



Australian Government
Registered Organisations Commission

21 October 2019

Mr David Basheer
Secretary/Treasurer
Australian Hotels Association

By e-mail: aha@aha.org.au

Dear Mr Basheer

Australian Hotels Association
Financial Report for the year ended 31 December 2018 - FR2018/318

I acknowledge receipt of the amended financial report for the year ended 31 December 2018 for the Australian Hotels Association (**the reporting unit**). The financial report was lodged with the Registered Organisations Commission (**ROC**) on 18 October 2019.

The financial report has now been filed. You are not required to take any further action in respect of the report lodged.

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 9603 0707 or by email at ken.morgan@roc.gov.au

Yours faithfully

A handwritten signature in black ink, appearing to read 'K. Morgan'.

KEN MORGAN
Financial Reporting Specialist
Registered Organisations Commission

AUSTRALIAN HOTELS ASSOCIATION - NATIONAL BODY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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**AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
STATEMENT OF PRINCIPAL ACCOUNTING OFFICER**

I David Basheer being the Honorary Secretary/Treasurer of the Australian Hotels Association - National Body certify:

- that the documents lodged herewith are copies of the full report for the Australian Hotels Association - National Body for the period ended referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on 15 October 2019; and
- that the full report was presented to a meeting of the committee of management of the reporting unit on 15 October 2019 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.



DAVID BASHEER
Honorary Secretary / Treasurer

15 October 2019

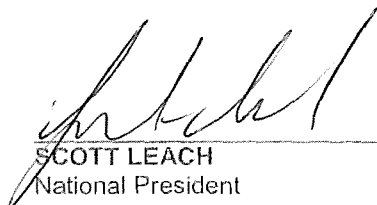
AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
STATEMENT BY THE COMMITTEE OF MANAGEMENT

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 2018:


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

- a) the financial statements and notes comply with the Australian Accounting Standards;
- b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the 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:
 - (i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
 - (iv) where the organisation 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 organisation; and
 - (v) 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
 - (vi) 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.

This declaration 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



DAVID BASHEER
National Secretary/Treasurer

15 October 2019

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
OPERATING REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2018

This operating report covers the results of those activities that were provided for the financial year ended 31 DECEMBER 2018.

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.

REVIEW OF PRINCIPAL ACTIVITIES

The Committee of Management has reviewed its principal activities and is satisfied that activities have been successfully conducted throughout the year.

SIGNIFICANT CHANGES TO ACTIVITIES

- 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.

SIGNIFICANT CHANGES IN FINANCIAL AFFAIRS

The results of the reporting unit's activities were consistent with the reporting unit's aims and activities.

The operating surplus for the year ended 31 December 2018 is \$401,800 (2017: \$210,336). The management committee has considered the going concern principle and is satisfied that the going concern concept is appropriate.

RIGHT OF MEMBERS TO RESIGN

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.

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
REPORT REQUIRED UNDER SUBSECTION 255(2A)
FOR THE YEAR ENDED 31ST DECEMBER 2018

- 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.

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 5,083.

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 2 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:

Scott Leach	– President (full year)
Peter Burnett	– Senior Vice President (1/1/2018 - 5/11/2018)
Colin Waller	– Secretary / Treasurer (1/1/2018 – 5/11/2018)
David Basheer	– Secretary Treasurer (5/11/2018 – 31/12/2018)
John Dabner	– President Accommodation Division (From 5/11/2018)
Greg Moore	– President Accommodation Division (1/1/2018 - 5/11/2018)
Paul Jubb	– Vice President (1/1/2018 - 5/11/2018)/Senior Vice President (thereafter)
David Canny	– Vice President (From 5/11/2018)



DAVID BASHEER

National Secretary/Treasurer

15 October 2019

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
 OPERATING REPORT
 FOR THE YEAR ENDED 31ST DECEMBER 2018

The Committee of Management presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 31 December 2018.

Categories of expenditures	2018 \$	2017 \$
Remuneration and other employment-related costs and expenses - employees	583,189	491,477
Advertising	-	-
Operating costs	416,189	491,477
Donations to political parties	219,805	144,004
Legal costs	45,625	37,832

Signature of designated officer: 

Name and title of designated officer: DAVID BASHEER - SECRETARY / TREASURER

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	NOTE	2018 \$	2017 \$
Revenues			
Membership subscription	2	-	-
Affiliation fees	2	2,400	2,400
Capitation fees	2	955,904	955,904
Interest income	2	16,984	10,203
Other income	2	1,519,177	1,172,538
Grants and donations	2(c)	-	-
Total income		<u>2,494,465</u>	<u>2,141,045</u>
Expenses			
Accommodation divisional survey and operational costs		(412,963)	(384,569)
Employee benefits expense	3(a)	(583,594)	(525,032)
Depreciation expense		(35,001)	(34,751)
Consultancy expense		(133)	(45)
Legal expenses	3(d)	(45,625)	(37,832)
Marketing and convention expense		(219,697)	(185,469)
Executive and Council conferences and meetings		(27,869)	(41,521)
Travel expenses		(130,474)	(82,789)
Bank charges and finance costs		(1,315)	(3,220)
Administration expenses	3(b)	(412,289)	(491,477)
Donations	3(c)	(223,705)	(144,004)
Total expenses		<u>2,092,665</u>	<u>1,930,709</u>
Current year surplus/(deficit) before income tax expense		401,800	210,336
Income tax expense	1(a)	-	-
Net current year surplus		<u>401,800</u>	<u>210,336</u>
Other comprehensive income			
Revaluation of buildings		-	-
Total comprehensive income attributable to the members		<u>401,800</u>	<u>210,336</u>

The accompanying notes form part of the financial statements

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
BALANCE SHEET
AS AT 31 DECEMBER 2018

	NOTE	2018 \$	2017 \$
CURRENT ASSETS			
Cash and cash equivalents	5	1,051,597	903,576
Trade and other receivables	6	405,867	424,437
Other current assets	7	60,586	31,413
TOTAL CURRENT ASSETS		<u>1,518,050</u>	<u>1,359,426</u>
NON-CURRENT ASSETS			
Financial assets	8	779	779
Property, plant and equipment	9	1,251,494	1,286,495
TOTAL NON-CURRENT ASSETS		<u>1,252,273</u>	<u>1,287,274</u>
TOTAL ASSETS		<u>2,770,323</u>	<u>2,646,700</u>
CURRENT LIABILITIES			
Trade and other payables	10 A	569,035	855,985
Employee provisions	10 B	21,077	12,304
TOTAL CURRENT LIABILITIES		<u>590,112</u>	<u>868,288</u>
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		<u>590,112</u>	<u>868,288</u>
NET ASSETS		<u>2,180,211</u>	<u>1,778,412</u>
EQUITY			
Reserves		885,378	885,378
Retained earnings		1,294,833	893,034
TOTAL EQUITY		<u>2,180,211</u>	<u>1,778,412</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 2018

	Asset revaluation reserve	Retained surplus	Total
Balance at 1 January 2017	885,378	682,697	1,568,075
Net surplus attributable to members of the entity	-	210,336	210,336
Revaluation of Buildings	-	-	-
Balance at 31 December 2017	885,378	893,033	1,778,411
Revaluation of buildings	-	-	-
Net (deficit) attributable to members of the entity	-	401,800	401,800
Balance at 31 DECEMBER 2018	885,378	1,294,833	2,180,211

The accompanying notes form part of these financial statements

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	NOTE	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from capitation fees	12a	1,051,494	1,051,494
Receipts from promotional and sundry activities		2,974,900	1,168,476
Interest received		16,984	10,203
Dividends received		126	71
Receipts from Government grants		-	-
Payments to employees and for promotional and Other expenses		(3,895,483)	(2,178,044)
Net cash provided by operating activities	12	<u>148,021</u>	<u>52,200</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		-	-
Net cash (used in) investing activities	12	<u>-</u>	<u>-</u>
Net increase in cash held		148,021	52,200
Cash and cash equivalents at beginning of financial year		903,576	851,376
Cash and cash equivalents at end of financial year	5	<u><u>1,051,597</u></u>	<u><u>903,576</u></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 2018

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 15 October 2019 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 2018

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) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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) Trade and other receivables

Trade receivables and other receivables 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.

