



FAIR WORK  
AUSTRALIA

27 April 2011

Mr Steven Fanner  
General Manager  
Australian Hotels Association - Australian Capital Territory Branch

Email: fanner@aha.org.au

Dear Mr Fanner

**Financial reports of the Australian Capital Territory Branch of the Australian Hotels Association for the years ended 31 December 2005, 2006, 2007, 2008 and 2009 (FR2005/620, 2006/538, 2007/594, 2008/619 and 2009/10295)**

Thank you for lodging the financial reports of the Australian Capital Territory Branch of the abovenamed organisation for the years ended 31 December 2005, 2006, 2007, 2008 and 2009. The documents were lodged in this office on 4 April 2011.

Examination of the financial report for the year ended 31 December 2005 has shown that matters requiring advice have either been corrected or repeated in relation to the organisation's financial report for the years ended 31 December 2006, 2007, 2008 and 2009. The following comments are in relation to the year ended 31 December 2009.

In light of the organisation's circumstances I propose on this occasion to file the financial reports.

In future, the various elements comprising the reporting process must be done in sequence as required by the relevant legislative requirements. Future financial reports will not be filed in the absence of full compliance with all the legislative requirements.

I direct your attention to the following comments concerning the above report and the financial reporting obligations under the Fair Work (Registered Organisations) Act 2009 (the RO Act). Please note that these matters are required to be addressed in the preparation of future financial reports. No further action is required in respect of the subject documents.

**1. Auditor's Report**

(a) Opinion

The opinion expressed by the auditor in their report has not fully met the requirements of the RO Act. Section 257(5) now sets out the matters on which an auditor is required to state an opinion. An acceptable wording would be as follows:

In our opinion the general purpose financial report presents fairly in accordance with applicable Australian Accounting Standards and other mandatory professional reporting requirements in Australia and the requirements of the RO Act.

(b) Auditor's qualifications

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

**2. Timescale Requirements**

As you are aware, reporting units are required to undertake their financial reporting obligations in accordance with specified timelines. As the 2009 report has been completed, the relevant timelines are incapable of being remedied. However it should be noted that the preparation and lodgment of future financial reports must occur within these timelines.

In particular, sections 253 and 254 of the RO Act require that a General Purpose Financial Report (GPFR) and an Operating Report be prepared as soon as practicable after the end of the financial year. Further, section 266 requires that the financial report be presented to a general meeting of members or a committee of management meeting within six months after the end of the financial year. In the absence of an extension of time for holding a general meeting [see section 265(5)] the latest possible date of lodgment with Fair Work Australia is six months and 14 days after the end of the financial year.

In future years the financial reports need to be prepared in sufficient time to enable presentation to a meeting within six months after the end of the financial year and lodged with Fair Work Australia no later than 14 days after that meeting.

**3. Entity**

Note 1 of the Notes to the Financial Statements states:

The financial report covers the Australian Hotels Association - ACT Branch Incorporated as an individual entity. Australian Hotels Association - Act Branch Incorporated is an Association registered in Australia under the Fair Work (Registered Organisations) Act 2009.

It should be noted that although a branch of a registered organisation can be a reporting unit under the RO Act (section 242) it does not have a discrete legal personality; it is a creation of the rules of the organisation only. The Australian Hotels Association is registered under the RO Act and the Branch is a reporting entity.

Also, the inclusion of the word "Incorporated" when referring to the ACT Branch should not be included as it does not form part of the name of the branch.

**4. Operating Report**

(a) Results of principal activities

I refer to the Operating Report, in particular to the "Operating results". I note that section 254(2)(a) of the RO Act requires the operating report to include a review of the principal activities of the reporting entity, the results of those activities and any significant changes in the nature of those activities.

The 'results of operation' requirement contemplates reference in the operating report to results directly related to the principal activities as opposed to the reporting entities

financial result, particularly as measured in dollar 'surplus' or 'loss' terms. Although this may not be stated explicitly in the text of the subsection, I think it is reasonable to infer this is what the legislators had in mind given that the subsection is referring primarily to the principal activities and secondly, the actual financial outcome is elaborated elsewhere in the financial documents, such as the Balance Sheet and/or the Profit and Loss statement.

