(651,803)	(624,140)
	77,754	75,517	77,754	75,517
Motor Vehicles – At Cost	246,274	242,790	246,274	242,790
Accumulated Depreciation	(68,254)	(62,955)	(68,254)	(62,955)
	178,020	179,835	178,020	179,835
Total	5,557,891	5,865,544	5,557,891	5,865,544

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 2018

	Consolidated		Parent	
	2018	2017	2018	2017
	\$	\$	\$	\$
11 PROPERTY, PLANT & EQUIPMENT (Continued)				
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	5,610,192	5,918,267	5,610,192	5,918,267
Depreciation	(308,075)	(308,075)	(308,075)	(308,075)
	<u>5,302,117</u>	<u>5,610,192</u>	<u>5,302,117</u>	<u>5,610,192</u>
<u>Plant & Equipment</u>				
Carrying Amount at Beginning of Year	75,517	53,375	75,517	53,375
Additions	29,900	50,298	29,900	50,298
Depreciation	(27,663)	(28,156)	(27,663)	(28,156)
	<u>77,754</u>	<u>75,517</u>	<u>77,754</u>	<u>75,517</u>
<u>Motor Vehicles</u>				
Carrying Amount at Beginning of Year	179,835	104,437	179,835	104,437
Additions	69,682	141,982	69,682	141,982
Disposals	(22,524)	(37,151)	(22,524)	(37,151)
Depreciation	(48,973)	(29,433)	(48,973)	(29,433)
	<u>178,020</u>	<u>179,835</u>	<u>178,020</u>	<u>179,835</u>

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*.

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 2018

	Consolidated		Parent	
	2018	2017	2018	2017
	\$	\$	\$	\$
12 INVESTMENTS				
NON-CURRENT				
Shares in Hospitality Employers Mutual Limited – At Cost	4,800,000	4,800,000	-	-
Shares in Subsidiary Companies – At Cost	-	-	2	4
	<u>4,800,000</u>	<u>4,800,000</u>	<u>2</u>	<u>4</u>
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%.				
In the opinion of the Committee of Management, a prudent valuation accounting policy as indicated in note 2 (m) is to value this investment at cost.				
In the opinion of the Committee of Management, AHA Holdings does not have any significant influence over HEM and therefore has resolved not to equity account for this investment. The investment is recorded at cost which in the opinion of the Committee of Management is less than its fair value.				
13 TRADE AND OTHER PAYABLES				
CURRENT				
Payable to Other Reporting Units	-	-	-	-
Trade Creditors and Accruals	930,497	869,279	930,497	869,279
Legal Costs Accrual	-	-	-	-
GST Payable	302,800	214,020	302,800	214,020
Subscriptions in Advance	3,043,918	2,944,852	3,043,918	2,944,852
Income in Advance	817,336	686,939	817,336	686,939
Australian Hotels Association NSW Legal Practice Trust	12,285	-	-	-
Australian Hotels Association (NSW) Holdings Pty Limited	-	-	631,911	-
	<u>5,106,836</u>	<u>4,715,090</u>	<u>5,726,462</u>	<u>4,715,090</u>

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 2018

	Consolidated		Parent	
	2018	2017	2018	2017
	\$	\$	\$	\$
14 PROVISIONS				
CURRENT				
Employee Entitlements	712,583	538,744	712,583	538,744
Industry Protection Fund Provision	-	750,000	-	750,000
	<u>712,583</u>	<u>1,288,744</u>	<u>712,583</u>	<u>1,288,744</u>
NON-CURRENT				
Employee Entitlements	<u>133,365</u>	<u>213,056</u>	<u>133,365</u>	<u>213,056</u>
Holders of Office				
Annual Leave	25,574	36,022	25,574	36,022
Long Service Leave	<u>94,459</u>	<u>72,790</u>	<u>94,459</u>	<u>72,790</u>
	<u>120,033</u>	<u>108,812</u>	<u>120,033</u>	<u>108,812</u>
Employees Other Than Holders of Office				
Annual Leave	321,410	293,655	321,410	293,655
Long Service Leave	<u>404,505</u>	<u>349,333</u>	<u>404,505</u>	<u>349,333</u>
	<u>725,915</u>	<u>642,988</u>	<u>725,915</u>	<u>642,988</u>

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 2018

15 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 16 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 may provide goods and services to the Association on normal commercial terms and are entitled to the payment of outgoings made on their behalf. No transactions occurred with related parties during the year ended 31 December 2018 apart from those identified in the subsequent paragraphs.

The President was paid an allowance of \$100,000 in the financial year (2017: \$81,385) and Treasurer \$50,000 (2017: \$18,754) by way of compensation for costs incurred.

Other Related Parties

Payment of the sum of \$145,394 (2017: \$145,394) by the Association to the AHA, constituting satisfaction of the obligation of the Federal Branch for the reporting period to the AHA pursuant to Rule 12 of the Rules of the AHA (see also Rule 9 of the Rules of the Federal Branch).

Further payments were made by the Association to the AHA for National Office Costs of \$163,185 (2017: \$163,185) and an Industry Protection Fund contribution of \$350,000 (2017: 850,000).

A company owned by an Executive Member, Phillip Webster, was paid \$3,600 for charter boat hire on normal commercial terms.

