



**Australian Government**  
**Australian Industrial Registry**

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Mr Peter Punch  
Carroll & O'Dea Lawyers

email: [ppunch@codea.com.au](mailto:ppunch@codea.com.au)

Dear Mr Punch

**Re: Financial Reports for the Australian Hotels Association, New South Wales Branch**

I acknowledge receipt of your correspondence of 1 September 2008 regarding the financial reports of the Branch for 2005, 2006 and 2007 and, in particular, your submission on behalf of the Australian Hotels Association, New South Wales Branch.

It may be useful if I briefly set out the sequence of events up until now before I expand on the Registry's position.

As will be apparent from Mr Stewart's correspondence of 20 February 2008 to Mr Fernando, your client's "Financial Accountant" (and the person whom this office has historically dealt with in relation to financial matters), the financial report for 31 December 2006 was lodged with the Registry on 23 May 2007. The financial documents for the preceding year (2005) were only lodged after prompting from our office, on 27 September 2007. For obvious reasons we could not examine the 2006 documents until the previous years documents were received.

Having examined the documents for the 2005 and 2006 financial years Mr Stewart considered that there were a number of issues which he wished to discuss with your client. As he acknowledged in his correspondence of 20 February:

"I understand this represents a departure in the response of this office and therefore, before these matters are finalised, I would be pleased to discuss with you how to proceed in this matter."

This is a clear recognition on the part of the Registry that we were taking a different view than we had previously, and acknowledging that he wished to have the opportunity to discuss this with the appropriate person in the reporting unit.

The Registry endeavours to be, and I believe by and large is, consistent in its application of the provisions of the Act it is responsible for as regulator. We constantly strive to ensure that we achieve a level of uniformity in our approach to matters generally. However, the fact that one, or more, of our officers may have interpreted, or even misinterpreted, a provision previously resulting in a different approach is, of itself, no reason to perpetuate a practice that is thought to be inconsistent with the relevant legislative prescription.

Subsequent to the lodgment of the 2007 returns Mr Stewart spoke with Mr Barratt, the Branch's auditor, to firstly explain our concerns and secondly, to discuss a possible alternative resolution, which Mr Stewart confirmed with him in writing on 7 July 2008. Subsequently, we received your correspondence of 1 September 2008.

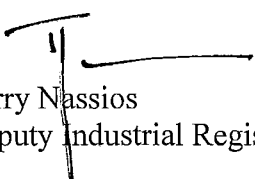
Put simply, our view is that the Branch is a reporting unit as defined in Part 3, Schedule 1 of the Workplace Relations Act 1996 (the Act). Each reporting unit has certain obligations under

Schedule 1. The financial reports lodged on behalf of the Branch have been prepared, as stated in note 2(d), as a consolidation of the financial affairs of three entities, one of which is the Branch. I am aware of the explanation of the note in Note 2 (g). Our view is that the primary reporting unit for the purposes of the Act is the Branch, not the associated State body, and the reports at least as submitted to the Registry should reflect that. Although the documentation lodged includes financial documents related to the Branch, the primary reporting unit is the associated State body. In the circumstances, we considered section 269 provided an appropriate avenue if the pre-conditions required existed. I understand a similar suggestion was made by another officer of the Registry in response to the lodgment of the relevant financial report in 2003.

In the circumstances, the financial reports for the years ended 31 December 2005, 2006 and 2007 will be filed. I propose we give consideration, as you suggested in your correspondence of 1 September 2008, as to how the Branch discharges its financial reporting obligations in the future. Obviously those discussions need to occur before the Branch commences the preparation of its reports for the next financial year.

Mr Stewart can be contacted on (03) 8661 7787 (Mon-Thurs).

Yours sincerely



Terry Nassios  
Deputy Industrial Registrar

25 September 2008

YOUR REF:  
OUR REF: PJP:920300  
CONTACT:  
PARTNER: Peter Punch

Direct Line: 9291 7177  
Email: ppunch@codea.com.au

# CARROLL & O'DEA LAWYERS

1 September 2008

Mr Kevin Donnellan  
Statutory Services Branch  
Australian Industrial Registry  
G P O Box 1994  
MELBOURNE VIC 3001

**By email: Kevin.DONNELLAN@air.gov.au**

Dear Kevin

**FINANCIAL REPORTS OF AUSTRALIAN HOTELS ASSOCIATION NEW SOUTH WALES BRANCH FOR FINANCIAL YEARS ENDING 31 DECEMBER 2005 - FR2005/621, 31 DECEMBER 2006 - FR2006/539, AND 31 DECEMBER 2007 - FR2007/595**

We refer to the above matters and the previous correspondence between officers of the Registry and representatives of the Branch, and confirm that the Branch and its auditors have referred these matters to us for consideration and dialogue with the Registry.

