



27 July 2017

Mr Colin Waller
Secretary/Treasurer
Australian Hotels Association

By email: aha@aha.org.au

CC: Auditor, Mr Rodney Miller

Dear Mr Waller,

Australian Hotels Association - Financial Report for the year ended 31 December 2016 - [FR2016/364]

I acknowledge receipt of the financial report of the Australian Hotels Association. The documents were lodged with the Registered Organisations Commission ('the ROC') on 29 June 2017.

The financial report has now been filed.

The financial report was filed based on a primary review. This involved confirming whether the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the *Fair Work (Registered Organisations) Act 2009* (RO Act) have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and reporting guidelines have been complied with. A primary review does not examine all disclosure requirements.

Please note that the financial report for the period ending 31 December 2017 may be subject to an advanced compliance review.

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

Auditor's report: declaration regarding going concern

Paragraph 39 of the Reporting Guidelines requires an auditor to include in the auditor's statement a declaration that as part of the audit of the financial statement they have concluded that management's use of the going concern basis of accounting in the preparation of the reporting unit's financial statements is appropriate. This declaration was not included in the auditor's statements.

Reporting Requirements

On the ROC website is a number of factsheets in relation to the financial reporting process and associated timelines. The most recent copy of the Reporting Guidelines and a model set of financial statements can also be found. The ROC recommends reporting units use this model as it will assist in ensuring compliance with the RO Act, the s.253 Reporting Guidelines and the Australian Accounting Standards. Access to this information may be obtained via [this link](#).

Please note that new Reporting Guidelines will apply to organisations and branches with financial years commencing on or after 1 July 2017. Updates and information on the new guidelines will be provided through the ROC website and the [subscription service](#).

If you have any queries regarding this letter, please contact me via email at stephen.kellett@roc.gov.au.

Yours faithfully

A handwritten signature in black ink that reads "Stephen Kellett". The signature is written in a cursive style with a long horizontal stroke extending to the right.

Stephen Kellett
Financial Reporting
Registered Organisations Commission



AUSTRALIAN HOTELS ASSOCIATION

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CERTIFICATE OF SECRETARY

I, Colin Waller, duly authorised officer of Australian Hotels Association hereby certify that:

1. The documents lodged herewith are true copies of the Financial Statements, Auditor's Report and certificates presented to;
2. General Meeting of members of the association held on 26 June 2017; and
3. The Committee of Management meeting held on 11 May 2017 in respect of the financial year ended 31 December 2016.
4. That the full report was distributed to the members of the association on 19 May 2017.

COLIN WALLER

Secretary/Treasurer

26 June 2017



AUSTRALIAN HOTELS ASSOCIATION - NATIONAL BODY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
STATEMENT OF PRINCIPAL ACCOUNTING OFFICER

I, Colin Waller, being the Honorary Secretary/Treasurer, the officer responsible for keeping the accounting records of the Australian Hotels Association National Body (the Organisation) certify that as at 31 December 2016, the number of members of the Organisation was 5,220.

In my opinion:

1. The attached financial statements show a true and fair view of the financial affairs of the Organisation as at 31 December 2016;
2. A record has been kept of all monies paid by, or collected from members and all monies 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 Organisation;
3. Before any expenditure was incurred approval of the incurring of the expenditure was obtained in accordance with the rules of the Organisation;
4. With regard to funds of the organisation raised by compulsory levies or 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;
5. All loans or other financial benefits granted to persons holding office in the Organisation were authorised in accordance with the rules and are disclosed in the attached financial statements;
6. The register of members of the organisation was maintained in accordance with the Act.



COLIN WALLER
Honorary Secretary / Treasurer

11 May 2017


AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
STATEMENT BY THE COMMITTEE OF MANAGEMENT

On the date below, the Committee of Management of Australian Hotels Association passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 31 December 2016:

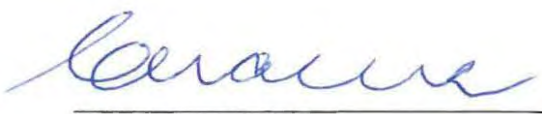
The Committee of Management declares in relation to the GPFR that in its opinion:

- a) The financial statement and notes complies with the reporting guidelines of the General Manager, Fair Work Commission;
- b) The financial statements and notes presents a true and fair view of the financial position and cash flows of Australian Hotels Association as at 31 December 2016 and its performance for the year ended on that date in accordance with applicable Australian Accounting Standards and other mandatory professional reporting requirements in Australia and the requirements of the *Fair Work (Registered Organisations) Act and Regulations 2009*.
- c) At the date of this statement, there are reasonable grounds to believe that Australian Hotels Association will be able to pay its debts as and when they fall due;
- d) During the financial year to which the GPFR relates and since the end of that year:
 - i. Meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned;
 - ii. The financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned;
 - iii. The financial records of the reporting unit have been kept and maintained in accordance with the *Fair Work (Registered Organisations) Act and Regulations 2009*.
 - iv. The financial records of the reporting unit have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation;
 - v. Any information sought in a request by a member of the reporting unit or the General Manager, Fair Work Commission duly made under section 272 of the *Fair Work (Registered Organisations) Act and Regulations 2009* during the period has been furnished accordingly; and
 - vi. No orders for inspection of financial records have been made by the Fair Work Commission under section 273 of the *Fair Work (Registered Organisations) Act 2009* during the period.
 - vii. No revenue has been derived from undertaking recovery of wages activity during the reporting period.