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for expected credit losses.

The association has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are measured at amortised cost, less any allowance for expected credit losses.

(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 2018

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 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(o) Adoption of New Australian Accounting Standard requirements

AASB 9 Financial Instruments

The association has adopted AASB 9 from 1 January 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

Impact of adoption

AASB 9 was adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact of adoption on opening retained profits as at 1 January 2018

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:

AASB16	<i>Leases</i>	AASB 16 replaces AASB 117 Leases and some lease-related Interpretations <ul style="list-style-type: none"> · requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases · provides new guidance on the application of the definition of lease and on sale and lease back accounting · largely retains the existing lessor accounting requirements in AASB 117 · requires new and different disclosures about leases 	1 January 2019	Minimal Impact
AASB 15	<i>Revenue from contracts with customers</i>	AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations. <ul style="list-style-type: none"> - establishes a new revenue recognition model - changes the basis for deciding whether revenue is to be recognised over time or at a point in time - provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing) - expands and improves disclosures about revenue 	1 January 2019 (Not-for-profit entities)	Minimal Impact

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

New standards and interpretations issued but not yet effective (CONT)

AASB 1058	<i>Income of Not-for-Profit Entities</i>	<p>AASB 1058 and AASB 2016-8 will defer income recognition in some circumstances for not-for-profit entities, particularly where there is a performance obligation or any other liability. In addition, certain components in an arrangement, such as donations, may be separated from other types of income and recognised immediately. The Standard also expands the circumstances in which not-for-profit entities are required to recognise income for goods and services received for consideration that is significantly less than the fair value of the asset principally to enable the entity to further its objectives (discounted goods and services), including for example, peppercorn leases.</p> <p>Consequently AASB 1004 Contributions is also amended, with its scope effectively limited to address issues specific to government entities and contributions by owners in a public sector entity context</p>	1 January 2019	Minimal Impact
AASB 2016-8	<i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-For-Profit Entities</i>			

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 \$	2017 \$
NOTE 2: REVENUE		
Operating activities		
Membership subscription	-	-
Affiliation fees	2,400	2,400
Interest received	16,984	10,203
Capitation fees:		
Capitation fees – general levy from states	449,904	449,904
Capitation fees – TAA levy from states	506,000	506,000
Total capitation fees	<u>955,904</u>	<u>955,904</u>
Other income:		
Dividends received	126	71
Termination of AEC Contract	24,930	-
AHA ACT Branch Management Fee	13,174	-
Promotional	1,176,159	953,446-
Revenue from recovery of wages activity	-	-
Revenue via compulsory levies	-	-
Special project state recovery	-	-
Rental income	157,798	83,090
Sundry income	146,990	135,931
Total other income	<u>1,519,177</u>	<u>2,141,046</u>
Total revenue	<u><u>2,494,465</u></u>	<u><u>2,141,045</u></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	163,185
Victoria	126,500	126,500
Queensland	102,465	102,465
South Australia	36,685	36,685
Western Australia	55,660	55,660
Tasmania	11,385	11,385
Australian Capital Territory	5,060	5,060
Northern Territory	5,060	5,060
	<u>506,000</u>	<u>506,000</u>
2(c) Grants or donations		
Grants	-	-
Donations	-	-
Total grants or donations	<u>-</u>	<u>-</u>

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 3: EXPENSES

	2018	2017
	\$	\$
3(a) Employee expense		
Holders of office:		
Wages and salaries	295,600	293,100
Superannuation	25,000	37,500
Leave and other entitlements	20,154	8,551
Separation and redundancies	-	-
Other employee expenses	-	-
	340,754	329,151
Employees other than office holders:		
Wages and salaries	210,557	171,823
Superannuation	31,360	20,305
Leave and other entitlements	923	3,753
Separation and redundancies	-	-
Other employee expenses	-	-
	242,840	195,881
Total employee expenses	583,594	525,032
3(b) Operating expenses includes:		
Industrial relations expense	38,493	36,160
Accounting expenses	78,816	76,020
Advertising expenses	-	-
Body corporate and outgoings	41,974	37,744
Expenses incurred in relation to special project	5,850	56,674
Operating expenses	79,001	65,649
Insurance expenses	23,446	21,371
Publications expense	-	53,267
Operating lease expenses	25,000	25,000
Subscriptions expenses	119,709	119,592
Total Operating Cost	412,289	491,477
3(c) Grants & Donations:		
Grants that were \$1,000 or less	-	-
Grants that exceeded \$1,000	-	-
Donations that were \$1,000 or less	25,155	12,107
Donations that exceeded \$1,000	198,550	131,897
	223,705	144,004

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
NOTE 3: EXPENSES (CONT)	\$	\$
3(d) Legal expenses include:		
Litigation	-	-
Other legal matters	45,625	37,832
	<u>45,625</u>	<u>37,832</u>
 NOTE 4: AUDITORS' REMUNERATION		
Remuneration of the auditor of the association for:		
- auditing the financial statements	15,095	14,350
	<u>15,095</u>	<u>14,350</u>
 No other services were provided by the auditors.		
 NOTE 5: CASH AND CASH EQUIVALENTS		
Cash on hand	-	-
Cash at bank	351,597	203,576
Short term investments – term deposits	700,000	700,000
	<u>1,051,597</u>	<u>903,576</u>
 NOTE 6: TRADE AND OTHER RECEIVABLES		
Net GST refundable	-	-
Trade receivables	405,867	424,437
Less: Allowance for expected credit losses (2017: provision for doubtful debts)	-	-
Receivable with another reporting unit	-	-
	<u>405,867</u>	<u>424,437</u>
 NOTE 7: OTHER CURRENT ASSETS		
Prepayments	60,586	31,413
	<u>60,586</u>	<u>31,413</u>
 NOTE 8: FINANCIAL ASSETS		
NON-CURRENT		
Financial assets at fair value through other comprehensive income		
a. Financial assets at fair value through other comprehensive income comprise:		
Listed investments, at fair value		
- shares in Insurance Australia Group Limited	779	779
Total financial assets at fair value through other comprehensive income	<u>779</u>	<u>779</u>

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 \$	2017 \$
NOTE 9: PROPERTY, PLANT & EQUIPMENT		
Building – 24 Brisbane Avenue, Barton at fair value	1,450,000	1,450,000
Less: accumulated depreciation	<u>(200,387)</u>	<u>(166,989)</u>
	<u>1,249,613</u>	<u>1,283,011</u>
Office equipment – at cost	39,731	39,731
Less: accumulated depreciation	<u>(37,850)</u>	<u>(36,247)</u>
	<u>1,881</u>	<u>3,484</u>
Total property, plant and equipment	<u><u>1,251,494</u></u>	<u><u>1,286,495</u></u>

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

Movements in carrying amounts

	Building \$	Office equipment \$	Total \$
Balance at 31 December 2016	1,316,409	2,135	1,318,544
Additions/Revaluation	-	2,702	2,702
Depreciation expense	(33,398)	(1,353)	(34,751)
Balance at 31 December 2017	<u>1,283,011</u>	<u>3,484</u>	<u>1,286,495</u>
Additions	-	-	-
Revaluations	-	-	-
Depreciation expense	(33,398)	(1,603)	(35,001)
Carrying amount at 31 December 2018	<u><u>1,249,613</u></u>	<u><u>1,881</u></u>	<u><u>1,251,494</u></u>

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 A: TRADE AND OTHER PAYABLES