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 2018

	Consolidated		Parent	
	2018	2017	2018	2017
	\$	\$	\$	\$

16 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	Colin Waller	Peter Tudehope	Matthew Thomas
Des Kennedy	Joanne Blair	Robert Lees	Peter Harris
Michael Johnson	Gavin Brown		

Transactions with Key Management Personnel

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

Short Term Employee Benefits

Salary and Wages	451,986	409,374	451,986	409,374
Superannuation	25,000	25,000	25,000	25,000
	<u>476,986</u>	<u>434,374</u>	<u>476,986</u>	<u>434,374</u>

The following key management personnel were officeholders in the Association's subsidiary companies referred to in note 2 (f); Scott Leach, Lynette Humphreys, Colin Waller, 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)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Consolidated		Parent	
	2018	2017	2018	2017
	\$	\$	\$	\$

17 RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO PROFIT / (LOSS) AFTER INCOME TAX

Profit / (Loss) for the Year	1,783,262	1,992,174	(23,439)	81,274
------------------------------	-----------	-----------	----------	--------

Non-Cash Flows and Non-Operating Items in Operating Profit:

Depreciation	384,711	365,664	384,711	365,664
(Profit) / Loss on Disposal of Non-Current Assets	(1,523)	7,151	(1,523)	7,171

Changes in Assets and Liabilities:

(Decrease) / Increase in Receivables	(32,431)	(197,256)	1,097,196	1,713,625
Decrease in Inventory	-	581	-	581
(Increase) in Other Assets	(151,799)	(90,912)	(151,799)	(90,912)
Increase in Payables	162,284	-	781,910	-
Increase in Income in Advance	229,462	587,082	229,462	587,082
(Decrease) / Increase in Provisions	(655,852)	825,750	(655,852)	825,750

NET CASH PROVIDED BY OPERATING ACTIVITIES

	<u>1,718,114</u>	<u>3,490,234</u>	<u>1,660,666</u>	<u>3,490,235</u>
--	------------------	------------------	------------------	------------------

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 2018

	Consolidated		Parent	
	2018	2017	2018	2017
	\$	\$	\$	\$
18 FINANCIAL INSTRUMENTS				
Capital Management				
The Reporting Unit manages its capital to ensure it is able to continue as going concerns. 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:				
Held to Maturity Investments	10,008,356	10,000,000	10,008,356	10,000,000
Available for Sale Investments	4,800,000	4,800,000	2	4
Loans and Receivables	848,731	816,300	893,891	1,991,087
	<u>15,657,087</u>	<u>15,616,300</u>	<u>10,902,249</u>	<u>11,991,091</u>
Financial Liabilities:				
Trade and Other Payables	<u>5,106,835</u>	<u>4,715,090</u>	<u>5,726,462</u>	<u>4,715,090</u>
Market Risk				
Market risk includes interest rate risk. The Association 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.				
Credit Risk				
The carrying amount of the Reporting Unit's financial assets represents the maximum credit exposure. The Association's maximum exposure to credit risk at reporting date was:				
Cash at Bank and Term Deposits (excluding Petty Cash)	13,242,542	11,599,963	13,185,096	11,599,963
Receivables	848,731	816,300	893,891	1,991,087
Investments	4,800,000	4,800,000	2	4
	<u>18,891,273</u>	<u>17,216,263</u>	<u>14,078,989</u>	<u>13,591,054</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 receivable recoverable in full and no provision is required.

The Association has a debt owing from a Controlled Entity which is recoverable and this amount is eliminated on consolidation.

Investments in subsidiaries are carried at cost which in the opinion of the Committee of Management equates to or is less than their fair value.

In the opinion of the Committee of Management, AHA Holdings does not have any significance influence over HEM and therefore has resolved not to equity account for this investment. The investment is recorded at cost which in the opinion of the Committee of Management is below its fair value which is based on audited accounts for HEM for the year ended 30 June 2018.

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 2018

18 FINANCIAL INSTRUMENTS (Continued)

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.

19 NOTICE PURSUANT TO SECTION 272 FAIR WORK (REGISTERED ORGANISATION) ACT 2009 ("RO ACT")

In accordance with the requirements of the *RO Act*, the attention of members is drawn to the provisions of *Subsections (1) to (3) of Section 272*, which reads as follows:

"Information to be provided to members or Commissioner of the Fair Work Commission:

1. A member of a reporting unit, or Commissioner, may apply to the Reporting Unit for specified prescribed information in relation to the Reporting Unit to be made available to the person making the application.
2. The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the Reporting Unit.
3. A Reporting Unit must comply with an application made under *Subsection (1)*."

20 EVENTS SUBSEQUENT TO REPORTING PERIOD

No matters or circumstances have arisen since 31 December 2018 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

CERTIFICATE BY PRESCRIBED DESIGNATED 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:

- the documents lodged herewith are copies of the full report for the Reporting Unit for the period ended 31 December 2018 referred to in *Section 268 of the Fair Work (Registered Organisations) Act 2009*;
- the full report was presented to a meeting of the Committee of Management of the Reporting Unit on 7 March 2019 in accordance with *Section 266 of the Fair Work (Registered Organisations) Act 2009*; and
- the full report will be provided to members of the Reporting Unit on 9 April 2019.