This statement is made in accordance with a resolution of the committee and is signed for and on behalf of the committee by:



SCOTT LEACH
National President



COLIN WALLER
National Secretary/Treasurer

11 May 2017

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
OPERATING REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2016

This operating report covers the results of those activities that were provided for the financial year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The principal activities of the Association, as conducted through the council and the executive board during the past year fell into the following categories:

- Provision of industrial support to members including advice on legal and legislative matters, contractual obligations and representation of state members. Administration of Federal awards, the variation of awards following major test cases.
- Media and communications to members and to the broader community via media releases in support of campaigns, targeted publications including national magazines.
- Provision of information for members providing up to date material relevant to hotels.
- Organisation of events to members such as Awards for Excellence, National Convention, charity fundraising etc. in order to recognise their achievements and contribution to the community.

FINANCIAL ACTIVITIES

Three government projects were completed during the year.

SIGNIFICANT CHANGES

- The Association resources are currently being used to form a Tourism Accommodation Australia division as a separate operation to lobby for accommodation members only.
- There were no other significant changes during the year.

MANNER OF RESIGNATION

Members may resign from the Association in accordance with rule 32, which reads as follows:

- 1) A member of the Association may resign from membership by written notice addressed and delivered to the Branch Secretary of the Branch of which he is a member.
- 2) A notice of resignation from membership of the Association takes effect:
 - a) Where the member ceases to be eligible to become a member of the Association:
 - i) On the day on which notice is received by the Association ;or
 - ii) On the day specified in the notice, which is a day not earlier than the day when the member ceases to be eligible to become a member; Whichever is later; or
 - b) In any other case:
 - i) At the end of two (2) weeks after the notice is received by the Association; or
 - ii) On the day specified in the notice;
 - iii) whichever is later
- 3) Any dues payable but not paid by a former member of the Association, in relation to a period before the member's resignation from the Association took effect, may be sued for and recovered in the name of the Association in a court of competent jurisdiction, as a debt due to the Association.
- 4) A notice delivered to the person mentioned in subrule (1) shall be taken to have been received by the Association when it was delivered.
- 5) A notice of resignation that has been received by the Association is not invalid because it was not addressed and delivered in accordance with subrule (1).
- 6) A resignation from membership of the Association is valid even if it is not affected in accordance with the rule if the member is informed in writing by or on behalf of the Association that the resignation has been accepted.

**AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
OPERATING REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2016**

TRUSTEE OR DIRECTOR OF TRUSTEE COMPANY OF SUPERANNUATION ENTITY OR EXEMPT PUBLIC SECTOR SUPERANNUATION SCHEME

Mr Mark Robertson (who is an executive member) is also director of Hostplus Superannuation Industry Fund representing the National Body. The alternate director is Neil Randall.

NUMBER OF MEMBERS

The number of persons who, at the end of the reporting period, were recorded on the Register of Members of the Association was 5,220.

NUMBER OF EMPLOYEES

The number of persons who were, at the end of the reporting period, employees of the Association comprised of 2 full time and 1 part time staff.

MEMBERS OF COMMITTEE OF MANAGEMENT

The persons who held office as members of the Committee of Management of the Association during the reporting period are:

Peter Burnett	– President/Senior Vice President (full year)
Colin Waller	– Secretary / Treasurer (full year)
Scott Leach	– President/Senior Vice President (full year)
Robert Dawson	– President Accommodation Division (1/1/16 to 13/9/16)
Paul Jubb	-- Vice President (full year)



COLIN WALLER
National Secretary/Treasurer

11 May 2017

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	NOTE	2016 \$	2015 \$
Revenues			
Membership subscription	2	-	-
Affiliation fees	2	2,400	2,400
Capitation fees	2	955,904	799,904
Interest income	2	8,437	12,553
Other income	2	1,028,329	1,546,495
Total income		<u>1,995,070</u>	<u>2,361,352</u>
Expenses			
Accommodation divisional survey and operational costs		(442,808)	(335,932)
Employee benefits expense	3(a)	(505,486)	(388,017)
Depreciation expense		(34,586)	(34,754)
Consultancy expense		(19,731)	(118,453)
Legal expenses	3(c)	(20,341)	(73,650)
Marketing and convention expense		(171,287)	(172,235)
Executive and Council conferences and meetings		(24,142)	(57,525)
Travel expenses		(79,283)	(73,231)
Bank charges and finance costs		(3,130)	(2,003)
Administration expenses	3(b)	(893,491)	(1,024,878)
Total expenses		<u>2,194,285</u>	<u>2,280,678</u>
Current year surplus/(deficit) before income tax expense		(199,215)	80,674
Income tax expense	1(a)	-	-
Net current year surplus		<u>(199,215)</u>	<u>80,674</u>
Other comprehensive income			
Revaluation of buildings		-	-
Total comprehensive income attributable to the members		<u>(199,215)</u>	<u>80,674</u>

The accompanying notes form part of the financial statements

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
BALANCE SHEET
AS AT 31 DECEMBER 2016

	NOTE	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	5	851,376	669,139
Accounts receivable and other debtors	6	116,811	508,074
Other current assets	7	18,851	5,745
TOTAL CURRENT ASSETS		<u>987,038</u>	<u>1,182,958</u>
NON-CURRENT ASSETS			
Financial assets	8	779	779
Property, plant and equipment	9	1,318,544	1,353,130
TOTAL NON-CURRENT ASSETS		<u>1,319,323</u>	<u>1,353,909</u>
TOTAL ASSETS		<u>2,306,361</u>	<u>2,536,867</u>
CURRENT LIABILITIES			
Accounts payable and other payables	10	738,284	769,575
TOTAL CURRENT LIABILITIES		<u>738,284</u>	<u>769,575</u>
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		<u>738,284</u>	<u>769,575</u>
NET ASSETS		<u>1,568,077</u>	<u>1,767,292</u>
EQUITY			
Reserves		885,378	885,378
Retained earnings		682,699	881,914
TOTAL EQUITY		<u>1,568,077</u>	<u>1,767,292</u>