We note that Mr Stewart's letter to Mr Fernando dated 20 February 2008 suggested that the 2005 and 2006 financial reports of the Branch were not in an acceptable form and "it is the view of this office that the Branch of a federally registered organisation should prepare its own report". Your letter to the Branch of 23 June 2008 in effect reiterates those matters in connection with the 2007 financial report. Subsequently the Branch's attention has been drawn to the possible availability of a Certificate pursuant to Section 269 of Schedule 1.

Having considered the history and circumstances of financial reporting arrangements by the Branch with the Registry, we wish to make the following respectful submissions on its behalf.

First, the form of the financial reports that the Branch has been providing to the Registry each year in connection with its financial affairs, and in what was believed to be compliance with the Branch's obligations under the RAO schedule (and its predecessor provisions in the Workplace Relations Act 1996) has been

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the same for as long as we can remember. In that regard we point out that we have been acting continuously for the Branch in relation to "RAO Schedule" matters since 1991 and from our examination of them the form of financial reports that have been presented by the Branch in respect of its financial years ending 31 December 2005, 31 December 2006 and 31 December 2007 are exactly the same as they have been throughout the entire time that we have acted for the Branch (subject to changes in legislative provisions cited, as necessary).

Secondly, no substantive explanation has been given by the Registry as to why the form of financial reports that it has found acceptable for all these years are now no longer acceptable. There is no suggestion that there has been any legislative change since 2004 (the first full year of the introduction of the RAO Schedule) driving the change in approach by the Registry.

Thirdly, upon our examination of the provisions of the RAO schedule we do not discern a statutory requirement that the financial report of a Branch for the purposes of compliance with the RAO schedule must be a "stand alone" financial report for the Branch. The report must of course be the financial report of the Branch but in our submission the reports in question qualify for that description. The Branch is separately identified throughout each report, certificates from its officers as required by Federal law are given (separate from certificates under State law in respect of the State registered Australian Hotels Association (NSW)), and an income statement for the Branch is provided, separate from the P&L and A&L statements for the State organisation and its controlled entities. Furthermore, the relationship between the Branch and the State registered organisation is clearly explained and in our submission it is clear the Branch is not a "controlled entity" of the State registered organisation (nor is it asserted to be such).

Fourthly, the form in which the financial reports of the Branch (and associated entities) has been presented both to your Registry and the Registry of the Industrial Relations Commission of New South Wales is in our opinion in the form that most comfortably sits with the facts and circumstances pertaining to the inter relationship between the Branch and the State registered organisation.

Fifthly, in order for Section 269 of the RAO Schedule to apply, it is necessary for a Registrar to be satisfied that the financial affairs of the relevant reporting unit are "encompassed" by the financial affairs of the "associated State body". Bearing in mind our comments in the last paragraph we would be grateful to receive any guidance or literature that would explain to us the provenance of Section 269 and the meaning of the expression "encompassed" in this context.

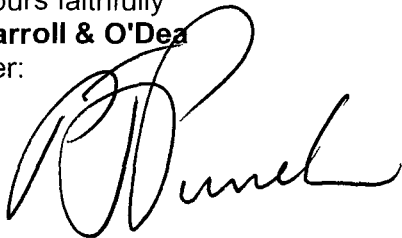
We regret the delay in relation to all of these matters but we do ask you to bear in mind that what the Registry is seeking is a very significant change in a very long established practice by

the Branch in relation to the form of its financial reports, which form has been acceptable to the Registry for almost fifteen years.

Peter Punch is happy to discuss these matters with you and Mr Stewart if that was thought appropriate. Please do however note that Peter will be absent from the office between 4 and 19 September 2008.

We would conclude by respectfully suggesting that in the circumstances the Registry accept the Branch's financial reports for 2005, 2006 and 2007 in the form already submitted, on the understanding that further dialogue take place over the form of the financial report for 2008 and following years.

Yours faithfully  
**Carroll & O'Dea**  
Per:

A handwritten signature in black ink, appearing to read 'P Punch', written over the 'Per:' line.