I also certify:

- the number of members of the Association at 31 December 2018 was 1,801;
- The accompanying consolidated financial statements show a true and fair view of the financial affairs of the Reporting Unit at 31 December 2018;
- 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;
- 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;
- 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;
- 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
- 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: 7th March 2019

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

REPORT REQUIRED UNDER SUBSECTION 255 (2A) OF THE FAIR WORK
(REGISTERED ORGANISATIONS) ACT 2009

FOR THE YEAR ENDED 31 DECEMBER 2018

Consolidated		Parent	
2018	2017	2018	2017
\$	\$	\$	\$

The Committee of Management presents the expenditure report as required under *subsection 255 (2A)* of the *Fair Work (Registered Organisations) Act 2009* on the Reporting Unit for the year ended 31 December 2018

Categories of expenditure

Advertising	(65,550)	(170,400)	(65,550)	(170,400)
Capitation Fees and Other Expenses to Another Reporting Unit	(658,579)	(1,158,579)	(658,579)	(1,158,579)
Donations to Political Parties	(172,977)	(215,182)	(172,977)	(215,182)
Legal Costs	(43,440)	(63,461)	(43,440)	(63,461)
Operating Costs	(4,415,547)	(4,168,661)	(4,381,477)	(4,168,661)
Remuneration, and Other Employment Related Expenses, in respect of Employees	(3,660,473)	(3,137,940)	(3,660,473)	(3,137,940)



Joanne Blair
Accounting Officer

Dated at Sydney: 7th March 2019

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

AUSTRALIAN HOTELS ASSOCIATION – NSW 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 2018.

1. Principal activities of the Branch

- a) The Branch operates as the New South Wales Branch of the Australian Hotels Association, 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;
 - Representation of members interests to various regulatory authorities relating to liquor licensing;
 - Representation of members interests 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 housing 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 (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES**

AUSTRALIAN HOTELS ASSOCIATION – NSW 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.
- e) There have been no significant changes in the principal activities of the Branch in the financial year ended 31 December 2018.

2. Financial activities of the Branch

There were no financial activities of the Branch for the financial year which ended on 31 December 2018.

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 2018 was 1,801.

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

AUSTRALIAN HOTELS ASSOCIATION – NSW 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 2018 to 31 December 2018 the Branch's Committee of Management comprised of the following persons:

Name	Position	Period
Scott Leach	President	1 January 2018 to 31 December 2018
Lynette Humphreys	Senior Vice-President (General Division)	1 January 2018 to 31 December 2018
Peter Tudehope	Senior Vice-President (Accommodation Division)	1 January 2018 to 31 December 2018
Kim Maloney	Vice President	1 January 2018 to 31 December 2018
Colin Waller	Secretary/Treasurer	1 January 2018 to 10 April 2018
Matthew Thomas	Member representing the Accommodation Division	1 January 2018 to 31 December 2018
Desmond Kennedy	Country Member representing the General Division	1 January 2018 to 31 December 2018
Rolly De With	Country Member representing the General Division	1 January 2018 to 31 December 2018
Joanne Blair	Country Member representing the General Division	1 January 2018 to 10 April 2018
Phillip Webster	Metropolitan Member representing the General Division	1 January 2018 to 31 December 2018
Peter Harris	Metropolitan Member representing the General Division	1 January 2018 to 31 December 2018
Robert Lees	Metropolitan Member representing the General Division	1 January 2018 to 31 December 2018
Michael Johnson	Member representing the Accommodation Division	4 April 2018 to 31 December 2018
Joanne Blair	Secretary/Treasurer	10 April 2018 to 31 December 2018
Gavin Brown	Country Member representing the General Division	10 April 2018 to 31 December 2018

Signed on behalf of the Committee of Management


Scott Leach
Member of Committee


Joanne Blair
Member of Committee

Dated at Sydney: 7th MARCH, 2019.

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

COMMITTEE OF MANAGEMENT STATEMENT

On 7 March 2019, the Committee of Management of the Australian Hotels Association (NSW) ("the Association") and its Controlled Entities (together referred to as the "Reporting Unit") passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 31 December 2018:

The Committee of Management declares that in its opinion:

- a) the financial statements and notes comply with the Australian Accounting Standards;
- b) the financial statements and notes comply with any other requirements imposed by the Reporting Guideline or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* ("RO Act");
- c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Reporting Unit for the financial year to which they relate;
- d) there are reasonable grounds to believe that the Reporting Unit will be able to pay its debts as and when they become due and payable; and
- e) during the financial year to which the GPFR relates and since the end of that year:
 - meetings of the Committee of Management were held in accordance with the rules of the Association including the rules of a Branch concerned; and
 - the financial affairs of the Reporting Unit have been managed in accordance with the rules of the Association including the rules of a Branch concerned; and
 - the financial records of the Reporting Unit have been kept and maintained in accordance with the RO Act; and
 - where the Association consists of two or more Reporting Units, the financial records of the Reporting Unit have been kept, as far as practicable, in a consistent manner with each of the other Reporting Units of the Association; and
 - where information has been sought in any request by a member of the Reporting Unit or Commissioner duly made under Section 272 of the RO Act has been provided to the member or Commissioner; and
 - where any order for inspection of financial records has been made by the Fair Work Commission under Section 273 of the RO Act, there has been compliance.
- f) the Reporting Unit has not derived revenue from undertaking recovery of wages activity during the reporting period; or
- g) where the Reporting Unit has derived revenue from undertaking recovery of wages activity:
 - the financial report on recovery of wages activity has been fairly and accurately prepared in accordance with the requirements of the reporting guidelines of the Commissioner; and
 - the Committee of Management instructed the Auditor to include in the scope of the audit required under Subsection 257(1) of the RO Act all recovery of wages activity by the Reporting Unit from which revenues had been derived for the financial year in respect of such activity; and

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

COMMITTEE OF MANAGEMENT STATEMENT (CONTINUED)


- no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from monies recovered from employers on behalf of workers other than reported in the financial report on recovery of wages activity and the notes to the financial statements; and
- that prior to engaging in any recovery of wages activity, the Association has disclosed to members by way of a written policy all fees to be charged or reimbursement of expenses required for recovery of wages activity, and any likely request for donations or other contributions in acting for a worker in recovery of wages activity; and
- no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from monies recovered from employers on behalf of workers until distributions of recovered money were made to the workers.