The accompanying notes form part of these financial statements

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Asset revaluation reserve	Retained surplus	Total
Balance at 1 January 2015	885,378	801,240	1,686,618
Net surplus attributable to members of the entity	-	80,674	80,674
Revaluation of Buildings	-	-	-
Balance at 31 December 2015	885,378	881,914	1,767,292
Revaluation of buildings	-	-	-
Net (deficit) attributable to members of the entity	-	(199,215)	(199,215)
Balance at 31 December 2016	885,378	682,699	1,568,077

The accompanying notes form part of these financial statements

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

	NOTE	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from capitation fees	12a	1,051,494	624,793
Receipts from promotional and sundry activities		1,745,995	1,709,370
Interest received		8,437	12,553
Dividends received		74	62
Receipts from Government grants		-	93,210
Payments to employees and for promotional and Other expenses		<u>(2,623,763)</u>	<u>(2,463,722)</u>
Net cash provided by operating activities	12	<u>182,237</u>	<u>(23,734)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		-	(2,896)
Net cash (used in) investing activities	12	<u>-</u>	<u>(2,896)</u>
Net increase in cash held		182,237	(26,630)
Cash and cash equivalents at beginning of financial year		<u>669,139</u>	<u>695,769</u>
Cash and cash equivalents at end of financial year	5	<u>851,376</u>	<u>669,139</u>

The accompanying notes form part of these financial statements

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements are general purpose financial statements that has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations), requirements of *the Associations Incorporations Act 1991 (ACT)* and the *Fair Work (Registered Organisations) Act 2009*. The association is a non-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The amounts presented in the financial statements have been rounded to the nearest dollar. The financial statements were authorised for issue on 11 May 2017 by the members of the committee.

(a) Income tax

The Association is exempt from income tax under Section 50-15 of the *Income Tax Assessment Act 1997*.

(b) Property, plant and equipment

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

Freehold property

Freehold land and buildings are shown at their fair value based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Increases in the carrying amount arising on the revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in profit or loss. As the revalued buildings are depreciated, the difference between depreciation recognised in the statement of comprehensive income, which is based on the revalued carrying amount of the asset and the depreciation based on the asset's original cost, is transferred from the revaluation surplus to retained earnings. Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the net amount is restated to the revalued amount of the asset. The valuation has taken into account the requirements of AASB 116 which defines 'fair value' and the concepts of 'market value'. The date of the valuation was 31 December 2013 and the property was inspected on 8 December 2013.

Plant and equipment

Plant and equipment is measured on the cost basis and is therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated on a straight line basis over the asset's useful life commencing from the time the asset is available for use. The depreciation rates used for each class of depreciable asset are:

Class of fixed asset	Depreciation rate
Buildings	2.5% - 10%
Office equipment	10% - 27%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation relating to that asset are transferred to retained earnings.

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(c) Leases

Leases of property, plant and equipment, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to the association are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the association will obtain ownership of the asset or ownership of the term of the lease. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

(d) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the association commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to the profit and loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest rate method.

The effective interest rate method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of income or expense in profit or loss. The association does not designate any interest in subsidiaries, associates or joint ventures entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments

(i) Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in fair value (i.e. gains and losses) recognised included in profit and loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measure at amortised cost using the effective interest rate method. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(d) Financial instruments (cont)

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss. Available-for-sale financial assets are classified as non-current assets when they are expected to be sold within twelve months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the association assesses whether there is objective evidence that a financial instrument has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") that has occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale assets carried at amortised cost, loss events may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, indications that they will enter bankruptcy or other financial reorganisation and changes in arrears or economic conditions that correlate with defaults. For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if the management establishes that the carrying amount cannot be recovered by any means, at the point of writing off amounts are charged to the allowance account or the carrying amount of impaired financial asset is reduced directly if no impairment amount was previously recognised in the allowance accounts.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the association recognised the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised where the contractual right to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(e) Impairment of assets

At the end of each reporting period, the association assesses whether there is any indication that an asset may be impaired. The assessment will consider both external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of that asset, being the higher of the asset's fair value less costs to sell and its value-in-use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is immediately recognised in the profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the association estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for the class of asset.

(f) Employee benefits

Provision is made of the association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

(g) Cash and cash equivalents

Cash and cash equivalents include cash on hand; deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(h) Accounts receivable and other debtors

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from customers for goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment.

(i) Revenue and other income

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer.

Revenue (capitation fees and levies) from the state branches is recognised on a straight line basis over the financial year.

Sponsorships revenue is recognised upon the execution of the contracts with the corporate sponsors and in accordance with the terms and conditions of the sponsorship contracts.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

All revenue is stated net of the amount of goods and services tax (GST).

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(j) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated as inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

(k) Comparative figures

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

Where the association has retrospectively applied an accounting policy, made a retrospective restatement or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(l) Accounts payable and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the association during the reporting period that remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(m) 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 benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(n) Critical accounting estimates and judgments

The association evaluates 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 organisation.

(i) Impairment - general

The association assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the association that may be indicative of impairment triggers. Recoverable amounts or relevant assets are reassessed, using value-in-use calculations, which incorporate various key assumptions.