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OUR REF: PJP:920300  
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# CARROLL & O'DEA LAWYERS

15 July 2008

Mr Iain Stewart  
Manager, Team 3  
Statutory Services Branch  
Australian Industrial Registry  
GPO Box 1994  
MELBOURNE VIC 3001

**Emailed to: iain.stewart@air.gov.au**

Dear Mr Stewart

## **FINANCIAL REPORTS OF THE AUSTRALIAN HOTELS ASSOCIATION, NEW SOUTH WALES BRANCH**

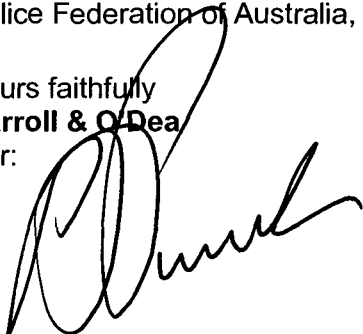
We refer to the above matter and advise that we have been asked to represent the Branch in relation to it.

We have been instructed with a copy of the letter from Kevin Donnellan to Mr Prabhu Fernando of 23 June 2008 (and its attachments), as well as a copy of your letter to Mr Paul Barrett (from V J Ryan & Co, Auditors for the Branch) dated 7 July 2008.

We will be advising the Branch on the matters raised and then giving consideration with the officers to the availability and appropriateness of an application to the Registry pursuant to Section 269 of Schedule 1 of the Workplace Relations Act 1996 (Cth).

In this context we will be giving consideration to the precedent supplied to our client in respect of an application under the aforementioned section made by the Police Federation of Australia, New South Wales Police Branch.

Yours faithfully  
Carroll & O'Dea  
Per:



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Mr Paul Barratt  
V J Ryan & Co

email: [pbarratt@vjr.com.au](mailto:pbarratt@vjr.com.au)

Dear Mr Barratt

**Re: Financial Reports for the Australian Hotels Association, New South Wales Branch**

Further to correspondence of 23 June 2008 regarding the financial reports of the Branch for 2005, 2006 and 2007, the Branch may wish to consider the provisions of section 269 of Schedule 1 of the *Workplace Relations Act 1996* for financial reports. I have set out below an extract from a fact sheet published by the Registry:

***Reporting units with substantial common membership with State registered bodies***

*Section 269 applies to a reporting unit where there is an associated State body which:-*

- (a) is registered or recognised under industrial relations legislation of the States of New South Wales, Queensland, South Australia, Western Australia or Tasmania (Reg 163);*
- (b) has substantially the same members; and*
- (c) has officers who are substantially the same as officers of the reporting unit responsible for undertaking functions to enable accounting, auditing and reporting obligations to be met.*

*The reporting unit is taken to have satisfied its accounting, auditing and reporting obligations in relation to a financial year if section 269 applies to the reporting unit and:*

- (a) a Registrar, on application of the reporting unit, issues a certificate stating that the financial affairs of the reporting unit are encompassed by those of the associated State body;*
- (b) the associated State body has complied with similar obligations under State legislation;*
- (c) the reporting unit has lodged a copy of the audited accounts of the associated State body with the Industrial Registry;*
- (d) any members of the reporting unit not also members of the associated State body have been provided with copies of the audited accounts of the associated State body at about the same time as its members; and*
- (e) members of the reporting unit have been provided with an operating report for the reporting unit together with the copies of the audited accounts of the associated State body.*

You may also wish to refer directly to the provisions of section 269 - [http://www.airc.gov.au/legislation/wr\\_act/wrwc2.htm](http://www.airc.gov.au/legislation/wr_act/wrwc2.htm). If you form the view that the Branch might satisfy the tests referred to above then you may wish to consult with your client about making appropriate an application(s). If so, you may find it useful to consider a recent example of a Branch successfully applying under section 269 which you can access via the following link: <http://www.e-airc.gov.au/files/200vnswp/PFANSWFR2006447.pdf>.

Of course, I cannot guarantee the Branch an identical outcome to that achieved in the aforementioned matter, but, I suggest, it is an approach worth considering. I would be happy to discuss this with you. I can be contacted on (03) 8661 7787 (Mon-Thurs).

Yours sincerely

A handwritten signature in black ink that reads "Iain Stewart". The signature is written in a cursive, slightly slanted style.

Iain Stewart  
Manager, Team 3  
Statutory Services Branch

7 July 2008

cc. P Fernando, Australian Hotels Association





**Australian Government**  
**Australian Industrial Registry**

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Mr Prabhu Fernando  
Financial Accountant  
Australian Hotels Association  
New South Wales Branch

[Prabhu.Fernando@ahansw.com.au](mailto:Prabhu.Fernando@ahansw.com.au)

Dear Mr Fernando

**Re: Financial Report for the Australian Hotels Association (New South Wales Branch)  
for years ended 31 December 2005 - FR2005/621 and 31 December 2006 – FR2006/539**

I acknowledge receipt of documents being “The financial report of Australian Hotels Association (NSW), its Controlled Entities and Australian Hotels Association, NSW Branch for the year ended 31 December 2006 ...”. The documents were lodged in the Industrial Registry on 23 May 2007.