	NOTE	2018 \$	2017 \$
Current			
Accounts payable- general		86,085	61,539
Accounts payable – related to legal costs (other matters)	3(c)	-	2,378
Accounts payable – related to legal costs (litigation)	3(c)	-	-
Accrued expenditure		70,177	159,043
Other payables		21,135	111,992
Income received in advance		<u>391,638</u>	<u>521,032</u>
	1(l)	<u><u>569,035</u></u>	<u><u>855,985</u></u>

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	\$	\$
NOTE 10 B: PROVISIONS		
Current		
Provision for annual leave- holders of office	20,154	8,551
Provision for annual leave- employees other than office holders	923	3,753
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(m)	21,077	12,304

NOTE 11: CAPITAL AND LEASING COMMITMENTS

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	148,910	144,639
Later than 12 months but not later than 5 years	344,294	493,204
	493,204	637,843

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	-	-
Later than 1 year but not later than 5 years	-	-
	-	-

NOTE 12: CASH FLOW INFORMATION

Reconciliation of cash flow from operations with surplus after income tax

(Deficit)/Surplus after income tax	401,800	210,336
Non-cash flows in profit:		
Depreciation expense	35,001	34,751
Changes in assets and liabilities:		
(Increase)/decrease in fixtures	-	(2,702)
Decrease/(increase) in trade receivables	18,570	(307,626)
(Increase)/decrease in prepayments	(29,174)	(12,562)
Increase/(decrease) in trade and other payables	(87,554)	33,506
Increase/(decrease) in income received in advance	(129,394)	100,955
(Decrease)/increase in provisions	(61,228)	(4,458)
Net cash from operating activities	148,021	52,200

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 2018

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

OUTFLOWS

Amounts paid to the NSW Branch for accounting and TAA CEO service	162,270	158,520
Amounts paid to the ACT Branch for general administration	-	-
Amounts paid to the WA Branch for policy support	40,000	40,000
Total	<u>202,270</u>	<u>198,520</u>

INFLOWS

Breakdown of capitation fees – general levy from states		
New South Wales	159,603	159,603
Victoria	123,724	123,724
Queensland	100,217	100,217
South Australia	35,880	35,880
Western Australia	54,438	54,438
Tasmania	11,135	11,135
Australian Capital Territory	4,949	4,949
Northern Territory	4,949	4,949
	<u>494,894</u>	<u>494,894</u>

Breakdown of capitation fees – TAA levy from states

New South Wales	179,504	179,504
Victoria	139,150	139,150
Queensland	112,712	112,712
South Australia	40,354	40,354
Western Australia	61,226	61,226
Tasmania	12,524	12,524
Australian Capital Territory	5,566	5,566
Northern Territory	5,566	5,566
	<u>556,600</u>	<u>556,600</u>

Total	<u>1,051,494</u>	<u>1,051,494</u>
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NOTE 12: CASH FLOW INFORMATION

Reconciliation of cash flow from operations with surplus after income tax

(Deficit)/Surplus after income tax	401,800	210,336
Non-cash flows in profit:		
Depreciation expense	35,001	34,751
Changes in assets and liabilities:		
(Increase)/decrease in fixtures	-	(2,702)
Decrease/(increase) in trade receivables	18,570	(307,626)
(Increase)/decrease in prepayments	(29,174)	(12,562)
Increase/(decrease) in trade and other payables	(87,554)	33,506
Increase/(decrease) in income received in advance	(129,394)	100,955
(Decrease)/increase in provisions	(61,228)	(4,458)
Net cash from operating activities	<u>148,021</u>	<u>52,200</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 2018

	2018	2017
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"> • Scott Leach • Paul Jubb • David Canny • David Basheer • Colin Waller • Peter Burnett AM • Tom McGuire • John Dabner • Greg Moore • Paul Palmer • Peter Hurley AO • Mick Burns • Michael Capezio • Neil Randall 		
(b) Key management personnel		
Short term employment benefits		
Salary	245,600	243,100
Annual leave accrued	20,154	8,551
Performance bonus	50,000	50,000
Total short-term employee benefits	<u>315,754</u>	<u>301,651</u>
Post-employment benefits:		
Superannuation	25,000	27,500
Total post-employment benefits	<u>25,000</u>	<u>27,500</u>
Other long-term benefits:		
Long-service leave	-	-
Total other long-term benefits	<u>-</u>	<u>-</u>
Termination benefits	-	-
Total	<u>340,754</u>	<u>329,151</u>
(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	162,270	158,520
Amount paid to Michael Capezio (MCM Project)/ ACT Branch	-	30,345
Amounts paid to the WA Branch for policy support	40,000	40,000
Amounts paid to AHA TAS – Industry protection fund	400,000	-
Amounts paid to AHA SA – Industry protection fund	750,000	-
Total	<u>1,352,270</u>	<u>228,865</u>
Amounts received from AHA NSW – Industry protection fund	<u>1,100,000</u>	<u>-</u>

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 13: RELATED PARTY TRANSACTIONS(CONT)

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. Amounts received for the industry protection fund are recorded as a liability on the balance sheet. 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: SECTION 272 FAIR WORK (REGISTERED ORGANISATIONS) Act 2009

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), (3) of section 272 which reads as follows:

- (1) A member of a reporting unit, or the 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 the application made under subsection (1).

NOTE 15: FURTHER DISCLOSURES

Financial support provided to enable the Association to continue as a going

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

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

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; or
- b) a restructure of the branches of the organisation; or
- c) a determination by the General Manager; or
- d) a revocation by the General Manager.

Financial support received from another reporting unit

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

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

Capitation fees paid

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

Payment to former related party of the reporting unit

The Australian Hotels Association – National Body is not required to pay and did not pay any former related party of the reporting unit.

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Note 15: FURTHER DISCLOSURES

Fees and periodic subscriptions

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

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

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

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

Payables to employers as consideration for the employers making payroll deductions of membership subscriptions

There were no instances of payables of this nature as at year end.

Name and balance of each fund or account in respect to compulsory levies or voluntary

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

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 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 2018

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:

		2018 (\$)	2017 (\$)
Financial assets			
Cash and cash equivalents	5	1,051,597	903,576
Trade and other receivables		405,867	424,437
Financial assets at fair value through other comprehensive income			
- Shares in listed companies	8	779	779
		<u>1,458,243</u>	<u>1,328,792</u>
Financial liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	10	569,035	855,985

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 2018

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	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment								
Trade and other payables	177,397	334,952	-	-	-	-	177,397	334,952
Total expected outflows	177,397	334,952	-	-	-	-	177,397	334,952
Financial assets – cash flows realisable								
Cash and cash equivalents	1,051,597	903,576	-	-	-	-	1,051,597	903,576
Trade and other receivables	405,867	424,437	-	-	-	-	405,867	424,437
Available-for-sale investments	779	779	-	-	-	-	779	779
Total anticipated inflows	1,458,243	1,328,792	-	-	-	-	1,458,243	1,328,792
Net (outflow)/inflow on financial instruments	1,280,846	993,840	-	-	-	-	1,280,846	993,840

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 2018

NOTE 16: FINANCIAL RISK MANAGEMENT (CONT)

	Footnote	2018		2017	
		Net carrying value \$	Net fair value \$	Net carrying value \$	Net fair value \$
Financial assets					
Cash and cash equivalents	(i)	1,051,597	1,051,597	903,576	903,576
Trade and other receivables	(i)	405,867	405,867	424,437	424,437
Financial assets at fair value through other comprehensive income	(ii)	779	779	779	779
Total financial assets		1,458,243	1,458,243	1,328,792	1,328,792
Financial liabilities					
Trade and other payables	(i)	569,035	569,035	855,985	855,985
Total financial liabilities		569,035	569,035	855,985	855,985

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	
	2018	2017	Category	Valuation Technique ¹	Inputs used
Property, plant & equipment	1,251,494	1,286,495	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 2018

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 2018		
+/- 1% in interest rates	4,000	4,000
+/- 10% in listed investments	78	78
Year ended 31 December 2017		
+/- 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

During the reporting period, the current regulator instigated proceedings against AHA for alleged failures by the Queensland Branch in relation to notifying regulators as to elections and changes in office holding. The matter does not involve a potential "financial settlement" as it is a civil penalties action by the current regulator. Any penalties imposed by the Court will be recovered by AHA from the Queensland Branch. It is not possible to provide a reliable estimate of the eventual amount of penalties that may be imposed by the Court. Accordingly, no provision has been provided within these financial statements.