We also certify:

- a) Meetings of the Committee of Management were held in accordance with the Rules of the Association;
- b) During the financial year to which the consolidated financial statements relate, there has not been, to the knowledge of any member of the Committee of Management, instances where records of the Association or other documents (not being documents containing information made available to a member of the Association under the Regulations of the *Industrial Relations Act 1996 (NSW)*), or copies of those records or other documents, or copies of the Rules of the Association, have not been furnished or made available to members of the Association in accordance with the *Industrial Relations Act 1996 (NSW)*, this regulation or the Rules of the Association, as the case may be; and
- c) In relation to the report prepared in accordance with the regulations under the *Industrial Relations Act 1996 (NSW)* by the Auditor of the Association in respect of the financial year immediately preceding the financial year to which these consolidated financial statements relate and in relation to any financial report prepared in accordance with the Regulations under the *Industrial Relations Act 1996 (NSW)* to which that report relates, the Association has distributed the relevant financial report in accordance with the Regulations under the *Industrial Relations Act 1996 (NSW)*.

This Statement is made in accordance with a resolution Committee of Management


Scott Leach
Member of Committee


Joanne Blair
Member of Committee

Dated at Sydney: 7th MARCH, 2019.


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

OFFICER DECLARATION STATEMENT

I, Joanne Blair, being the Accounting Officer of the Australian Hotels Association (NSW) and its Controlled Entities (together referred to as "the Reporting Unit"), declare that the following activities did not occur during the reporting period ended 31 December 2018.

The Reporting Unit did not:

- agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support not dollar amount)
- agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to agreement regarding financial support not dollar amount)
- acquire an asset or liability due to an amalgamation under *Part 2 of Chapter 3 of the RO Act*, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- receive capitation fees from another reporting unit
- receive any other revenue from another reporting unit
- receive revenue via compulsory levies
- receive donations or grants
- receive revenue from undertaking recovery of wages activity
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- pay compulsory levies
- pay legal costs relating to litigation
- pay a penalty imposed under the *RO Act* or the *Fair Work Act 2009*
- have a payable with other reporting unit(s)
- have a payable to an employer for that employer making payroll deductions of membership subscriptions
- have a payable in respect of legal costs relating to litigation
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- have a balance within the general fund
- provide cash flows to another reporting unit and/or controlled entity
- receive cash flows from another reporting units and/or controlled entity
- have another entity administer the financial affairs of the Reporting Unit
- make a payment to a former related party of the Reporting Unit


Joanne Blair
Accounting Officer

Dated at Sydney: 7th March 2019



**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 2018, consisting of the Consolidated Statement of Financial Position as at 31 December 2018, 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; Certificate by Prescribed Accounting Officer, Report Required under Subsection 255 (2A) of the Fair Work (Registered Organisations) Act 2009, the Committee of Management Statement and the Officer Declaration Statement.

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 Reporting Guidelines of Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* and 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 2018; 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)**

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

The Committee of Management is responsible for the other information. The other information comprises the information included in the Reporting Unit's annual report for the year ended 31 December 2018 and the Operating Report but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and the Operating Report and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and the Operating Report and, in doing so, consider whether the other information and the Operating Report are materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the other information or the Operating Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Committee of Management for the Financial Report

The Committee of Management of the Reporting Unit is responsible for the preparation and true and fair presentation of the financial report in accordance with Australian Accounting Standards, the *Fair Work (Registered Organisations) Act 2009* 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.

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

Auditor's Responsibilities for the Audit of the Financial Report (Continued)

- 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.
- 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 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.

We declare that the Audit Partner is an auditor registered under the *RO Act*.

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: 7 March 2019

Registration Number: AA2017/212

Liability limited by a scheme approved under Professional Standards Legislation

VJR
V.J. RYAN
& CO
CHARTERED ACCOUNTANTS
A.B.N. 55 704 784 107

**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 39 and 40 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 2018. 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: 7 March 2019