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(o) Adoption of New Australian Accounting Standard requirements

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

New standards and interpretations issued but not yet effective

At the date of this financial report the following standards and interpretations, which may impact the entity in the period of initial application, have been issued but are not yet effective:

AASB 2015-7	<i>Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities</i>	This amendment relieves not-for-profit public sector entities from certain disclosures about the fair value measurements of property, plant and equipment. The relief exempts them from disclosures of quantitative information about significant unobservable inputs used in fair value measurements, sensitivity of certain fair value measurements to changes in unobservable inputs. etc.	1 July 2017	Disclosures Only
AASB 9	<i>Financial Instruments</i>	This Standard supersedes both AASB 9 (December 2010) and AASB 9 (December 2009) when applied. It introduces a "fair value through other comprehensive income" category for debt instruments, contains requirements for impairment of financial assets, etc.	1 January 2018	Minimal Impact
AASB 2014-7	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)</i>	Consequential amendments arising from the issuance of AASB 9	1 January 2018	Minimal Impact

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 \$	2015 \$
NOTE 2: REVENUE		
Operating activities		
Membership subscription	-	-
Affiliation fees	2,400	2,400
Capitation fees – general levy from states	449,904	449,904
Capitation fees – TAA levy from states	506,000	350,000
Dividends received	74	862
Donations received	-	-
Government grants	-	113,577
Interest received	8,437	12,553
Promotional	764,050	775,308
Special project state recovery	-	381,776
Rental income	145,806	152,494
Sundry income	118,399	123,278
Total revenue	<u>1,995,070</u>	<u>2,361,352</u>
2(a) Breakdown of capitation fees – general levy from states		
New South Wales	145,094	145,094
Victoria	112,476	112,476
Queensland	91,105	91,105
South Australia	32,618	32,618
Western Australia	49,489	49,489
Tasmania	10,122	10,122
Australian Capital Territory	4,500	4,500
Northern Territory	4,500	4,500
	<u>449,904</u>	<u>449,904</u>
2(b) Breakdown of capitation fees – TAA levy from states		
New South Wales	163,185	112,875
Victoria	126,500	87,500
Queensland	102,465	70,875
South Australia	36,685	25,375
Western Australia	55,660	38,500
Tasmania	11,385	7,875
Australian Capital Territory	5,060	3,500
Northern Territory	5,060	3,500
	<u>506,000</u>	<u>350,000</u>
NOTE 3: EXPENSES		
3(a) Employee expense		
Holders of office:		
Wages and salaries	269,435	250,967
Superannuation	30,011	30,033
Leave and other entitlements	13,355	9,659
Separation and redundancies	-	-
Other employee expenses	-	-
	<u>312,801</u>	<u>290,659</u>

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	2015
	\$	\$
NOTE 3: EXPENSES (CON'T)		
3(a) Employee expense (Con't)		
Employees other than office holders:		
Wages and salaries	173,145	90,666
Superannuation	16,131	8,583
Leave and other entitlements	3,405	(1,891)
Separation and redundancies	-	-
Other employee expenses	-	-
	192,681	97,358
Total employee expenses	505,482	388,017
3(b) Administration expenses includes:		
Industrial relations expense	38,336	36,421
Accounting expenses	76,160	51,208
Body corporate and outgoings	43,961	35,541
Completion of seminars in relation to LEA project	-	-
Expenses incurred in relation to special project	66,398	472,828
Gaming expenses	-	2,000
Grants paid	-	-
Insurance expenses	18,811	15,817
Publications expense	314,453	17,476
Operating lease expenses	59,214	53,426
Subscriptions expenses	187,977	180,708
Donations:		
Total paid that were \$1,000 or less	4,018	-
Total paid that exceeded \$1,000	293,909	22,486
Other expenses	73,344	136,967
	893,491	1,024,878
3(c) Legal expenses include:		
Litigation	-	-
Other legal matters	20,341	73,650
	20,341	73,650
NOTE 4: AUDITORS' REMUNERATION		
Remuneration of the auditor of the association for:		
- auditing the financial statements	15,000	17,750
	15,000	17,750

No other services were provided by the auditors.

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 \$	2015 \$
NOTE 5: CASH AND CASH EQUIVALENTS		
Cash on hand	-	-
Cash at bank	451,376	269,138
Short term investments – term deposits	400,000	400,000
	<u>851,376</u>	<u>669,138</u>
 NOTE 6: ACCOUNTS RECEIVABLE AND OTHER DEBTORS		
Net GST refundable	35,804	-
Trade receivables	81,727	508,074
Less: Provision for doubtful debts	-	-
Receivable with another reporting unit	-	-
	<u>116,811</u>	<u>508,074</u>
 NOTE 7: OTHER CURRENT ASSETS		
Prepayments	18,851	5,745
	<u>18,851</u>	<u>5,745</u>
 NOTE 8: FINANCIAL ASSETS		
NON-CURRENT		
Available-for-sale financial assets		
a. Available-for-sale financial assets comprise:		
Listed investments, at fair value		
- shares in Insurance Australia Group Limited	779	779
Total available-for-sale financial assets	<u>779</u>	<u>779</u>
 NOTE 9: PROPERTY, PLANT & EQUIPMENT		
Building – 24 Brisbane Avenue, Barton at fair value	1,450,000	1,450,000
Less: accumulated depreciation	(133,591)	(100,193)
	<u>1,316,409</u>	<u>1,349,807</u>
 Office equipment – at cost	 37,029	 37,029
Less: accumulated depreciation	(34,894)	(33,706)
	<u>2,135</u>	<u>3,323</u>
Total property, plant and equipment	<u><u>1,318,544</u></u>	<u><u>1,353,130</u></u>

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 9: PROPERTY, PLANT & EQUIPMENT (CONT)

Movements in carrying amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Building \$	Office equipment \$	Total \$
Balance at 31 December 2014	1,383,205	4,679	1,387,884
Additions/Revaluation	-	-	-
Depreciation expense	(33,398)	(1,356)	(34,754)
Balance at 31 December 2015	1,349,807	3,323	1,353,130
Additions	-	-	-
Revaluations	-	-	-
Depreciation expense	(33,398)	(1,188)	(34,586)
Carrying amount at 31 December 2016	1,316,409	2,135	1,318,544

The land and building, being located at Unit 1, 24 Brisbane Avenue, Barton was inspected by Marcus Hon AAPI of CBRE Valuations Pty Limited on 8 December 2013. The valuation of the property as at 31 December 2013 has been determined on a 'market value' basis. This is equivalent to fair value and in accordance with AASB 116, see note 16.