NOTE 18: ASSOCIATION DETAILS

The registered office and principal place of business of the association is:
 Australian Hotels Association
 27 Murray Crescent
 GRIFFITH ACT 2603

RSM Australia Pty Ltd

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

T +61 (0) 2 6217 0300

F +61 (0) 2 6217 0401

www.rsm.com.au

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

Opinion

I have audited the financial report of Australian Hotels Association - National Body, which comprises the statement of financial position as at 31 December 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2018, notes to the financial statements, including a summary of significant accounting policies; the Committee of Management Statement, the subsection 255(2A) report and Statement of Principal Accounting Officer.

In my opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of Australian Hotels Association - National Body as at 31 December 2018, and its financial performance and its cash flows for the year ended on that date in accordance with:

- a) the Australian Accounting Standards; and
- b) any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act).

I declare that management's use of the going concern basis in the preparation of the financial statements of the Reporting Unit is appropriate.

Basis for Opinion

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

The Committee of Management is responsible for the other information. The other information obtained at the date of this auditor's report is in the Operating Report accompanying the financial report.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Committee of Management for the Financial Report

The Committee of Management of the Reporting Unit is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the Committee of Management determine 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 intend to liquidate the Reporting Unit or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

My objective is 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Reporting Unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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 entities or business activities within the Reporting Unit to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Reporting Unit audit. I remain solely responsible for my audit opinion.

I communicate with the Committee of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I declare that I am an approved auditor under the RO Act.

A handwritten signature in black ink that reads 'RSM'.

RSM Australia Pty Ltd

A handwritten signature in black ink that reads 'Rodney Miller'.

Rodney Miller
Director

Canberra
17 October 2019

Registration number (as registered by the RO Commissioner under the RO Act): AA2017/144

RSM Australia Pty Ltd

Equinox Building 4, Level 2, 70 Kent Street Deakin ACT 2600

GPO Box 200 Canberra ACT 2601

T +61 (0) 2 6217 0300

F +61 (0) 2 6217 0401

www.rsm.com.au

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 2018. 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.

A stylized, handwritten signature of the letters "RSM" in black ink.

RSM AUSTRALIA PTY LTD

A handwritten signature in black ink, appearing to read "Rodney Miller", followed by a long horizontal line.

RODNEY MILLER

Director

Canberra, Australian Capital Territory

Dated: 17 October 2019

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. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Pty Ltd ACN 009 321 377 atf Birdance Practice Trust ABN 65 319 382 479 trading as RSM

Liability limited by a scheme approved under Professional Standards Legislation

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY

**INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018	2017
	\$	\$
Revenue		
Affiliation fees	2,400	2,400
Capitation fees	955,904	955,904
Dividends received	126	71
Termination of AEC Contract	24,930	-
Interest received	16,984	10,203
Income received from ACT Management Fee	13,174	-
Income received from government grants	-	-
Income received from national marketing and convention	1,323,149	1,089,377
Rental received from 24 Brisbane Avenue, Barton	157,798	83,090
Total revenue	2,494,465	2,141,045
Expenditure		
Brisbane Avenue Make Good Fee	-	47,287
Annual Leave/LSL expense	8,773	(4,456)
Accommodation divisional survey and operational costs	412,963	384,569
Audit and accounting fees	93,911	90,370
Bank charges	1,315	3,220
Body corporate and outgoings	41,974	37,744
CEO LAFH Allowance	26,043	30,227
Consultancy expenses	133	45
Depreciation expense	35,001	34,751
CEO Study Tour	35,708	-
Expenses incurred for the special project	5,850	56,674
Expenses incurred for the marketing convention	219,697	185,469
Executive and Council conference and meetings	27,869	41,521
Fringe benefits tax	3,000	3,000
Sponsorship Support	-	3,409
Insurance expense	23,446	21,371
Industrial relations expense	38,493	36,160
Leasing of office premises	25,000	25,000
Legal expenses	45,625	37,832
Light and power	1,968	37
Media, training and monitoring	1,195	450
Office administrative expenses	5,418	3,011
Postage and freight	381	423
President's remuneration	25,000	25,000
Political events	271,476	37,064
Printing and stationery	5,763	3,116
Publications expense	-	1,500
Representations	32,000	172,589
Salaries, benefits and on-costs	428,850	425,100
Secretary/Treasurer's remuneration	10,000	10,000
Staff Recruiting	-	-
Subscriptions expense	119,709	119,592
Telephone expense	15,630	15,845
Travel expenses	130,474	82,789
Total expenditure	2,092,665	1,930,709
Surplus/(Deficit) for the year	401,800	210,336

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY

**INCOME AND EXPENDITURE STATEMENT
SUPPORTING SCHEDULES
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018	2017
	\$	\$
National marketing and convention		
Revenue		
Corporate sponsorship	1,176,159	953,446
Delegate registration	-	-
National awards for excellence sponsorship income	146,990	135,931
Total revenue	<u>1,323,149</u>	<u>1,089,377</u>
Expenditure		
Audio-visual and slide production	54,004	-
Consultancy expense	-	-
Entertainment, theming and production	31,193	24,966
Equipment hire	-	-
Food, beverages, golf and theme parks	72,670	80,849
National awards for excellence	15,851	10,736
Printing and stationery	1,466	1,641
Spring carnival	22,409	44,799
Travel, accommodation and consultants	22,104	22,478
VIP events	-	-
VIP gifts	-	-
Total expenditure	<u>219,697</u>	<u>185,469</u>
Surplus for the year	<u>1,103,452</u>	<u>903,908</u>



2 August 2019

Mr David Basheer
Secretary/Treasurer
Australian Hotels Association

By e-mail: aha@aha.org.au

Dear Mr Basheer

Australian Hotels Association
Financial Report for the year ended 31 December 2018 - FR2018/318

I acknowledge receipt of the financial report for the year ended 31 December 2018 for the Australian Hotels Association (**the reporting unit**). The financial report was lodged with the Registered Organisations Commission (**ROC**) on 27 June 2019.

The financial report has not been filed. I have examined the report and identified a number of matters, the details of which are set out below, that you are required to address before the report can be filed.

The operating report, committee of management statement, general purpose financial report (GPFR) and auditor's statement will require amendments. The amended report will need to be provided to members, presented to a meeting of the committee of management, republished on the reporting unit's website and lodged with the ROC.

The matters identified should be read in conjunction with the *Fair Work (Registered Organisations) Act 2009* (the RO Act), *Fair Work (Registered Organisations) Regulations 2009* (the RO Regs), the 5th edition of the Reporting Guidelines (RG) made under section 255 of the RO Act and Australian Accounting Standards.

1. Non-compliance with previous requests

While we filed last year's financial report, we raised certain issues for the reporting unit to address in the preparation of future reports. I note that one of these errors has appeared in the current report, namely incorrect disclosure of grants and donation expense.

The ROC aims to assist reporting units in complying with their obligations under the RO Act and reporting guidelines by providing advice about the errors identified in financial reports. Failure to address these issues may lead to the Commissioner exercising his powers under section 330 of the RO Act.

2. Operating report

Significant changes in financial affairs

Section 254(2)(b) of the RO Act requires an operating report to give details of any significant changes in the reporting unit's financial affairs during the year. The operating report makes no statement in relation to the financial affairs of the Branch. The reporting unit is required to amend the operating report to include a statement in relation to significant changes in the organisations financial affairs during the year.

3. Committee of management statement

Recovery of wages disclosure

Please note that the 5th edition of the Reporting Guidelines (RG) made under section 255 of the RO Act issued 4 May 2018 no longer require a statement in regard to recovery of wages activity in the committee of management statement.