Registration Number: AA2017/212

Liability limited by a scheme approved under Professional Standards Legislation

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

PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

	Consolidation	
	2018	2017
	\$	\$
INCOME		
Advertising Commissions	893,423	770,314
Dividend Received	1,806,700	1,910,900
Interest Income	242,036	202,659
Legal Fees	122,670	-
Keno Commission	884,191	870,709
Membership Activities	2,864,876	3,137,636
Membership Subscriptions	4,369,120	4,379,843
Profit on Disposal of Non-Current Assets	1,523	-
	<u>11,184,539</u>	<u>11,272,061</u>
EXPENDITURE		
Accommodation Division	603,979	459,504
Accounting and Consulting Fees	21,300	24,175
Administration	797	1,454
Advertising and Staff Hire	14,000	1,963
Annual Leave	29,422	(28,187)
Auditor's Remuneration	42,000	42,000
Bank and Credit Card Charges	13,318	20,822
Capitation and Affiliation Fees	145,394	145,394
Casual Wages	12,943	-
Cleaning and Laundry	57,888	57,114
Computer and Development Costs	98,781	98,494
Delegates	244,872	303,721
Depreciation	384,711	365,664
Donations	215,125	73,851
Electricity	49,440	43,255
Executive Administration	441,090	477,536
Executive and Committee of Management	68,053	111,663
Flowers and Plant Hire	7,730	7,098
Fringe Benefits Tax	14,400	15,600
Gaming Department	122,517	154,316
Hotel Advertising Campaign	65,550	147,500
Hotel News	218,123	216,057
Industrial and Membership	176,286	157,951
Industry Development	-	22,307
Industry Protection Fund	350,000	850,000
Insurance	85,507	69,424
Legal Costs	43,440	63,461
Liquor, Policing & Research	60,723	42,837
Long Service Leave	76,843	83,593
Loss on Disposal of Non-Current Assets	-	7,171

AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807

This statement has not been audited.

AND ITS CONTROLLED ENTITIES

PROFIT AND LOSS STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

	Consolidation	
	2018	2017
	\$	\$
EXPENDITURE (Continued)		
Marketing	1,107,644	948,289
Membership	185,151	161,809
National Executive and Board Meetings	15,429	22,905
National Office Costs	163,185	163,185
Parking Levy	41,504	40,234
Payroll Preparation	4,734	4,344
Payroll Tax	157,184	136,837
Political Engagement	258,087	424,110
President's Allowance	100,000	81,385
Printing and Stationery	3,692	7,121
Provision for Doubtful Debts Movement	-	266
Public Relations	64,825	63,545
Rates, Taxes and Strata Levies	72,312	54,653
Regional Meetings	24,436	26,745
Repairs and Maintenance	35,279	89,824
Salaries and Wages	3,086,679	2,658,470
Security	558	365
Sponsorship	24,614	30,716
Staff Amenities	14,422	11,771
Superannuation	295,945	271,627
Telephone	24,457	22,590
Travel	6,908	4,604
Treasurer's Allowance	50,000	18,754
	<u>9,401,277</u>	<u>9,279,887</u>
Profit for the Year	<u>1,783,262</u>	<u>1,992,174</u>

This statement has not been audited.

LIFE MEMBERS LUNCH



Tourism hotels honoured at 2018 TAA NSW AWARDS FOR EXCELLENCE

REGIONAL SUPERIOR HOTEL OF THE YEAR

THE CONVENT HUNTER VALLEY

BRASSERIE/CAFÉ OF THE YEAR

SYDNEY HARBOUR MARRIOTT HOTEL, SILVESTER'S

CONFERENCE AND EVENTS VENUE OF THE YEAR

FOUR SEASONS HOTEL SYDNEY

OUTSTANDING ACHIEVEMENT IN TRAINING

HOLIDAY INN POTTS POINT SYDNEY

HEALTH CLUB AND SPA FACILITIES OF THE YEAR

CHATEAU ELAN HUNTER VALLEY, THE SPA

BAR OF THE YEAR (MID-RANGE - SUPERIOR HOTELS) / MID-RANGE HOTEL OF THE YEAR

MERCURE SYDNEY. EVE'S

FOOD AND BEVERAGE TALENT OF THE YEAR

Jeremy Metzroth
OVOLO WOOLLOOMOOLOO

REDEVELOPED/REFURBISHED HOTEL OF THE YEAR

SHERATON ON THE PARK

EMPLOYEE EXCELLENCE IN SERVICE

Max Monning
SHERATON ON THE PARK

FINANCE TALENT OF THE YEAR

Helen Ip
HOLIDAY INN SYDNEY AIRPORT

SALES TALENT OF THE YEAR

Lachlan Harris
THE LANGHAM, SYDNEY

BAR OF THE YEAR (DELUXE HOTELS) / METROPOLITAN DELUXE HOTEL OF THE YEAR

CHAMPAGNE BAR, SOFITEL SYDNEY DARLING HARBOUR

APARTMENT/SUITE HOTEL OF THE YEAR

MERITON SUITES NORTH SYDNEY

REGIONAL DELUXE HOTEL OF THE YEAR / CHEF OF THE YEAR

EMIRATES ONE&ONLY WOLGAN VALLEY

RESTAURANT OF THE YEAR (MID-RANGE - SUPERIOR HOTELS)

ABODE BISTRO AND BAR, PARKROYAL DARLING HARBOUR

BEST INNOVATION PROJECT

CROWNE PLAZA HUNTER VALLEY

CONFERENCE AND EVENTS TALENT OF THE YEAR

Mary Dolmas
HYATT REGENCY SYDNEY

CONCIERGE OF THE YEAR

Jonathan Fambart
PARK HYATT SYDNEY

IT TALENT OF THE YEAR / HALL OF FAME APARTMENT/SUITE HOTEL OF THE YEAR

Howard Phung
FRASER SUITES SYDNEY

HOUSEKEEPER OF THE YEAR

Gerri Harrison
RYDGES NEWCASTLE

OUTSTANDING COMMUNITY CONTRIBUTION

ATURA BLACKTOWN

BEST ENVIRONMENTAL PRACTICES

LOXLEY ON BELLBIRD HILL

REVENUE/YIELD TALENT OF THE YEAR / HUMAN RESOURCES TALENT OF THE YEAR / RESTAURANT OF THE YEAR (DELUXE HOTELS)