(b) Right of members to resign

Subsection 254(2)(c) requires the operating report to 'give details' of the right of members to resign from the reporting unit under section 174 of the RO Act. The requirement may be met by the inclusion of a statement that a member has the right to resign and a reference to the relevant rule, which makes such provision. Alternatively, the complete text of the relevant resignation rule may be reproduced in the report. It would appear in this case that rule 32 of the organisation's rules is applicable.

The information provided does not accurately reflect the resignation rule.

(c) Dating and signing of documents

It is noted that the Operating Report is undated.

All documents should be dated as a matter of course.

(d) Operating Report name

The document lodged is titled the Committee Member's Report rather than Operating Report as required by the RO Act.

Future financial documents should be identified in accordance with the RO Act provisions.

(e) Unnecessary information

It should be noted that the Operating Report need only provide information as required by the RO Act.

**5. Committee of Management Statement**

(a) Reporting Unit

The Committee of Management statement states that 'the organisation consists of one reporting unit'.

Section 242(3) of the RO Act provides that where an organisation is divided into branches each branch will be a reporting unit. As the Australian Hotels Association has several branches it consists of 2 or more reporting units.

Reporting guideline 25(e)(iv) requires the committee of management of a reporting unit to declare where the organisation consists of 2 or more reporting units, whether the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation.

The reporting unit should in future provide a declaration as mentioned above.

(b) Date of resolution

Item 26 of the Reporting Guidelines (the Guidelines) requires that the Committee of Management's statement must be made in accordance with such resolution as is passed by the Committee of Management. Such statement must also specify the date of passage of the resolution. I note that the date of the resolution was not provided.

## **6. References**

I note the Committee of Management Statement contains references to the Industrial Registrar and Registrar. These references should be to the General Manager, Fair Work Australia. Also, the reference to Commission in paragraph (f) should read Fair Work Australia.

I also note that the Auditor's Report and paragraph (f) of the Committee of Management Statement refer to the Fair Work (Registered Organisations) Regulations 2009. Such reference should be to the Fair Work (Registered Organisations) Act 2009.

## **7. Notice to members**

There should be included in the financial report a notice drawing attention to provisions of the Act that prescribed information is available to members on request and which sets out a copy of subsections 272(1), (2) and (3) - refer subsection 272(5) of the RO Act and regulation 161(f) of the RO Regulations.

Should you wish to discuss this letter or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 8661 7993 or by email at [larry.powell@fwa.gov.au](mailto:larry.powell@fwa.gov.au).

Yours sincerely

A handwritten signature in black ink, appearing to read 'L Powell'.

Larry Powell  
Tribunal Services and Organisations



# AUSTRALIAN HOTELS ASSOCIATION

## ACT BRANCH

PO Box 3250 Manuka ACT 2603 • 24 Brisbane Avenue, Barton ACT 2600 Australia  
Telephone: (02) 6273 6633 Facsimile: (02) 6273 7439 Email: [actaha@actaha.org.au](mailto:actaha@actaha.org.au)

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21 December 2010

Mr Larry Powell  
Tribunal Services & Organisations  
Fair Work Australia  
GPO Box 1994  
MELBOURNE VIC 3001  
Via Email: [larry.powell@fwa.gov.au](mailto:larry.powell@fwa.gov.au)

Dear Mr Powell

**Financial documents for the year ended 31 December 2009**

Please find enclosed:

1. Financial statements for the Branch as required for the year ended 31 December 2009 which were endorsed at a General Meeting of members on 15 December 2010; and
2. Designated Officer's certificate dated 15 December 2010.

Please contact me if further information is required.

Yours sincerely

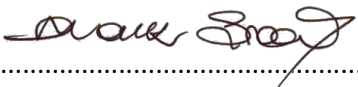
Steven Fanner  
General Manager

**Designated Officer's Certificate**  
**S268 Fair Work (Registered Organisations) Act 2009**

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I, Mark Sproat, being the Secretary/Treasurer of the Australian Hotels Association – Australian Capital Territory Branch, certify that:

1. The documents lodged herewith for the year ended 31 December 2009 are copies of the full report referred to in s268 of the *Fair Work (Registered Organisations) Act 2009*; and
2. A copy of the full report was provided to members on 24 November 2010; and
3. The full report was presented to a General Meeting of members of the Branch on 15 December 2010 in accordance with Section 266 of the *Fair Work (Registered Organisations) Act 2009*.