In place of the former requirements, item 13(e) of the 5th edition RGs requires the disclosure of any revenue derived from undertaking recovery of wages activity in either the statement of comprehensive income or the notes to the financial statements. As referred to below under 'Reporting guideline activities – not disclosed' the reporting unit has not made this disclosure in the GPFR.

Please amend the committee of management statement by deleting the statement in regard to recovery of wages.

Reference to s.272 & s.273

Following the enactment of the *Fair Work (Registered Organisations) Amendment Act 2016*, with effect from 1 May 2017, section 272 refers to Commissioner of the ROC instead of the General Manager, (**FWC**). However, section 273 continues to refer to the FWC.

The reporting unit's committee of management statement, at reference **(e)(vi)**, refers to the 'Registered Organisations Commission'. Please amend this reference to FWC in accordance with section 273 of the RO Act.

Notice setting out sections 272(1), (2) & (3)

Subsection 272(5) of the RO Act requires the accounts to include a copy of subsections 272(1), (2) & (3) as follows:

- (1) A member of a reporting unit, or the 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).

Note 14 to the GPFR partially addresses this requirement but does not include the specific wording required by the RO Act. In addition, the heading for Note 14 should include reference to section 272 and the misspelling of Commissioner (Commiosioner) will need to be corrected.

Please amend Note 14 accordingly.

4. General Purpose Financial Report (GPFR)

Disclosure of grants or donations expenditure

Reporting guideline 14(e) requires that where grants or donations have been paid, the total amounts paid are to be disclosed as follows -:

- (i) grants that were \$1,000 or less;
- (ii) grants that exceeded \$1,000;
- (iii) donations that were \$1,000 or less; and
- (iv) donations that exceeded \$1,000

Note 3 discloses that nil was paid in grants but does not disclose donations as described above. Please amend Note 3 accordingly.

Difference in figure reporting in LGD statement and financial report

A loans, grants and donations statement for the reporting unit was lodged with the ROC under subsection 237(1) of the RO Act on 28 March 2019.

A figure for donations that exceeded \$1,000 was also disclosed in the financial report (Donations – Charities \$3,900 plus Political Donations \$208,984 = Total \$212,884 , however this figure for donations is different to the total of the figures disclosed in the loans, grants and donations statement (\$198,550.51).

Furthermore, Note 3(c) adds to \$230,111 (\$21,127 plus \$208,984) not \$219,805 as disclosed. This error will also need to be corrected.

If items reported in the loans, grants and donations statement are incorrect or incomplete please lodge an amended statement. The grants or donations disclosure in the GPFR will need to be corrected and presented as detailed above.

Note 15 legislative references

The legislative references at the end of each sub-heading in Note 15 are incorrect and misleading to members of the reporting unit. The reporting unit should consider removing the incorrect references altogether or updating Note 15 to ensure that reference is made to the relevant item in the 5th edition of the reporting guidelines made under section 255 of the RO Act.

Reporting guideline activities – not disclosed

Item 21 of the reporting guidelines states that if any activity described within items 10-20 of the reporting guidelines has not occurred in the reporting period, a statement to this effect must be included in the GPFR or in an officer's declaration statement.

The notes contained nil activity information for all prescribed reporting guideline categories except the following:

- Item 13(c) – receive revenue via compulsory levies
- Item 13(e) – receive revenue from undertaking recovery of wages activity
- Item 20 - make a payment to a former related party of the reporting unit

5. Auditor's statement

Audit scope to include subsection 255(2A) report

A general purpose financial report prepared under section 253 of the RO Act includes the expenditure report required to be prepared under subsection 255(2A) as prescribed by reporting guideline 22.

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

The auditor's report must be amended to include reference to the subsection 255(2A) report.

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 9603 0707 or by email at ken.morgan@roc.gov.au

Yours faithfully



KEN MORGAN
Financial Reporting Specialist
Registered Organisations Commission

AUSTRALIAN HOTELS ASSOCIATION - NATIONAL BODY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018


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Statement of Principal Accounting Officer
Statement by the Committee of Management
Operating report
Statement of comprehensive income
Balance sheet
Statement of cash flows
Notes to the financial statements
Independent audit report
Income and expenditure statement

AUSTRALIAN HOTELS ASSOCIATION -- NATIONAL BODY
STATEMENT OF PRINCIPAL ACCOUNTING OFFICER

I David Basheer being the Honorary Secretary/Treasurer of the Australian Hotels Association - National Body certify:

- that the documents lodged herewith are copies of the full report for the Australian Hotels Association - National Body for the period ended referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on 26 June 2019; and
- that the full report was presented to a meeting of the committee of management of the reporting unit on 26 June 2019 in accordance with s.268 of the *Fair Work (Registered Organisations) Act 2009*.



DAVID BASHEER
Honorary Secretary / Treasurer

26 June 2019

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 2018:


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

- a) the financial statements and notes comply with the Australian Accounting Standards;
- b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the 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:
 - (i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
 - (iv) where the organisation 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 organisation; and
 - (v) 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
 - (vi) where any order for inspection of financial records has been made by the Registered Organisations Commission under section 273 of the RO Act, there has been compliance.
- (f) no revenue has been derived from undertaking recovery of wages activity during the reporting period

This declaration 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



DAVID BASHEER
National Secretary/Treasurer

26 June 2019

**AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
OPERATING REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

This operating report covers the results of those activities that were provided for the financial year ended 31 DECEMBER 2018.

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 31 DECEMBER 2018

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 5,083.

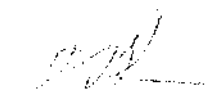
NUMBER OF EMPLOYEES

The number of persons who were, at the end of the reporting period, employees of the Association comprised of 2 full time and 2 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:

Scott Leach	– President (full year)
Peter Burnett	– Senior Vice President (1/1/2018 - 5/11/2018)
Colin Waller	– Secretary / Treasurer (1/1/2018 – 5/11/2018)
David Basheer	– Secretary Treasurer (5/11/2018 – 31/12/2018)
John Dabner	– President Accommodation Division (From 5/11/2018)
Greg Moore	– President Accommodation Division (1/1/2018 - 5/11/2018)
Paul Jubb	– Vice President (1/1/2018 - 5/11/2018)/Senior Vice President (thereafter)
David Canny	– Vice President (From 5/11/2018)



DAVID BASHEER

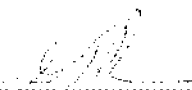
National Secretary/Treasurer

26 June 2019

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
 REPORT REQUIRED UNDER SUBSECTION 255(2A)
 FOR THE YEAR ENDED 31 DECEMBER 2018

The Committee of Management presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 31 December 2018.

Categories of expenditures	2018 \$	2017 \$
Remuneration and other employment-related costs and expenses - employees	583,189	491,477
Advertising	-	-
Operating costs	416,189	491,477
Donations to political parties	219,805	144,004
Legal costs	45,625	37,832

Signature of designated officer: 

Name and title of designated officer: *Travis De Gushko (National Secretary)*

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	NOTE	2018 \$	2017 \$
Revenues			
Membership subscription	2	-	-
Affiliation fees	2	2,400	2,400
Capitation fees	2	955,904	955,904
Interest income	2	16,984	10,203
Other income	2	1,519,177	1,172,538
Grants and donations	2(c)	-	-
Total income		<u>2,494,465</u>	<u>2,141,045</u>
Expenses			
Accommodation divisional survey and operational costs		(412,963)	(384,569)
Employee benefits expense	3(a)	(583,594)	(525,032)
Depreciation expense		(35,001)	(34,751)
Consultancy expense		(133)	(45)
Legal expenses	3(d)	(45,625)	(37,832)
Marketing and convention expense		(219,697)	(185,469)
Executive and Council conferences and meetings		(27,869)	(41,521)
Travel expenses		(130,474)	(82,789)
Bank charges and finance costs		(1,315)	(3,220)
Administration expenses	3(b)	(416,189)	(491,477)
Donations	3(c)	(219,805)	(144,004)
Total expenses		<u>2,092,665</u>	<u>1,930,709</u>
Current year surplus/(deficit) before income tax expense		401,800	210,336
Income tax expense	1(a)	-	-
Net current year surplus		<u>401,800</u>	<u>210,336</u>
Other comprehensive income			
Revaluation of buildings		-	-
Total comprehensive income attributable to the members		<u>401,800</u>	<u>210,336</u>