NOTE 10: ACCOUNTS PAYABLE AND OTHER PAYABLES	NOTE	2016 (\$)	2015 (\$)
Current			
Accounts payable- general		81,898	106,616
Accounts payable – related to legal costs (other matters)	3(c)	7,716	48,986
Accounts payable – related to legal costs (litigation)	3(c)	-	-
Accrued expenditure		133,834	56,106
Other payables		78,000	47,465
Income received in advance		420,076	495,609
Provision for annual leave- holders of office		13,355	13,580
Provision for annual leave- employees other than office holders		3,405	1,213
Provision for long service leave- holders of office		-	-
Provision for long service leave- employees other than office holders		-	-
Provision for separation and redundancies- holders of office		-	-
Provision for separation and redundancies- employee other than holders of office		-	-
Other employee provisions- holders of office		-	-
Payable with another reporting unit		-	-
Other employee provisions- employees other than holders of office		-	-
Separation and redundancy provisions related to holders of office		-	-
Separation and redundancy provisions related to employees (other than holders of office)		-	-
	1(l)	738,284	769,575

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 11: CAPITAL AND LEASING COMMITMENTS	2016	2015
	(\$)	(\$)
Operating lease commitments		
Non-cancellable operating lease contracted for but not recognised in the financial statements		
Receivables – minimum lease receipts		
Not later than 12 months	-	136,682
Later than 12 months but not later than 5 years	-	-
	<u>-</u>	<u>136,682</u>

The property lease commitment is a non-cancellable operating lease with a five year term, with rent received monthly in advance. Contingent rental provisions within the lease agreement require that the minimum lease receipts shall be increased by the Consumer Price Index.

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payables – minimum lease payments

Not later than 12 months	-	50,241
Later than 1 year but not later than 5 years	-	-
	<u>-</u>	<u>50,241</u>

NOTE 12: CASH FLOW INFORMATION

Reconciliation of cash flow from operations with surplus after income tax

(Deficit)/Surplus after income tax	(199,215)	80,674
Non-cash flows in profit:		
Depreciation expense	34,586	34,754
Changes in assets and liabilities:		
(Increase)/decrease in fixtures	-	(2,633)
Decrease/(increase) in trade receivables	402,645	(257,741)
(Increase)/decrease in prepayments	(13,106)	30,053
Increase/(decrease) in trade and other payables	30,893	46,011
Increase/(decrease) in income received in advance	(75,533)	34,484
(Decrease)/increase in provisions	1,967	7,768
	<u>182,237</u>	<u>(26,630)</u>

Credit stand-by and financing facilities

The Association has no credit stand-by or financing facilities in place.

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 12A: RECONCILIATION OF RECEIPTS AND EXPENSES FROM REPORTING UNITS - STATES

OUTFLOWS

Amounts paid to the NSW Branch for accounting and TAA CEO service	155,900	143,690
Amounts paid to the ACT Branch for general administration	6,800	960
Amounts paid to the WA Branch for policy support	40,000	20,000
Total	<u>202,700</u>	<u>164,650</u>

INFLOWS

Breakdown of capitation fees – general levy from states		
New South Wales	145,094	145,094
Victoria	112,476	112,476
Queensland	91,106	91,106
South Australia	32,618	32,618
Western Australia	49,489	49,489
Tasmania	10,123	10,123
Australian Capital Territory	4,499	4,499
Northern Territory	4,499	4,499
	<u>449,904</u>	<u>449,904</u>
Breakdown of capitation fees – TAA levy from states		
New South Wales	163,185	137,940
Victoria	126,500	75,375
Queensland	102,465	86,670
South Australia	36,685	31,030
Western Australia	55,660	47,080
Tasmania	11,385	9,630
Australian Capital Territory	5,060	3,015
Northern Territory	5,060	4,280
	<u>506,000</u>	<u>395,020</u>

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	2015
NOTE 13: RELATED PARTY TRANSACTIONS		
(a) Directors' remuneration	(\$)	(\$)
Remuneration received or receivable by all directors of the association		
- from the entity or any related party in connection with the management of the association	35,000	35,000
The names of directors who have held office during the financial year are:		
<ul style="list-style-type: none"> • Paul Jubb • Colin Waller • Peter Burnett • Scott Leach • Robert Dawson 		
(b) Key management personnel		
Short term employment benefits		
Salary	234,439	215,967
Annual leave accrued	13,355	13,580
Performance bonus	-	-
Total short-term employee benefits	247,794	229,547
Post-employment benefits:		
Superannuation	30,011	30,033
Total post-employment benefits	30,011	30,033
Other long-term benefits:		
Long-service leave	-	-
Total other long-term benefits	-	-
Termination benefits	-	-
Total	277,805	259,580
(c) Other related parties		
The Association is the representative body for hotels and other associated hospitality entities in Australia.		
Amounts paid to the NSW Branch for accounting and TAA CEO service	155,900	143,690
Amounts paid to the ACT Branch for general administration	6,800	960
Amounts paid to the WA Branch for policy support	40,000	20,000
Total	202,700	164,650