Signed:  .....

Dated: 15 December 2010

**Australian Hotels Association  
ACT Branch**

**Annual report  
for the year ended 31 December 2009**

PricewaterhouseCoopers  
ABN 52 780 433 757

Level 1  
25 National Circuit  
FORREST ACT 2603  
GPO Box 447  
CANBERRA CITY ACT 2601  
DX 77 Canberra  
Australia  
Telephone + 61 2 6271 3000  
Facsimile + 61 2 6271 3999  
[www.pwc.com/au](http://www.pwc.com/au)

## Independent auditor's report to the members of Australian Hotels Association – ACT Branch

### Report on the financial report

We have audited the accompanying financial report of the Australian Hotels Association ACT Branch (the association), which comprises the balance sheet as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the statement by members of the committee.

#### *Committee's responsibility for the financial report*

The committee of the association is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Fair Work (Registered Organisations) Act 2009*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's responsibility*

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

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

Our audit did not involve an analysis of the prudence of business decisions made by the committee or management.

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

#### *Independence*

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.



**Independent auditor's report to the members of  
Australian Hotels Association – ACT Branch (continued)**

*Auditor's opinion*

In our opinion:

- (a) the financial report of the Australian Hotels Association ACT Branch is in accordance with the *Fair Work (Registered Organisations) Act 2009*, including:
  - (i) giving a true and fair view of the association's financial position as at 31 December 2009 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Fair Work (Registered Organisations) Regulations 2009*.



PricewaterhouseCoopers



David Murphy  
Partner

Canberra  
24 November 2010

**Australian Hotels Association - ACT Branch** ABN 37 315 422 917  
**Annual report - 31 December 2009**

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## **Committee Members' report**

Your Committee Members present their report on the Australian Hotels Association - ACT Branch (the Association) for the year ended 31 December 2009.

### **Executive Committee**

The following persons comprised the Executive Committee of the Association during the whole of the year and up to the date of this report:

Michael Capezio  
Manuel Notaras  
Mark Sproat

### **Registered Rules of the Association**

The Registered Rules of the Association provide that a member of the Association may resign their membership by notice in writing if:

- they cease to be an employer in the (hotel and hospitality) industry or ceases to be engaged therein;
- on giving the Association's Secretary notice of their intention so to do and payment of all dues to the date of their resignation.

The same Rules also provide for the vacation of and/or resignation from elected office by elected Members.

### **Branch members & employees**

The number of Branch Members as at 31 December 2009 was 97.

The number of Branch employees as at 31 December 2009 was 2.

### **Principal activities**

During the year the principal continuing activities of the Association was to represent and further the interests of the licensed hospitality industry of the Australian Capital Territory.

### **Operating results**

The operating deficit of the Association amounted to \$4,542 (2008: surplus of \$17,484). This figure represents a true and fair view of the results achieved during the reporting period.

### **Dividends - Australian Hotels Association - ACT Branch**

The Association is a not-for-profit entity and limited by guarantee. No dividend has been paid or declared.

### **Significant changes in the state of affairs**

In the opinion of the committee members there were no significant changes in the state of affairs that occurred during the financial year under review.

### **Matters subsequent to the end of the financial year**

No matter or circumstance has arisen since 31 December 2009 that has significantly affected, or may significantly affect:

- (a) the Association's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Association's state of affairs in future financial years.

### **Likely developments and expected results of operations**

There were no likely developments in the Association's operations that were not finalised at the date of this report.

### **Environmental regulation**

The Association is not subject to any significant environmental regulation.

**Information on the Executive Committee**

Michael Capezio - President

Manuel Notaras - Vice President

Mark Sproat - Hon Secretary/Treasurer

No Committee Members were involved in trusteeships or directorships on behalf of the Association as Directors of any Superannuation fund.

**Meetings of the Executive Committee**

The numbers of meetings of the Association's Executive Committee held during the year ended 31 December 2009, and the numbers of meetings attended by each Committee Member were:

	Full meetings of directors	
	A	B
Michael Capezio	6	6
Manuel Notaras	3	6
Mark Sproat	6	6

A = Number of meetings attended

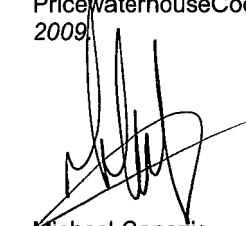
B = Number of meetings held during the time the member held office during the year

**Insurance of officers**

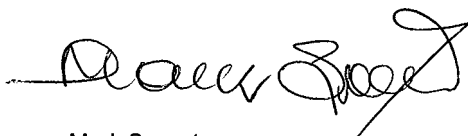
No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Association.