The accompanying notes form part of the financial statements

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
BALANCE SHEET
AS AT 31 DECEMBER 2018

	NOTE	2018 \$	2017 \$
CURRENT ASSETS			
Cash and cash equivalents	5	1,051,597	903,576
Trade and other receivables	6	405,867	424,437
Other current assets	7	60,586	31,413
TOTAL CURRENT ASSETS		<u>1,518,050</u>	<u>1,359,426</u>
NON-CURRENT ASSETS			
Financial assets	8	779	779
Property, plant and equipment	9	1,251,494	1,286,495
TOTAL NON-CURRENT ASSETS		<u>1,252,273</u>	<u>1,287,274</u>
TOTAL ASSETS		<u>2,770,323</u>	<u>2,646,700</u>
CURRENT LIABILITIES			
Trade and other payables	10 A	569,035	855,985
Employee provisions	10 B	21,077	12,304
TOTAL CURRENT LIABILITIES		<u>590,112</u>	<u>868,288</u>
TOTAL NON-CURRENT LIABILITIES		<u>-</u>	<u>-</u>
TOTAL LIABILITIES		<u>590,112</u>	<u>868,288</u>
NET ASSETS		<u>2,180,211</u>	<u>1,778,412</u>
EQUITY			
Reserves		885,378	885,378
Retained earnings		1,294,833	893,034
TOTAL EQUITY		<u>2,180,211</u>	<u>1,778,412</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 2019

	Asset revaluation reserve	Retained surplus	Total
Balance at 1 January 2017	885,378	682,697	1,568,075
Net surplus attributable to members of the entity	-	210,336	210,336
Revaluation of Buildings	-	-	-
Balance at 31 December 2017	885,378	893,033	1,778,411
Revaluation of buildings	-	-	-
Net (deficit) attributable to members of the entity	-	401,800	401,800
Balance at 31 DECEMBER 2018	885,378	1,294,833	2,180,211

The accompanying notes form part of these financial statements

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	NOTE	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from capitation fees	12a	1,051,494	1,051,494
Receipts from promotional and sundry activities		2,974,900	1,168,476
Interest received		16,984	10,203
Dividends received		126	71
Receipts from Government grants		-	-
Payments to employees and for promotional and Other expenses		(3,895,483)	(2,178,044)
Net cash provided by operating activities	12	<u>148,021</u>	<u>52,200</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		-	-
Net cash (used in) investing activities	12	<u>-</u>	<u>-</u>
Net increase in cash held		148,021	52,200
Cash and cash equivalents at beginning of financial year		903,576	851,376
Cash and cash equivalents at end of financial year	5	<u>1,051,597</u>	<u>903,576</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 2018

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 26 June 2019 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 2018

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) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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) Trade and other receivables

Trade receivables and other receivables 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.

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for expected credit losses.

The association has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are measured at amortised cost, less any allowance for expected credit losses.

(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 2018

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 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(o) Adoption of New Australian Accounting Standard requirements

AASB 9 Financial Instruments

The association has adopted AASB 9 from 1 January 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

Impact of adoption

AASB 9 was adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact of adoption on opening retained profits as at 1 January 2018

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:

AASB16	<i>Leases</i>	AASB 16 replaces AASB 117 Leases and some lease-related Interpretations <ul style="list-style-type: none"> · requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases · provides new guidance on the application of the definition of lease and on sale and lease back accounting · largely retains the existing lessor accounting requirements in AASB 117 · requires new and different disclosures about leases 	1 January 2019	Minimal Impact
AASB 15	<i>Revenue from contracts with customers</i>	AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations. <ul style="list-style-type: none"> - establishes a new revenue recognition model - changes the basis for deciding whether revenue is to be recognised over time or at a point in time - provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing) - expands and improves disclosures about revenue 	1 January 2019 (Not-for-profit entities)	Minimal Impact

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

New standards and interpretations issued but not yet effective (CONT)

AASB 1058	<i>Income of Not-for-Profit Entities</i>	<p>AASB 1058 and AASB 2016-8 will defer income recognition in some circumstances for not-for-profit entities, particularly where there is a performance obligation or any other liability. In addition, certain components in an arrangement, such as donations, may be separated from other types of income and recognised immediately. The Standard also expands the circumstances in which not-for-profit entities are required to recognise income for goods and services received for consideration that is significantly less than the fair value of the asset principally to enable the entity to further its objectives (discounted goods and services), including for example, peppercorn leases.</p> <p>Consequently AASB 1004 Contributions is also amended, with its scope effectively limited to address issues specific to government entities and contributions by owners in a public sector entity context</p>	1 January 2019	Minimal Impact
AASB 2016-8	<i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-For-Profit Entities</i>			

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 \$	2017 \$
NOTE 2: REVENUE		
Operating activities		
Membership subscription	-	-
Affiliation fees	2,400	2,400
Interest received	16,984	10,203
Capitation fees:		
Capitation fees – general levy from states	449,904	449,904
Capitation fees – TAA levy from states	506,000	506,000
Total capitation fees	<u>955,904</u>	<u>955,904</u>
Other income:		
Dividends received	126	71
Termination of AEC Contract	24,930	-
AHA ACT Branch Management Fee	13,174	-
Promotional	1,176,159	953,446
Special project state recovery	-	-
Rental income	157,798	83,090
Sundry income	146,990	135,931
Total other income	<u>1,519,177</u>	<u>2,141,046</u>
Total revenue	<u><u>2,494,465</u></u>	<u><u>2,141,045</u></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	163,185
Victoria	126,500	126,500
Queensland	102,465	102,465
South Australia	36,685	36,685
Western Australia	55,660	55,660
Tasmania	11,385	11,385
Australian Capital Territory	5,060	5,060
Northern Territory	5,060	5,060
	<u>506,000</u>	<u>506,000</u>
2(c) Grants or donations		
Grants	-	-
Donations	-	-
Total grants or donations	<u>-</u>	<u>-</u>

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 3: EXPENSES	2018	2017
	\$	\$
3(a) Employee expense		
Holders of office:		
Wages and salaries	295,600	293,100
Superannuation	25,000	37,500
Leave and other entitlements	20,154	8,551
Separation and redundancies	-	-
Other employee expenses	-	-
	<u>340,754</u>	<u>329,151</u>
Employees other than office holders:		
Wages and salaries	210,557	171,823
Superannuation	31,360	20,305
Leave and other entitlements	923	3,753
Separation and redundancies	-	-
Other employee expenses	-	-
	<u>242,840</u>	<u>195,881</u>
Total employee expenses	<u>583,594</u>	<u>525,032</u>
3(b) Operating expenses includes:		
Industrial relations expense	38,493	36,160
Accounting expenses	78,816	76,020
Advertising expenses	-	-
Body corporate and outgoings	41,974	37,744
Donation - Charities:		
Total paid that were \$1000 or less	-	-
Total paid that exceeded \$1000	3,900	-
Expenses incurred in relation to special project	5,850	56,674
Operating expenses	79,001	65,649
Grants paid	-	-
Insurance expenses	23,446	21,371
Publications expense	-	53,267
Operating lease expenses	25,000	25,000
Subscriptions expenses	119,709	119,592
Total Operating Cost	<u>416,189</u>	<u>491,477</u>
3(c) Political Donations:		
Total paid that were \$1,000 or less	21,127	12,107
Total paid that exceeded \$1,000	208,984	-
	<u>219,805</u>	<u>131,897</u>
	<u>219,805</u>	<u>144,004</u>