The documents pertaining to the financial year ended 31 December 2005 were lodged in the Industrial Registry on 27 September 2007 following a request by an officer of the Registry on 20 September 2007.

I apologise for the delay in responding to the lodgment in these two matters.

Section 242 of Schedule 1 of the Workplace Relations Act 1996 provides that a reporting unit can be an organisation, a branch, or a combination of branches. Applying that provision to the Australian Hotels Association – NSW Branch, it is the Branch which should be the reporting unit. The documents as lodged suggest the Branch is a controlled entity of a state registered association, specifically, the Australian Hotels Association (NSW). Notwithstanding the disclosures in Note 2(f)(iii) of the Notes to the Financial Statements it is the view of this office that the Branch of the federally registered organisation should prepare its own report.

I understand this represents a departure in the response of this office and therefore, before these matters are finalised, I would be pleased to discuss with you how to proceed in this matter.

I can be contacted on (03) 8661 7787 (Mon-Thurs).

Yours sincerely

A handwritten signature in black ink that reads "Iain Stewart".

Iain Stewart  
Manager, Team 3  
Statutory Services Branch

20 February 2008

**AUSTRALIAN HOTELS ASSOCIATION (NSW),  
ITS CONTROLLED ENTITIES AND  
AUSTRALIAN HOTELS ASSOCIATION, NEW SOUTH WALES BRANCH**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2005**

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**AUSTRALIAN HOTELS ASSOCIATION (NSW),  
ITS CONTROLLED ENTITIES AND  
AUSTRALIAN HOTELS ASSOCIATION, NEW SOUTH WALES BRANCH**

**INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2005**

	NOTE	2005	2004
		\$	\$
<b>Revenue</b>	3	5,076,387	5,404,096
Finance Costs	4	10,853	9,856
Depreciation		174,079	161,006
Administrative and Member Expenses		3,385,584	3,010,557
Employee Expenses	4	<u>2,210,209</u>	<u>2,007,064</u>
		<u>5,780,725</u>	<u>5,188,483</u>
<b>Profit/(Loss) before Income Tax</b>		(704,338)	215,613
Income Tax Expense		<u>-</u>	<u>-</u>
<b>Net Profit/(Loss) for Year</b>		<u>(704,338)</u>	<u>215,613</u>

The Income Statement is to be read in conjunction with the Notes to the Financial Statements set out on pages 5 to 18.

**AUSTRALIAN HOTELS ASSOCIATION (NSW),  
ITS CONTROLLED ENTITIES AND  
AUSTRALIAN HOTELS ASSOCIATION, NEW SOUTH WALES BRANCH**

**BALANCE SHEET  
AS AT 31 DECEMBER 2005**

	NOTE	2005 \$	2004 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	7	2,242,653	2,226,422
Receivables	8	331,097	275,982
Other	9	<u>230,665</u>	<u>107,711</u>
<b>TOTAL CURRENT ASSETS</b>		<u>2,804,415</u>	<u>2,610,115</u>
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	10	3,902,013	4,000,676
Investments	11	<u>25,011</u>	<u>25,010</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>3,927,024</u>	<u>4,025,686</u>
<b>TOTAL ASSETS</b>		<u>6,731,439</u>	<u>6,635,801</u>
<b>CURRENT LIABILITES</b>			
Trade and Other Payables	12	1,734,178	948,632
Short-term Borrowings	13	67,974	31,088
Provisions	14	<u>296,106</u>	<u>284,817</u>
<b>TOTAL CURRENT LIABILITES</b>		<u>2,098,258</u>	<u>1,264,537</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term Borrowings	15	<u>43,563</u>	<u>77,308</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>43,563</u>	<u>77,308</u>
<b>TOTAL LIABILITIES</b>		<u>2,141,821</u>	<u>1,341,845</u>
<b>NET ASSETS</b>		<u>4,589,618</u>	<u>5,293,956</u>
<b>EQUITY</b>			
Reserves	16	197,236	190,270
Asset Revaluation Reserve	17	1,893,813	1,893,813
Retained Profits	18	<u>2,498,569</u>	<u>3,209,873</u>
<b>TOTAL EQUITY</b>		<u>4,589,618</u>	<u>5,293,956</u>

The Balance Sheet is to be read in conjunction with the Notes to the Financial Statements set out on pages 5 to 18.