**Auditor**

PricewaterhouseCoopers was appointed in accordance with section 256 of the *Fair Work (Registered Organisations) Act* 2009.



Michael Capezio  
President



Mark Sproat  
Secretary

# **Australian Hotels Association - ACT Branch** ABN 37 315 422 917

## **Annual report - 31 December 2009**

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These financial statements of the Australian Hotels Association - ACT Branch as an individual entity. The financial statements are presented in the Australian currency.

Its registered office and principal place of business is:

Australian Hotels Association - ACT Branch  
Commerce House  
Level 4, 24 Brisbane Avenue  
Barton ACT 2600

The financial statements were authorised for issue by the Committee of Management on    October 2010. The Committee has the power to amend and reissue the financial statements.

**Australian Hotels Association - ACT Branch**  
**Statement of comprehensive income**  
**For the year ended 31 December 2009**

		<b>2009</b>	<b>2008</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue from continuing operations</b>	4	<b>299,561</b>	293,673
Employee benefits expense	5	(120,367)	(110,992)
Depreciation and amortisation expense	5	(1,882)	(334)
Other expenses	5	(181,854)	(164,863)
<b>(Loss)/profit before income tax</b>		<u><b>(4,542)</b></u>	<u>17,484</u>
<b>(Loss)/profit for the year</b>		<u><b>(4,542)</b></u>	<u>17,484</u>
<b>Other comprehensive income for the year</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u><b>(4,542)</b></u>	<u>17,484</u>

*The above statement of comprehensive income should be read in conjunction with the accompanying notes.*

**Australian Hotels Association - ACT Branch**  
**Balance sheet**  
**As at 31 December 2009**

	Notes	2009 \$	2008 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	61,567	96,285
Trade and other receivables	7	14,626	30,838
Other current assets	8	1,132	1,441
Total current assets		<u>77,325</u>	<u>128,564</u>
<b>Non-current assets</b>			
Office furniture and equipment	9	3,202	967
Total non-current assets		<u>3,202</u>	<u>967</u>
<b>Total assets</b>		<u>80,527</u>	<u>129,531</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	10	28,802	38,585
Other current liabilities	11	39,292	73,971
Total current liabilities		<u>68,094</u>	<u>112,556</u>
<b>Total liabilities</b>		<u>68,094</u>	<u>112,556</u>
<b>Net assets</b>		<u>12,433</u>	<u>16,975</u>
<b>EQUITY</b>			
Retained earnings		12,433	16,975
<b>Total equity</b>		<u>12,433</u>	<u>16,975</u>

*The above balance sheet should be read in conjunction with the accompanying notes.*

**Australian Hotels Association - ACT Branch**  
**Statement of changes in equity**  
**For the year ended 31 December 2009**

	Notes	Retained earnings \$	Total equity \$
<b>Balance at 1 January 2008</b>		<u>(509)</u>	<u>(509)</u>
Total comprehensive income for the year		<u>17,484</u>	<u>17,484</u>
<b>Balance at 31 December 2008</b>		<u>16,975</u>	<u>16,975</u>
Total comprehensive income for the year		<u>(4,542)</u>	<u>(4,542)</u>
<b>Balance at 31 December 2009</b>		<u>12,433</u>	<u>12,433</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes.*



**Australian Hotels Association - ACT Branch**  
**Statement of cash flows**  
**For the year ended 31 December 2009**

	Notes	2009 \$	2008 \$
<b>Cash flows from operating activities</b>			
Receipts from subscriptions		114,230	94,976
Receipts from sponsorship		128,173	128,400
Receipts from promotional and sundry activities		94,985	64,631
Receipts for Convention Centre levy		94	10,000
Interest received		3,174	4,623
Payments to and on behalf of employees		(121,209)	(110,550)
Payments for promotional and other expenses		(250,048)	(187,400)
<b>Net cash inflow from operating activities</b>	15	<u>(30,601)</u>	<u>4,680</u>
<b>Cash flows from investing activities</b>			
Payment for property, plant and equipment		<u>(4,117)</u>	<u>-</u>
<b>Net cash (outflow) inflow from investing activities</b>		<u>(4,117)</u>	<u>-</u>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(34,718)</b>	<b>4,680</b>
Cash and cash equivalents at the beginning of the financial year		<u>96,285</u>	<u>91,605</u>
<b>Cash and cash equivalents at end of year</b>	6	<u><b>61,567</b></u>	<u><b>96,285</b></u>

*The above statement of cash flows should be read in conjunction with the accompanying notes.*

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## 1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Fair Work (Registered Organisations) Act 2009*.