Kate Watt
THE STAR SYDNEY

ENGINEER OF THE YEAR / HOTEL INDUSTRY RISING STAR

Craig Cavers
HILTON SYDNEY

MARKETING TALENT OF THE YEAR

Melinda McCrone
CROWNE PLAZA TERRIGAL PACIFIC

METROPOLITAN SUPERIOR HOTEL OF THE YEAR

NOVOTEL SYDNEY DARLING SQUARE

ROOMS DIVISION TALENT OF THE YEAR

Leigh Salas
FAIRMONT RESORT BLUE MOUNTAINS

WORKPLACE HEALTH AND SAFETY HOTEL OF THE YEAR

HOLIDAY INN DARLING HARBOUR

ENGINEER OF THE YEAR HALL OF FAME

SHANGRI-LA HOTEL



AHA
NSW

AUSTRALIAN HOTELS
ASSOCIATION



21 January 2019

Ms Joanne Blair
Secretary/Treasurer
Australian Hotels Association-New South Wales Branch
By Email: Paul.Nicolaou@ahansw.com.au

Dear Ms Blair,

**Re: Lodgement of Financial Report - [FR2018/312]
*Fair Work (Registered Organisations) Act 2009 (the RO Act)***

The financial year of the Australian Hotels Association-New South Wales Branch (the reporting unit) ended on 31 December 2018. This is a courtesy letter to remind you of the reporting unit's obligations regarding financial reporting.

Loans Grants and Donations Statement

The reporting unit is required to lodge a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding \$1,000 for the reporting unit during its financial year. Section 237 of the RO Act requires this statement to be lodged with the Registered Organisations Commission (the ROC) within 90 days of the end of the reporting unit's financial year, namely on or before 31 March 2019.

The attached fact sheet *Loans Grants and Donations* (FS 009) summarises the requirements of the Loans Grants and Donations Statement. A sample statement of loans, grants or donations is available on our [website](#).

It should be noted that s.237 is a civil penalty provision. If a loan, grant or donation over \$1000 has been made, failure to lodge a statement of loans, grants and donations (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty. Currently penalties are up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual and may be imposed upon your organisation and/or an officer whose conduct led to the contravention.

Financial report

The RO Act sets out a particular chronological order in which your financial report must be prepared, audited, provided to members, presented to a meeting and then lodged with the ROC. The attached document *Summary of Financial Reporting timelines* (FS 008) summarises these requirements.

We emphasise that the reporting unit is required to present its audited financial report to a meeting (either of members or of the committee of management, depending on its rules) no later than 30 June 2019 (s.266). The full financial report must be lodged with the ROC within 14 days of that meeting (s.268).

When assessing your financial report, we will continue to focus closely on timelines as well as how loans, grants and donations are reported (see attached *Loans Grants and Donations* fact sheet FS 009). The financial report must break down the amounts of grants and donations and these figures will be compared to the loans, grants and donations statement.

You can visit our website for more information regarding [financial reporting](#), and fact sheets regarding [financial reporting processes and requirements](#). A model set of financial statements developed by the ROC is also available on our website. It is not obligatory to use this model but it is a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards.

It should be noted that s.268 of the RO Act is a civil penalty provision. Failure to lodge the full financial report (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty, as set out above, being imposed upon your organisation and/or an officer whose conduct led to the contravention (s.268).

Subsection 255(2A) report

A general purpose financial report prepared under section 253 of the RO Act must also include the expenditure report required to be prepared under subsection 255(2A) as prescribed by reporting guideline 22. A copy of the latest reporting guidelines for the purpose of section 253 is available on our [website](#).

It should be noted that the subsection 255(2A) report must be identified by title in the auditor's report in accordance with paragraph 24(c) of Australian Auditing Standard ASA 700 *Forming an Opinion and Reporting on a Financial Report*.

A [fact sheet](#) is available on our website which provides guidance on the reporting requirements under subsection 255(2A) of the RO Act.

REMINDER

YOUR AUDITOR MUST BE REGISTERED (s.256)

You must ensure that your auditor is registered by the Registered Organisations Commissioner. A list of registered auditors is available on our [website](#).

Contact

Should you require any clarification in relation to the above, please email regorgs@roc.gov.au.