All State branches receive remuneration for actual expenses incurred and these amounts are disclosed in the relevant expense category of the statement of comprehensive income. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

NOTE 14: INFORMATION TO BE PROVIDED TO THE MEMBERS OR GENERAL MANAGER, FAIR WORK COMMISSION

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

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

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 15: FURTHER DISCLOSURES REQUIRED UNDER S.255 OF THE FAIR WORK (REGISTERED ORGANISATIONS) ACT 2009 (THE RO ACT)

Financial support provided to enable the Association to continue as a going concern in accordance to s.254(10):

Australian Hotels Association – National Body's ability to continue as a going concern is not reliant on the agreed financial support of another reporting unit(s).

Financial support provided to another reporting unit to ensure they have the ability to continue as a going concern in accordance with s.254(11):

Australian Hotels Association – National Body has not agreed to provide financial support to ensure another reporting unit(s) has the ability to continue as a going concern.

Acquisition of an asset or liability during the financial year in accordance with s.254(12):

Australian Hotels Association – National Body has not acquired an asset or liability during the financial year as a result of:

- a) an amalgamation under Part 2 of Chapter 3, of the RO Act in which the organisation (of which the reporting unit form part) was the amalgamated organisation; or
- b) a restructure of the branches of the organisation; or
- c) a determination by the General Manager under subsection 245(1) of the RO Act of an alternative reporting structure for the organisation; or
- d) a revocation by the General Manager under subsection 249(1) of the RO Act of a certificate issued to an organisation under subsection 245(1).

Financial support received from another reporting unit in accordance with s.254(14)(e):

The Australian Hotels Association – National Body has not received any financial support from another reporting unit of the organisation during the financial year.

Expenses incurred as consideration for employers making payroll deductions of membership subscriptions in accordance with s.254(16)(a):

The Australian Hotels Association – National Body did not incur any expenses as consideration for employers making payroll deductions of membership subscriptions.

Capitation fees paid in accordance with s.254(16)(b):

The Australian Hotels Association – National Body is not required to pay and did not pay capitation fees to another reporting unit of the organisation.

Fees and periodic subscriptions paid in accordance with s.254(16)(c):

The Australian Hotels Association – National Body has not paid fees and periodic subscriptions in respect of its affiliation to any political party, any federation, congress, council or group of organisations, or any international body having an interest in industrial matters during the financial year.

Compulsory levies imposed in accordance with s.254(16)(d):

No compulsory levies were imposed on the Australian Hotels Association – National Body during the financial year.

Fees or allowances paid to persons to attend a conferences or other meeting as a representative of the reporting unit in accordance with s.254(16)(h):

Australian Hotels Association – National Body provided \$14,453 of allowances and subsistence during the financial year to attend meetings.

Penalties imposed under the RO Act in accordance with s.254(16)(k):

No penalties were imposed on Australian Hotels Association – National Body under the RO Act with respect to conduct of the Association.

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 15: FURTHER DISCLOSURES REQUIRED UNDER S.255 OF THE *FAIR WORK (REGISTERED ORGANISATIONS) ACT 2009* (THE RO ACT)

Payables to employers as consideration for the employers making payroll deductions of membership subscriptions in accordance with s.254(20)(a):

There were no instances of payables of this nature as at year end. As such, s.254(22)(b) is non-applicable.

Name and balance of each fund or account in respect to compulsory levies or voluntary contributions in accordance with s.254(22)(c):

Australian Hotels Association – National Body did not operate any funds or accounts in respect of compulsory levies raised by the Association or voluntary contributions collected from members of the reporting unit during the financial year.

Details of any transfer or withdrawals to a fund, account or controlled entity in accordance with s.254(22)(d):

Australian Hotels Association – National Body has made no transfer(s) and/or withdrawal(s) to a fund, account or controlled entity, when any of these are kept for a specific purpose(s) by the reporting unit during the financial year.

Details of any transfer or withdrawals to a fund, account or controlled entity in accordance with s.254(24):

No other reporting unit and/or controlled entity of the organisation was the source of a cash inflow or the application of a cash outflow during the financial year.

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 16: FINANCIAL RISK MANAGEMENT

The association's financial instruments consist mainly of deposits with bank, short term investments, and investments in listed shares, receivables and payables.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

		2016 (\$)	2015 (\$)
Financial assets			
Cash and cash equivalents	5	851,376	669,138
Accounts receivable and other debtors		116,811	508,074
Available-for-sale financial assets			
- Shares in listed companies	8	779	779
		<u>968,966</u>	<u>1,177,991</u>
Financial liabilities			
Financial liabilities at amortised cost			
- Accounts payable and other payables	10	738,284	769,575

Financial risk management policies

The association's Treasurer is responsible for, among other issues, monitoring and managing financial risk exposures of the association. The Treasurer monitors the association's transactions and reviews the effectiveness of controls relating to credit risk, financial risk and interest rate risk. Discussions on monitoring and managing financial risk exposures are held bi-monthly and minuted by the committee of management.

The Treasurer's overall risk management strategy seeks to ensure that the association meets its financial targets, whilst minimising potential adverse effects of cash flow shortfalls.

Specific financial risk exposures and management

The main risks the entity is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk. There have been no substantive changes in the types of risks the association is exposed to, how these risks arise, or the association's objectives, policies and processes for managing or measuring the risks from the previous period.

Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contractual obligations that could lead to a financial loss to the association. Credit risk is managed through maintaining procedures (such as the utilisation of systems for the approval, granting and removal of credit limits, regular monitoring of exposure against such limits and monitoring of the financial stability of significant customers and counterparties) ensuring, to the extent possible, that members and counterparties to transactions are of sound credit-worthiness. Risk is also minimised through investing surplus funds in financial institutions that maintains a high credit rating or in entities that the committee has otherwise assessed as being financially sound.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position. There is no collateral held by the association securing trade and other receivables. Accounts receivable and other debtors that are neither past due nor impaired are considered to be high credit quality. The association has no significant concentrations of credit risk with any single counterparty or group of counterparties.

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 16: FINANCIAL RISK MANAGEMENT (CONT)

Liquidity risk

Liquidity risk arises from the possibility that the association might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The association manages its risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities
- only investing surplus cash with major financial institutions

The table below reflects an undiscounted contractual maturity analysis for non-derivative financial liabilities. The association does not hold directly any derivative financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Financial liability and financial asset maturity analysis

	Within 1 year		1 to 5 years		Over 5 years		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment								
Accounts payable and other payables (excluding annual leave)	301,448	259,173	-	-	-	-	290,066	259,173
Total expected outflows	301,448	259,173	-	-	-	-	290,066	259,173
Financial assets – cash flows realisable								
Cash and cash equivalents	851,376	669,138	-	-	-	-	851,376	669,138
Accounts receivable and other debtors	116,811	508,074	-	-	-	-	105,429	508,074
Available-for-sale investments	779	779	-	-	-	-	779	779
Total anticipated inflows	968,966	1,177,991	-	-	-	-	957,584	1,177,991
Net (outflow)/inflow on financial instruments	667,518	918,818	-	-	-	-	667,518	918,818

Net fair values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the balance sheet. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices.

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 16: FINANCIAL RISK MANAGEMENT (CONT)

	Footnote	2016		2015	
		Net carrying value \$	Net fair value \$	Net carrying value \$	Net fair value \$
Financial assets					
Cash and cash equivalents	(i)	851,376	851,376	669,138	669,138
Accounts receivable and other debtors	(i)	116,811	116,811	508,074	508,074
Available-for-sale financial assets – in listed share investments	(ii)	779	779	779	779
Total financial assets		968,966	968,966	1,177,991	1,177,991
Financial liabilities					
Accounts payable and other payables	(i)	738,284	738,284	769,575	769,575
Total financial liabilities		738,284	738,284	769,575	769,575

The fair values disclosed in the above table have been determined based on the following methodologies:

- (i) Cash and cash equivalents, accounts receivable and other debtors and accounts payable and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Accounts payable and other payables exclude amounts relating to the provision for annual leave, which is outside the scope of AASB 139.
- (ii) For listed available-for-sale and held-for-trading financial assets, closing quoted bid prices at reporting date are used.

Fair Value Measurements

The following table provides an analysis of assets and liabilities that are measured at fair value. The different levels of the fair value hierarchy are defined below:

Level 1: Quote prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurements date.

Level 2: Inputs other than quoted prices included within level 1 that are observable for assets or liabilities, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Non-financial assets	Fair value measurements at the end of the reporting period			For levels 2 & 3 fair value measurement	
	2016	2015	Category	Valuation Technique ¹	Inputs used
Property, plant & equipment	1,318,544	1,353,130	Level 2	Market approach	Market data & Sales Comparisons.

1) No change in valuation technique occurred during the period

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 16: FINANCIAL RISK MANAGEMENT (CONT)

Sensitivity analysis

The following table illustrates sensitivities to the association's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Financial assets	
	Profit	Equity
	\$	\$
Year ended 31 December 2016		
+/- 1% in interest rates	4,000	4,000
+/- 10% in listed investments	78	78
Year ended 31 December 2015		
+/- 1% in interest rates	5,000	5,000
+/- 10% in listed investments	78	78

No sensitivity analysis has been performed on foreign exchange risk as the association has no significant exposure to currency risk.

There have been no changes in any of the assumptions used to prepare the above sensitivity analysis from the prior year.

NOTE 17: CONTINGENT LIABILITIES

There are no contingent liabilities as at year end.

NOTE 18: ASSOCIATION DETAILS

The registered office and principal place of business of the association is:
 Australian Hotels Association
 24 Brisbane Avenue
 BARTON ACT 2600

RSM Australia Pty Ltd

Equinox Building 4 Level 2, 70 Kent Street Deakin ACT 2600
GPO Box 200 Canberra ACT 2601

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY**

Opinion

We have audited the financial report of Australian Hotels Association - National Body, which comprises the statement of financial position as at 31 December 2016, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Committee of Management statement.

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of Australian Hotels Association - National Body as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Fair Work (Registered Organisations) Act 2009.

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 Australian Hotels Association - National Body 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.

Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in Australian Hotels Association - National Body annual report for the year ended 31 December 2016, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information 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, in doing so, consider whether the other information is 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 this other information, we are required to report that fact. We have nothing to report in this regard.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Australia Pty Ltd is a member of the RSM network of member firms of the RSM network. RSM is a partnership network of member firms of the RSM network, each of which is a separate legal entity in its own right. The RSM network is not a legal entity in any jurisdiction.

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Liability limited by a scheme approved under Professional Standards Legislation

Responsibilities of Management and Those Charged with Governance for the Financial Report

The Committee is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Fair Work (Registered Organisations) Act 2009*, and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing Australian Hotels Association - National Body'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 management either intends to liquidate Australian Hotels Association - National Body or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Pronouncements/Australian-Auditing-Standards/Auditors-Responsibilities.aspx>. This description forms part of our auditor's report.