The financial report covers the Australian Hotels Association - ACT Branch Incorporated as an individual entity. Australian Hotels Association - ACT Branch Incorporated is an Association registered in Australia under the *Fair Work (Registered Organisations) Act 2009*.

#### *Compliance with AIFRS*

The financial statements of the Association also comply with Australian equivalents to International Financial Reporting Standards (AIFRS).

#### *Financial statement presentation*

The Association has applied the revised AASB 101 *Presentation of Financial Statements* which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the Association had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

#### *Historical cost convention*

These financial statements have been prepared under the historical cost convention.

### (b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Association recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Association's activities as described below. The Association bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

#### *(i) Goods and services*

Revenue from the provision of goods and services is recognised upon delivery of the goods to the customers.

#### *(ii) Interest*

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

### (c) Income tax

No taxation has been provided for as the Association is exempt from taxation under Section 50-45 of the *Income Tax Assessment Act 1997*.

### (d) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of two months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

### (e) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

## 1 Summary of significant accounting policies (continued)

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Association will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

### (f) Office furniture and equipment

Office furniture and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Association and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives.

- Computer equipment

2-5 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1).

### (g) Trade and other payables

These amounts represent liabilities for goods and services provided to the Association prior to the end of year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

### (h) Employee benefits

#### (i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Contributions are made by the Association to an employee superannuation fund and are charged as expenses when incurred.

### (i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

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 taxation authority, are presented as operating cash flows.

## 2 Financial risk management

The Association's activities expose it to a variety of financial risks: credit risk, liquidity risk and cash flow interest rate risk. The Association's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Association. The Association uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk and aging analysis for credit risk.

Risk management is carried out by management under policies approved by the Executive Committee.

The Association holds the following financial instruments:

### Financial assets

Cash and cash equivalents	61,567	96,285
Trade and other receivables	<u>14,626</u>	<u>30,838</u>
	<u>76,193</u>	<u>127,123</u>

### Financial liabilities

Trade and other payables	<u>28,802</u>	<u>38,585</u>
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#### (a) Market risk

##### (i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The Association does not operate in any currencies other than the entity's functional currency and therefore is not exposed to foreign exchange risk.

##### (ii) Price risk

Price risk arises from investments subject to changes in prices and values. The Association does not hold any assets subject to changes in values and therefore is not exposed to price risk.

##### (iii) Cash flow and fair value interest rate risk

The Association's only interest rate risk arises from cash equivalents with variable interest rates.

#### (b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and available funding. The Association has sufficient funds to meet debt obligations. Therefore, the Association is not exposed to significant liquidity risk. Surplus funds are generally only invested in instruments that are tradeable in highly liquid markets.

#### (c) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The carrying amounts of the Association's assets and liabilities at the balance sheet date equal their fair values.

#### (d) Credit risk

Credit risk is managed by the Association and arises from trade and other receivables. Credit risk arising from trade debtors is managed through regular reviews of the compliance with payment terms.

## 3 Critical accounting estimates and judgements

### (i) Critical judgements in applying the entity's accounting policies

There were no critical judgements in the process of applying the Association's accounting policies.

### (ii) Key sources of estimation uncertainty

There are no significant key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year.