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	\$	\$
NOTE 3: EXPENSES (CONT)		
3(d) Legal expenses include:		
Litigation	-	-
Other legal matters	45,625	37,832
	<u>45,625</u>	<u>37,832</u>
NOTE 4: AUDITORS' REMUNERATION		
Remuneration of the auditor of the association for:		
- auditing the financial statements	<u>15,095</u>	<u>14,350</u>
No other services were provided by the auditors.		
NOTE 5: CASH AND CASH EQUIVALENTS		
Cash on hand	-	-
Cash at bank	351,597	203,576
Short term investments – term deposits	700,000	700,000
	<u>1,051,597</u>	<u>903,576</u>
NOTE 6: TRADE AND OTHER RECEIVABLES		
Net GST refundable	-	-
Trade receivables	405,867	424,437
Less: Allowance for expected credit losses (2017: provision for doubtful debts)	-	-
Receivable with another reporting unit	-	-
	<u>405,867</u>	<u>424,437</u>
NOTE 7: OTHER CURRENT ASSETS		
Prepayments	<u>60,586</u>	<u>31,413</u>
	60,586	31,413
NOTE 8: FINANCIAL ASSETS		
NON-CURRENT		
Financial assets at fair value through other comprehensive income		
a. Financial assets at fair value through other comprehensive income comprise:		
Listed investments, at fair value		
- shares in Insurance Australia Group Limited	<u>779</u>	<u>779</u>
Total financial assets at fair value through other comprehensive income	<u>779</u>	<u>779</u>

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 \$	2017 \$
NOTE 9: PROPERTY, PLANT & EQUIPMENT		
Building – 24 Brisbane Avenue, Barton at fair value	1,450,000	1,450,000
Less: accumulated depreciation	<u>(200,387)</u>	<u>(166,989)</u>
	1,249,613	1,283,011
Office equipment – at cost	39,731	39,731
Less: accumulated depreciation	<u>(37,850)</u>	<u>(36,247)</u>
	1,881	3,484
Total property, plant and equipment	<u>1,251,494</u>	<u>1,286,495</u>

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

Movements in carrying amounts

	Building \$	Office equipment \$	Total \$
Balance at 31 December 2016	1,316,409	2,135	1,318,544
Additions/Revaluation	-	2,702	2,702
Depreciation expense	<u>(33,398)</u>	<u>(1,353)</u>	<u>(34,751)</u>
Balance at 31 December 2017	1,283,011	3,484	1,286,495
Additions	-	-	-
Revaluations	-	-	-
Depreciation expense	<u>(33,398)</u>	<u>(1,603)</u>	<u>(35,001)</u>
Carrying amount at 31 December 2018	<u>1,249,613</u>	<u>1,881</u>	<u>1,251,494</u>

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 A: TRADE AND OTHER PAYABLES

	NOTE	2018 \$	2017 \$
Current			
Accounts payable- general		86,085	61,539
Accounts payable – related to legal costs (other matters)	3(c)	-	2,378
Accounts payable – related to legal costs (litigation)	3(c)	-	-
Accrued expenditure		70,177	159,043
Other payables		21,135	111,992
Income received in advance		<u>391,638</u>	<u>521,032</u>
	1(l)	<u>569,035</u>	<u>855,985</u>

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	\$	\$
NOTE 10 B: PROVISIONS		
Current		
Provision for annual leave- holders of office	20,154	8,551
Provision for annual leave- employees other than office holders	923	3,753
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(m)	21,077	12,304

NOTE 11: CAPITAL AND LEASING COMMITMENTS

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	148,910	144,639
Later than 12 months but not later than 5 years	344,294	493,204
	493,204	637,843

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	-	-
Later than 1 year but not later than 5 years	-	-
	-	-

NOTE 12: CASH FLOW INFORMATION

Reconciliation of cash flow from operations with surplus after income tax

(Deficit)/Surplus after income tax	401,800	210,336
Non-cash flows in profit:		
Depreciation expense	35,001	34,751
Changes in assets and liabilities:		
(Increase)/decrease in fixtures	-	(2,702)
Decrease/(increase) in trade receivables	18,570	(307,626)
(Increase)/decrease in prepayments	(29,174)	(12,562)
Increase/(decrease) in trade and other payables	(87,554)	33,506
Increase/(decrease) in income received in advance	(129,394)	100,955
(Decrease)/increase in provisions	(61,228)	(4,458)
Net cash from operating activities	148,021	52,200

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 2018

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

OUTFLOWS

Amounts paid to the NSW Branch for accounting and TAA CEO service	162,270	158,520
Amounts paid to the ACT Branch for general administration	-	-
Amounts paid to the WA Branch for policy support	<u>40,000</u>	<u>40,000</u>
Total	<u>202,270</u>	<u>198,520</u>

INFLOWS

Breakdown of capitation fees – general levy from states		
New South Wales	159,603	159,603
Victoria	123,724	123,724
Queensland	100,217	100,217
South Australia	35,880	35,880
Western Australia	54,438	54,438
Tasmania	11,135	11,135
Australian Capital Territory	4,949	4,949
Northern Territory	<u>4,949</u>	<u>4,949</u>
	<u>494,894</u>	<u>494,894</u>

Breakdown of capitation fees – TAA levy from states

New South Wales	179,504	179,504
Victoria	139,150	139,150
Queensland	112,712	112,712
South Australia	40,354	40,354
Western Australia	61,226	61,226
Tasmania	12,524	12,524
Australian Capital Territory	5,566	5,566
Northern Territory	<u>5,566</u>	<u>5,566</u>
	<u>556,600</u>	<u>556,600</u>

Total	<u>1,051,494</u>	<u>1,051,494</u>
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NOTE 12: CASH FLOW INFORMATION

Reconciliation of cash flow from operations with surplus after income tax

(Deficit)/Surplus after income tax	401,800	210,336
Non-cash flows in profit:		
Depreciation expense	35,001	34,751
Changes in assets and liabilities:		
(Increase)/decrease in fixtures	-	(2,702)
Decrease/(increase) in trade receivables	18,570	(307,626)
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FOR THE YEAR ENDED 31 DECEMBER 2018

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AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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Total	<u>202,270</u>	<u>198,520</u>

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Tasmania	12,524	12,524
Australian Capital Territory	5,566	5,566
Northern Territory	<u>5,566</u>	<u>5,566</u>
	556,600	556,600

Total	<u>1,051,494</u>	<u>1,051,494</u>
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AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
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"> • Scott Leach • Paul Jubb • David Canny • David Basheer • Colin Waller • Peter Burnett AM • Tom McGuire • John Dabner • Greg Moore • Paul Palmer • Peter Hurley AO • Mick Burns • Michael Capezio • Neil Randall 		
(b) Key management personnel		
Short term employment benefits		
Salary	245,600	243,100
Annual leave accrued	20,154	8,551
Performance bonus	50,000	50,000
Total short-term employee benefits	<u>315,754</u>	<u>301,651</u>
Post-employment benefits:		
Superannuation	25,000	27,500
Total post-employment benefits	<u>25,000</u>	<u>27,500</u>
Other long-term benefits:		
Long-service leave	-	-
Total other long-term benefits	<u>-</u>	<u>-</u>
Termination benefits	-	-
Total	<u>340,754</u>	<u>329,151</u>
(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	162,270	158,520
Amount paid to Michael Capezio (MCM Project)/ ACT Branch	-	30,345
Amounts paid to the WA Branch for policy support	40,000	40,000
Amounts paid to AHA TAS – Industry protection fund	400,000	-
Amounts paid to AHA SA – Industry protection fund	750,000	-
Total	<u>1,352,270</u>	<u>228,865</u>
Amounts received from AHA NSW – Industry protection fund	<u>1,100,000</u>	<u>-</u>

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 13: RELATED PARTY TRANSACTIONS(CONT)

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. Amounts received for the industry protection fund are recorded as a liability on the balance sheet. 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 COMMISSIONER OF REGISTERED ORGANISATIONS 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) Commissioner of Registered Organisations Commission, 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).