I declare that I am an approved auditor, a member of the Institute of Chartered Accountants in Australia, and hold a current public practice certificate

A handwritten signature in black ink, appearing to read 'Rodney Miller', with a horizontal line extending to the right.

RODNEY MILLER
Director

RSM AUSTRALIA PTY LTD
Canberra, Australian Capital Territory
Dated: 11 May 2017

RSM Australia Pty Ltd

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GPO Box 200 Canberra ACT 2601

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AUDITOR'S DISCLAIMER

The additional financial data presented in the following pages is in accordance with the books and records of the Australian Hotels Association – National Body (AHA) which have been subjected to the auditing procedures applied in our audit of the AHA for the year 31 December 2016. It will be appreciated that our audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and no warranty of accuracy or reliability is given. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person, (other than to the AHA), in respect of such data, including any errors or omissions therein however caused.



RODNEY MILLER

Director

RSM AUSTRALIA PTY LTD

Canberra, Australian Capital Territory

Dated: 11 May 2017

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. RSM is a global network of independent member firms, each of which operates in its own jurisdiction. The RSM network is not a legal entity and does not provide any services.

RSM Australia Pty Ltd (ACN 604 24223) is a Director of RSM Australia Pty Ltd (ABN 46 736 182 479) member of RSM.

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AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016
INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 December 2016

	2016 \$	2015 \$
Revenue		
Affiliation fees	2,400	2,400
Capitation fees	955,904	799,904
Dividends received	74	62
Advertising income	-	-
Interest received	8,437	12,553
Income received from special project	-	381,776
Income received from government grants	-	113,577
Income received from national marketing and convention	882,449	898,586
Rental received from 24 Brisbane Avenue, Barton	145,806	152,494
Total revenue	<u>1,995,070</u>	<u>2,361,352</u>
Expenditure		
ACT Branch management fees	-	960
Annual Leave/LSL expense	1,967	7,768
Accommodation divisional survey and operational costs	442,808	335,932
Audit and accounting fees	91,160	68,959
Bank charges	3,130	2,003
Body corporate and outgoings	43,961	35,542
CEO LAFH Allowance	36,398	36,036
Consultancy expenses	19,731	118,453
Depreciation expense	34,586	34,754
Doubtful debts	-	-
Expenses incurred for the special project	66,398	472,829
Expenses incurred for the marketing convention	171,287	172,235
Executive and Council conference and meetings	24,142	57,525
Fringe benefits tax	3,000	3,000
Gaming expenses	-	2,000
Insurance expense	18,812	15,818
Industrial relations expense	38,336	36,422
Leasing of office premises	59,124	53,427
Legal expenses	20,341	73,650
Light and power	1,300	1,343
Media, training and monitoring	1,245	-
Office administrative expenses	13,416	7,699
Postage and freight	874	623
President's remuneration	25,000	25,000
Political events	66,227	31,295
Printing and stationery	7,948	4,385
Publications expense	31,454	17,476
Representations	312,112	42,591
Salaries, benefits and on-costs	366,450	330,751
Secretary/Treasurer's remuneration	10,000	10,000
Staff Recruiting	-	263
Subscriptions expense	187,977	190,708
Telephone expense	15,818	18,000
Travel expenses	79,283	73,231
Total expenditure	<u>2,194,285</u>	<u>2,280,678</u>
Surplus/(Deficit) for the year	<u>(199,215)</u>	<u>80,674</u>

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

INCOME AND EXPENDITURE STATEMENT
SUPPORTING SCHEDULES
FOR THE YEAR ENDED 31 December 2016

	2016	2015
	\$	\$
National marketing and convention		
Revenue		
Corporate sponsorship	764,050	775,308
Delegate registration	-	-
National awards for excellence sponsorship income	118,399	123,278
Total revenue	882,449	898,586
Expenditure		
Audio-visual and slide production	-	42,804
Consultancy expense	-	-
Entertainment, theming and production	35,355	38,182
Equipment hire	-	-
Food, beverages, golf and theme parks	79,608	26,616
National awards for excellence	13,309	21,008
Printing and stationery	2,227	1,725
Spring carnival	25,266	26,772
Travel, accommodation and consultants	16,522	15,128
VIP events	-	-
VIP gifts	-	-
Total expenditure	171,287	172,235
Surplus for the year	711,162	726,351

**AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2016**

**INCOME AND EXPENDITURE STATEMENT
 SUPPORTING SCHEDULES
 FOR THE YEAR ENDED 31 December 2016**

	2016 \$	2015 \$
LEA projects		
Revenue		
Grants income received	-	-
Total revenue	-	-
Expenditure		
Completion of seminars	-	-
Total expenditure	-	-
Deficit for the year	-	-

**AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

**INCOME AND EXPENDITURE STATEMENT
SUPPORTING SCHEDULES
FOR THE YEAR ENDED 31 December 2016**

	2016 \$	2015 \$
HEEIP project		
Revenue		
Grants received	-	113,577
Total revenue	<u>-</u>	<u>113,577</u>
Expenditure		
Consultancy fees	19,731	118,453
Total expenditure	<u>19,731</u>	<u>118,453</u>
Surplus for the year	<u>(19,731)</u>	<u>(4,876)</u>

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

INCOME AND EXPENDITURE STATEMENT
SUPPORTING SCHEDULES
FOR THE YEAR ENDED 31 December 2016

	2016 \$	2015 \$
WORK FORCE project		
Revenue		
Grant income	-	-
Total revenue	-	-
Expenditure		
Consultancy fees	-	-
Total expenditure	-	-
Surplus / (deficit) for the year	-	-