## 4 Revenue

	2009 \$	2008 \$
<b>From continuing operations</b>		
<i>Sales revenue</i>		
Awards For Excellence income	54,388	37,208
AHIS income	12,581	16,706
Convention Centre levy	8,000	-
Function income	4,230	7,501
General income	-	3,305
National Office Management Fees	9,158	12,420
Sponsorship	111,067	102,468
Subscriptions	94,591	108,941
Training income	2,373	500
	<u>296,388</u>	<u>289,049</u>
 <i>Other revenue</i>		
Interest	3,173	4,624
	<u>299,561</u>	<u>293,673</u>

## 5 Expenses

	2009 \$	2008 \$
ACTIVE Hospitality	12,170	7,590
Affiliation fees	-	300
AHIS Management fee	-	7,350
Auditors fee	2,650	2,800
Awards for Excellence	67,999	44,585
Bank fees	1,905	1,760
Bookkeeping	1,296	720
Consulting fees	2,440	12,487
Golf Day expense	8,035	8,470
Honorarium expenses	26,253	23,948
Insurance	2,493	2,472
National Capitation levy	11,000	7,882
Office expenses	5,499	1,480
Rental expense	8,000	8,189
Representations	1,227	2,315
Seminars, information, courses and events	762	1,102
Subscriptions	767	1,143
Telephone	10,806	9,568
Travel and meetings	18,552	20,702
	<u>181,854</u>	<u>164,863</u>
 <i>Depreciation</i>		
Computer equipment	1,882	334
Total depreciation	<u>1,882</u>	<u>334</u>

## 5 Expenses (continued)

	2009 \$	2008 \$
<i>Employee benefits</i>		
Salaries, benefits and oncosts	119,479	119,060
Annual leave	<u>888</u>	<u>(8,068)</u>
Total employee benefits	<u>120,367</u>	<u>110,992</u>

## 6 Current assets - Cash and cash equivalents

	2009 \$	2008 \$
Cash management account	41,791	59,674
Business investment account	<u>19,776</u>	<u>36,611</u>
	<u>61,567</u>	<u>96,285</u>

### (a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

	2009 \$	2008 \$
Balances as above	61,567	96,285
Balances per statement of cash flows	<u>61,567</u>	<u>96,285</u>

### (b) Risk exposure

The Association's exposure to interest rate risk is discussed in note 2. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above.

### (c) Cash at bank and on hand

Cash at bank is bearing variable interest rates.

### (d) Fair value

The carrying amount for cash and cash equivalents equals the fair value.

## 7 Current assets - Trade and other receivables

	2009 \$	2008 \$
<b>Net trade receivables</b>		
Trade debtors	13,618	28,943
Employee benefits	<u>1,008</u>	<u>1,895</u>
	<u><b>14,626</b></u>	<u><b>30,838</b></u>

### (a) Impaired trade receivables

As at 31 December 2009 there were no impaired trade receivables for the Association.

### (b) Past due but not impaired

As at 31 December 2009, trade receivables of \$14,626 (2008: \$30,838) were past due but not impaired.

### (c) Credit risk

There is no concentration of credit risk with respect to current receivables. Refer to note 2 for more information on the risk management policy of the Association.

### (d) Foreign exchange and interest rate risk

Information about the Association's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in note 2.

### (e) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above. The fair value of securities held for certain trade receivable is insignificant as is the fair value of any collateral sold or repledged. Refer to note 2 for more information on the risk management policy of the Association and the credit quality of the entity's trade receivables.

## 8 Current assets - Other current assets

	2009 \$	2008 \$
Prepayments	<u>1,132</u>	<u>1,441</u>



**9 Non-current assets - Computer equipment**

	<b>Computer equipment \$</b>	<b>Total \$</b>
<b>At 1 January 2008</b>		
Cost or fair value	4,708	4,708
Accumulated depreciation	<u>(3,407)</u>	<u>(3,407)</u>
Net book amount	<u>1,301</u>	<u>1,301</u>
<b>Year ended 31 December 2008</b>		
Opening net book amount	1,301	1,301
Depreciation charge	<u>(334)</u>	<u>(334)</u>
Closing net book amount	<u>967</u>	<u>967</u>
<b>At 31 December 2008</b>		
Cost or fair value	4,708	4,708
Accumulated depreciation	<u>(3,741)</u>	<u>(3,741)</u>
Net book amount	<u>967</u>	<u>967</u>
<b>Year ended 31 December 2009</b>		
Opening net book amount	967	967
Additions	4,117	4,117
Depreciation charge	<u>(1,882)</u>	<u>(1,882)</u>
Closing net book amount	<u>3,202</u>	<u>3,202</u>
<b>At 31 December 2009</b>		
Cost or fair value	4,117	4,117
Accumulated depreciation	<u>(915)</u>	<u>(915)</u>
Net book amount	<u>3,202</u>	<u>3,202</u>