Yours faithfully,

Kylie Ngo
Registered Organisations Commission

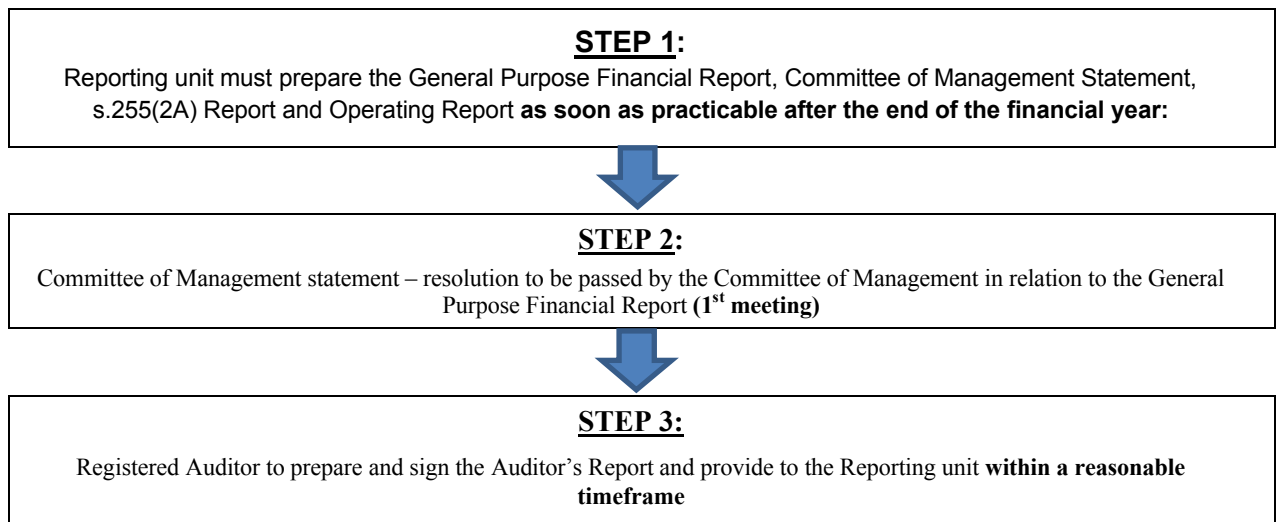


Fact sheet

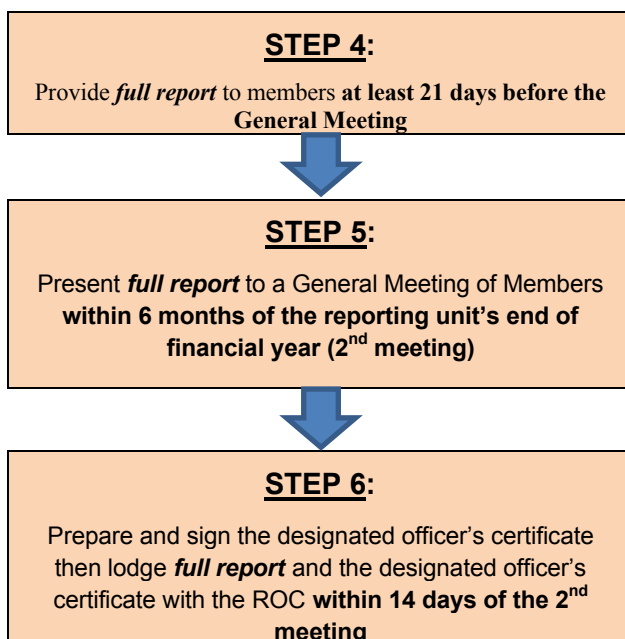
Summary of financial reporting timelines – s.253 financial reports

General Information:

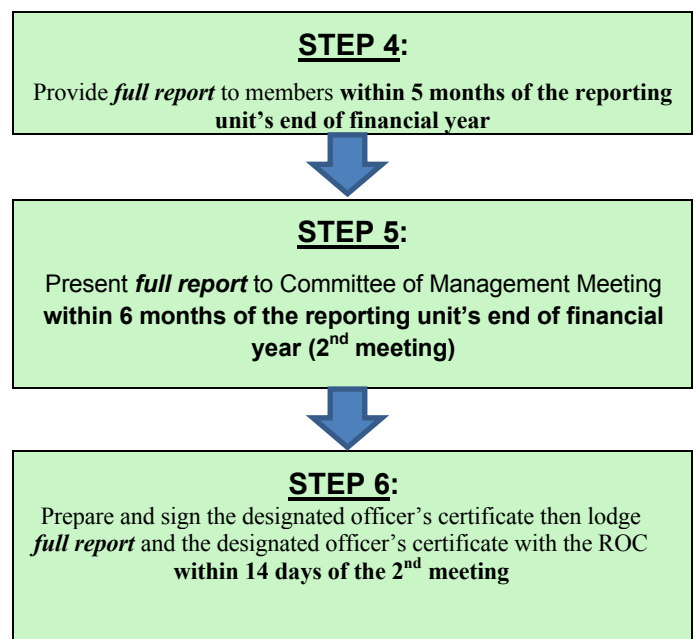
- The **full report** consists of the General Purpose Financial Report, Committee of Management Statement, Operating report, s.255(2A) Report and signed Auditors' Report
- For an explanation of each of the steps below see our [Fact sheet—financial reporting process](#).



IF RULES PROVIDE FOR PRESENTATION OF FULL REPORT
AT **GENERAL MEETING OF MEMBERS**
(this is the default process in the RO Act)





















IF RULES PROVIDE FOR PRESENTATION OF FULL REPORT AT
COMMITTEE OF MANAGEMENT MEETING
(Special rules must be in the rulebook to use this process)



Misconceptions

Over the years, staff of the Commission have noted that there are some common misunderstandings made in relation to the Financial Reporting Process. They include:

Misconception	Requirement
<p> The Committee of Management statement is just copied from the Reporting Guidelines</p>	<p> The Committee of Management statement must have the date of the Committee of Management resolution recorded upon it and it must be signed and dated BEFORE the auditor signs their report</p> <p>Further, if any of the statements within it need to be modified to suit the reporting unit (for instance not holding meetings) these changes must also be made</p>
<p> The Auditor's Report does not need to be signed until just before it is lodged with the ROC</p>	<p> The Auditor's Report must be signed and dated BEFORE the full report (including the Auditor's Report) is sent to members and presented to the second meeting</p>
<p> The Designated Officer's Certificate must be signed before the report is sent to members</p>	<p> The Designated Officer's Certificate declares what the reporting unit HAS ALREADY DONE to provide the report to members and present it to the meeting. It must be signed and dated AFTER sending the report to members and the second meeting</p>
<p> Documents can be dated when they should have been signed or when the events in the document occurred</p>	<p> Documents must always be dated at the date they are actually signed by an officer or auditor</p>
<p> Any auditor can audit a financial report</p>	<p> Only registered auditors can audit the financial report</p>
<p> The Committee of Management statement can be signed at any time</p>	<p> The resolution passing the Committee of Management Statement must occur and the statement signed and dated BEFORE the auditor's report is signed and dated</p>
<p> Any reporting unit can present the Full Report to a second COM meeting</p>	<p> Only reporting units with a 5% rule in their rulebook are able to present their report to a second Committee of Management Meeting. Otherwise, it must be presented to a General Meeting of members</p>
<p> Everything can be done at one Committee of Management meeting</p>	<p> If the rules allow for presenting the report to the Committee of Management, there must still be <u>two meetings</u>. The first meeting resolves the Committee of Management statement (including signing and dating it). Between the two meetings the Auditor's report is signed and dated. Only then can the full report be presented to the second Committee of Management meeting (if the rules allow)</p>
<p> The reporting unit has 6 months and 14 days to lodge their financial report with the ROC</p>	<p> The reporting unit must lodge the financial report within 14 days of the second meeting</p>

© Commonwealth of Australia 2018

This fact sheet is not intended to be comprehensive. It is designed to assist in gaining an understanding of the Registered Organisations Commission and its work. The Registered Organisations Commission does not provide legal advice.



Fact sheet

Loans, Grants & Donations

The Loans, Grants & Donations Requirements

The Fair Work (Registered Organisations) Act 2009 (the RO Act) requires an organisation or branch to lodge a loans, grants and donations statement (the statement) within 90 days of the ending of the financial year.

Under the Commissioner's Reporting Guidelines, a reporting unit's General Purpose Financial Report (the financial report) must break down the amounts of grants and donations (see below). The figures in the financial report will be compared to the loans, grants and donations statement.

The Loans, Grants & Donations Statement

Section 237 of the RO Act applies to every loan, grant and donation made by an organisation or branch during the financial year that exceeds \$1000. The following information must be supplied to the Registered Organisations Commission (the ROC) for each relevant loan, grant or donation:

- the amount,
- the purpose,
- the security (if it is a loan),
- the name and address of the person to whom it was made,* and
- the arrangements for repaying the loan.*

*The last two items are not required if the loan, grant or donation was made to relieve a member of the organisation (or their dependent) from severe financial hardship.

The statement must be lodged within 90 days of the end of the financial year and the ROC has a [Template Loans, Grants and Donations Statement](#) on its website. The ROC encourages branches and organisations to lodge the statement even if all of the figures are NIL.

Common misconceptions

Over the years, staff of the Commission have noted that there are some common misunderstandings made in relation to the Statement. They include:

Misconception	Requirement
<p>X Only reporting units must lodge the Statement.</p>	<p>✓ All branches and organisations, regardless of whether they lodge a financial report, must lodge the statement within 90 days of the end of the financial year. An organisation cannot lodge a single statement to cover all of its branches.</p>
<p>X Employees can sign the Statement.</p>	<p>✓ The statement must be signed by an elected officer of the relevant branch.</p>
<p>X Statements can be lodged with the financial report.</p>	<p>✓ The deadline for the statement is much shorter (90 days) and if it is lodged with the financial report it is likely to be late.</p>

Grants & Donations within the Financial Report

Item 14(e) of the Commissioner’s Reporting Guidelines requires the reporting unit to separate the line items relating to grants and donations into grants or donations that were \$1000 or less and those that exceeded \$1000.

As such, the note in the financial report relating to grants and donations will have four lines.

In the [ROC's Model Statements](#) the note appears as follows:

Note 4E: Grants or donations*

Grants:	2017	2016
Total expensed that were \$1,000 or less	-	-
Total expensed that exceeded \$1,000	-	-
Donations:		
Total expensed that were \$1,000 or less	-	-
Total expensed that exceeded \$1,000	-	-
Total grants or donations	-	-

The Commissioner’s Reporting Guidelines requires that these line items appear in the financial statements, the notes or in the officer’s declaration statement, even if the figures are NIL.

Implications for filing the Financial Report

During their review of the financial report staff of the ROC may confirm that the figures in the financial report match the disclosures made in the statement. Any inconsistencies in these figures will be raised with the organisation or branch for explanation and action.

This may involve lodging an amended loans, grants or donations statement. Any failure to lodge a loans, grants or donations statement or lodging a statement that is false or misleading can attract civil penalties under the RO Act.

If a reporting unit did not fully comply with these requirements in their last financial report, its filing letter will have included a statement reminding the reporting unit of its obligations.

It is strongly recommended that all reporting units review their filing letters from the previous financial year to ensure any targeted concerns are addressed in their latest financial report. Failure to address these individual concerns may mean that a financial report cannot be filed.

Previous financial reports and filing letters are available from the website.

Further information

If you have any further questions relating to the loan, grant and donation disclosure requirements in the statement or the financial report, please contact the ROC on regorgs@roc.gov.au

© Commonwealth of Australia 2018

This fact sheet is not intended to be comprehensive. It is designed to assist in gaining an understanding of the Registered Organisations Commission and its work. The Registered Organisations Commission does not provide legal advice.