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.

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Note 15: FURTHER DISCLOSURES required under s.255 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act) (CONT)

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.

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 2018

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:

		2018 (\$)	2017 (\$)
Financial assets			
Cash and cash equivalents	5	1,051,597	903,576
Trade and other receivables		405,867	424,437
Financial assets at fair value through other comprehensive income			
- Shares in listed companies	8	779	779
		<u>1,458,243</u>	<u>1,328,792</u>
Financial liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	10	569,035	855,985

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 2018

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	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment								
Trade and other payables	177,397	334,952	-	-	-	-	177,397	334,952
Total expected outflows	177,397	334,952	-	-	-	-	177,397	334,952
Financial assets – cash flows realisable								
Cash and cash equivalents	1,051,597	903,576	-	-	-	-	1,051,597	903,576
Trade and other receivables	405,867	424,437	-	-	-	-	405,867	424,437
Available-for-sale investments	779	779	-	-	-	-	779	779
Total anticipated inflows	1,458,243	1,328,792	-	-	-	-	1,458,243	1,328,792
Net (outflow)/inflow on financial instruments	1,280,846	993,840	-	-	-	-	1,280,846	993,840

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 2018

NOTE 16: FINANCIAL RISK MANAGEMENT (CONT)

	Footnote	2018		2017	
		Net carrying value \$	Net fair value \$	Net carrying value \$	Net fair value \$
Financial assets					
Cash and cash equivalents	(i)	1,051,597	1,051,597	903,576	903,576
Trade and other receivables	(i)	405,867	405,867	424,437	424,437
Financial assets at fair value through other comprehensive income	(ii)	779	779	779	779
Total financial assets		1,458,243	1,458,243	1,328,792	1,328,792
Financial liabilities					
Trade and other payables	(i)	569,035	569,035	855,985	855,985
Total financial liabilities		569,035	569,035	855,985	855,985

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	
	2018	2017	Category	Valuation Technique ¹	Inputs used
Property, plant & equipment	1,251,494	1,286,495	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 2018

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 2018		
+/- 1% in interest rates	4,000	4,000
+/- 10% in listed investments	78	78
Year ended 31 December 2017		
+/- 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

During the reporting period, the current regulator instigated proceedings against AHA for alleged failures by the Queensland Branch in relation to notifying regulators as to elections and changes in office holding. The matter does not involve a potential "financial settlement" as it is a civil penalties action by the current regulator. Any penalties imposed by the Court will be recovered by AHA from the Queensland Branch. It is not possible to provide a reliable estimate of the eventual amount of penalties that may be imposed by the Court. Accordingly, no provision has been provided within these financial statements.

NOTE 18: ASSOCIATION DETAILS

The registered office and principal place of business of the association is:
 Australian Hotels Association
 27 Murray Crescent
 GRIFFITH ACT 2603



RSM Australia Pty Ltd

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

T +61 (0) 2 6217 0300

F +61 (0) 2 6217 0401

www.rsm.com.au

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY

Opinion

I have audited the financial report of Australian Hotels Association - National Body, which comprises the statement of financial position as at 31 December 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2018, notes to the financial statements, including a summary of significant accounting policies; the Committee of Management Statement and Statement of Principal Accounting Officer.

In my opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of Australian Hotels Association - National Body as at 31 December 2018, and its financial performance and its cash flows for the year ended on that date in accordance with:

- a) the Australian Accounting Standards; and
- b) any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act).

I declare that management's use of the going concern basis in the preparation of the financial statements of the Reporting Unit is appropriate.

Basis for Opinion

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

The Committee of Management is responsible for the other information. The other information obtained at the date of this auditor's report is in the Operating Report accompanying the financial report.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

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. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Pty Ltd ACN 009 321 377 atf Birdanco Practice Trust ABN 65 319 382 479 trading as RSM

Liability limited by a scheme approved under Professional Standards Legislation

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Committee of Management for the Financial Report

The Committee of Management of the Reporting Unit is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the Committee of Management determine 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 intend to liquidate the Reporting Unit or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

My objective is 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Reporting Unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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 entities or business activities within the Reporting Unit to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Reporting Unit audit. I remain solely responsible for my audit opinion.

I communicate with the Committee of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I declare that I am an approved auditor, a member of Chartered Accountants Australia and New Zealand and hold a current Public Practice Certificate.



RSM Australia Pty Ltd



Rodney Miller
Director

Canberra
26 June 2019

Registration number (as registered by the RO Commissioner under the RO Act): AA2017/144

RSM Australia Pty Ltd

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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 2018. 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.

**RSM AUSTRALIA PTY LTD****RODNEY MILLER**

Director

Canberra, Australian Capital Territory

Dated: 26 June 2019

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. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

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AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY

**INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 \$	2017 \$
Revenue		
Affiliation fees	2,400	2,400
Capitation fees	955,904	955,904
Dividends received	126	71
Termination of AEC Contract	24,930	-
Interest received	16,984	10,203
Income received from ACT Management Fee	13,174	-
Income received from government grants	-	-
Income received from national marketing and convention	1,323,149	1,089,377
Rental received from 24 Brisbane Avenue, Barton	157,798	83,090
Total revenue	<u>2,494,465</u>	<u>2,141,045</u>
Expenditure		
Brisbane Avenue Make Good Fee	-	47,287
Annual Leave/LSL expense	8,773	(4,456)
Accommodation divisional survey and operational costs	412,963	384,569
Audit and accounting fees	93,911	90,370
Bank charges	1,315	3,220
Body corporate and outgoings	41,974	37,744
CEO LAFH Allowance	26,043	30,227
Consultancy expenses	133	45
Depreciation expense	35,001	34,751
CEO Study Tour	35,708	-
Expenses incurred for the special project	5,850	56,674
Expenses incurred for the marketing convention	219,697	185,469
Executive and Council conference and meetings	27,869	41,521
Fringe benefits tax	3,000	3,000
Sponsorship Support	-	3,409
Insurance expense	23,446	21,371
Industrial relations expense	38,493	36,160
Leasing of office premises	25,000	25,000
Legal expenses	45,625	37,832
Light and power	1,968	37
Media, training and monitoring	1,195	450
Office administrative expenses	5,418	3,011
Postage and freight	381	423
President's remuneration	25,000	25,000
Political events	271,476	37,064
Printing and stationery	5,763	3,116
Publications expense	-	1,500
Representations	32,000	172,589
Salaries, benefits and on-costs	428,850	425,100
Secretary/Treasurer's remuneration	10,000	10,000
Staff Recruiting	-	-
Subscriptions expense	119,709	119,592
Telephone expense	15,630	15,845
Travel expenses	130,474	82,789
Total expenditure	<u>2,092,665</u>	<u>1,930,709</u>
Surplus/(Deficit) for the year	<u>401,800</u>	<u>210,336</u>

AUSTRALIAN HOTELS ASSOCIATION – NATIONAL BODY

**INCOME AND EXPENDITURE STATEMENT
SUPPORTING SCHEDULES
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018	2017
	\$	\$
National marketing and convention		
Revenue		
Corporate sponsorship	1,176,159	953,446
Delegate registration	-	-
National awards for excellence sponsorship income	146,990	135,931
Total revenue	<u>1,323,149</u>	<u>1,089,377</u>
Expenditure		
Audio-visual and slide production	54,004	-
Consultancy expense	-	-
Entertainment, theming and production	31,193	24,966
Equipment hire	-	-
Food, beverages, golf and theme parks	72,670	80,849
National awards for excellence	15,851	10,736
Printing and stationery	1,466	1,641
Spring carnival	22,409	44,799
Travel, accommodation and consultants	22,104	22,478
VIP events	-	-
VIP gifts	-	-
Total expenditure	<u>219,697</u>	<u>185,469</u>
Surplus for the year	<u>1,103,452</u>	<u>903,908</u>