## 10 Current liabilities - Trade and other payables

	2009 \$	2008 \$
Trade creditors	12,757	19,791
Accrued expenditure	-	5,000
GST payable	7,387	6,021
PAYG withholding payable	6,044	5,377
Superannuation payable	2,614	2,396
	<u>28,802</u>	<u>38,585</u>

## 11 Current liabilities - Other liabilities

	2009 \$	Parent entity 2008 \$
Convention centre levy	-	9,091
Subscriptions in advance	39,292	42,639
Sponsorships in advance	-	22,241
	<u>39,292</u>	<u>73,971</u>

## 12 Contingencies

There were no material contingent liabilities or assets as at the date of this report.

## 13 Commitments

### (i) Non-cancellable operating leases

The Association did not enter any non-cancellable operating leases during the period.

### (ii) Cancellable operating leases

The Association did not enter any cancellable operating leases during the period.

### (iii) Finance leases

The Association did not enter any finance leases during the period.

## 14 Related party transactions

### (a) Transactions with related parties

There were no general levies and affiliation fees paid to the National Office during this year (2008: \$8,218).

The Association rents office space within the National Office on Level 4, 24 Brisbane Avenue, Barton. The Association pays 20% of the rent and outgoings for the shared offices with National Office. The annual rent outgoings amounted to \$8,000 (2008: \$8,189).

The Association entered into an office management service agreement with National Office for the provision of office management services to National Office, effective March 2007. The income received from National Office amounted to \$11,000 for the year (2008: \$12,420).

Officers Insurance paid for the year amounted to \$2,184 (2008: \$1,507).

# 15 Reconciliation of profit after income tax to net cash inflow from operating activities

	2009 \$	2008 \$
Profit for the year	(4,542)	17,484
Depreciation	1,882	334
Changes in Assets & Liabilities:		
Decrease (Increase) in trade debtors	15,322	(27,570)
Decrease (Increase) in prepayments	309	5
Increase (Decrease) in accrued charges	-	2,500
Increase (Decrease) in trade creditors	-	14,849
Increase (Decrease) in employee benefits	(841)	(3,219)
Increase (Decrease) in net GST payable	1,368	(1,777)
Increase (Decrease) in PAYG withholding tax	-	201
Increase (Decrease) in superannuation payable	-	259
Increase (Decrease) in income in advance	(44,099)	1,614
Net cash inflow (outflow) from operating activities	<u>(30,601)</u>	<u>4,680</u>

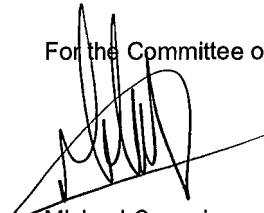
**Australian Hotels Association - ACT Branch**  
**Directors' declaration**  
**31 December 2009**

The Committee of Management of the Australian Hotels Association - ACT Branch passed the following resolution in relation to the general purpose report (GPFR) of the reporting unit for the year ended 31 December 2009.


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

1. the financial statements and notes comply with the Australian Accounting Standards;
2. the financial statements and notes comply with the reporting guidelines of the Industrial Registrar;
3. 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 year to which they relate;
4. there are reasonable grounds to believe that the Australian Hotels Association - ACT Branch will be able to pay its debts as and when they become due and payable;
5. during the year to which the GPFR relates and since the end of that year:
  - (a) meetings of the Committee of Management were held in accordance with the rules of the organisation including the rules of the branch concerned;
  - (b) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of the branch concerned;
  - (c) the financial records of the reporting unit have been kept and maintained in accordance with the *Fair Work (Registered Organisations) Act 2009* and the *Fair Work (Registered Organisations) Regulations 2009*;
  - (d) the organisation consists of one reporting unit;
  - (e) the information sought in any request of a member of the reporting unit or a Registrar duly made under the *Fair Work (Registered Organisations) Regulations 2009* has been furnished to the member or Registrar; and
  - (f) no orders for inspection of financial records have been made by the Commission under the *Fair Work (Registered Organisations) Regulations 2009*.

For the Committee of Management:

  
Michael Capezio  
**President**

Dated: 22/11/10

  
Mark Sproat  
**Secretary**

Dated: 22/11/10