**AUSTRALIAN HOTELS ASSOCIATION (NSW),  
ITS CONTROLLED ENTITIES AND  
AUSTRALIAN HOTELS ASSOCIATION, NEW SOUTH WALES BRANCH**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2005**

	NOTE	2005 \$	2004 \$
<b>Cash Flows From Operating Activities:</b>			
Receipts from Members and Third parties		7,285,671	6,412,714
Payments to Suppliers and Employees		(7,351,944)	(6,724,205)
Interest Received		161,746	144,395
Income Tax Paid		-	-
Net Cash provided by/(used in) Operating Activities	23	<u>95,473</u>	<u>(167,096)</u>
<b>Cash Flows from Investing Activities:</b>			
Payment for Property, Plant and Equipment		(36,049)	(65,822)
Proceeds from Sale of Equipment		-	11,818
Payment for Investment in Subsidiary Company		(1)	-
Net Cash (used in)/provided by Investing Activities		<u>(36,050)</u>	<u>(54,004)</u>
<b>Cash Flows from Financing Activities:</b>			
Transfer (to)/from Research & Development Foundation Reserve		(6,966)	(6,017)
Lease Principal Repayments		(36,226)	(9,138)
Net Cash (used in)/provided by Financial Activities		<u>(43,192)</u>	<u>(15,155)</u>
Net Increase/(Decrease) in Cash held		16,231	(236,255)
Cash at beginning of the Financial Year		<u>2,226,422</u>	<u>2,462,677</u>
<b>Cash at the end of the Financial Year</b>	<b>22</b>	<u><u>2,242,653</u></u>	<u><u>2,226,422</u></u>

The Cash Flow Statement is to be read in conjunction with the Notes to the Financial Statements set out on pages 5 to 18.

**AUSTRALIAN HOTELS ASSOCIATION (NSW),  
ITS CONTROLLED ENTITIES AND  
AUSTRALIAN HOTELS ASSOCIATION, NEW SOUTH WALES BRANCH**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2005**

	Retained Profits	Reserves \$	Asset Revaluation Reserve \$	Total Equity \$
<b>At 1 January 2004</b>	3,000,277	184,253	-	3,184,530
Profit for the Year	215,613	-	-	215,613
Transfer (to) Reserves	(6,017)	-	-	(6,017)
Transfer from Retained Profits	-	6,017	-	6,017
Increase from Revaluation of Strata Units	-	-	1,893,813	1,893,813
<b>At 31 December 2004</b>	3,209,873	190,270	1,893,813	5,293,956
(Loss) for the year	(704,338)	-	-	(704,338)
Transfer (to) Reserves	(6,966)	-	-	(6,966)
Transfer from Retained Profits	-	6,966	-	6,966
<b>At 31 December 2005</b>	<u>2,498,569</u>	<u>197,236</u>	<u>1,893,813</u>	<u>4,589,618</u>

This Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements set out on pages 5 to 18.

**AUSTRALIAN HOTELS ASSOCIATION (NSW),  
ITS CONTROLLED ENTITIES AND  
AUSTRALIAN HOTELS ASSOCIATION, NEW SOUTH WALES BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005**

---

**1 CORPORATE INFORMATION**

The financial report of Australian Hotels Association (NSW), its Controlled Entities and Australian Hotels Association, New South Wales Branch for the year ended 31 December 2005 were authorised for issue in accordance with a Resolution of the Committee of Management on 20 March 2006.

The Association is incorporated in Australia.

The nature of the operations is that it is an association comprising members of the hotel industry and representing those members.

**2 STATEMENT OF ACCOUNTING POLICIES**

**(a) Basis of Preparation**

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards.

It has been prepared on the basis of historical costs and, except for certain assets which are at valuation, does not take into account changing money values or current valuation of non-current assets.

The accounting policies have been consistently applied and except where there is a change in accounting policy, are consistent with those of the previous period.

**(b) Statement of Compliance**

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standard ("AIFRS"). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ("IFRS").

This is the first financial report prepared based on AIFRS and comparatives for the year ended 31 December 2004 have been restated accordingly. Reconciliations of AIFRS equity and profit for 31 December 2004 to the balances reported in the 31 December 2004 financial report are detailed in Note 2(m) below.

**AUSTRALIAN HOTELS ASSOCIATION (NSW),  
ITS CONTROLLED ENTITIES AND  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005**

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**2 STATEMENT OF ACCOUNTING POLICIES (cont.)**

**(c) Basis of Consolidation**

The Consolidated Financial Statements include the Financial Statements of the New South Wales Hotels Association Inc, AHA Services Pty Limited, the Research and Development Foundation of the Australian Hotels Association and Hospitality Broadcasting Company Pty Limited.

**(d) Revenue Recognition**

Subscription revenue from general division members is recognised on a receipt basis and is allocated to the relevant period. Other subscription revenue, training revenue, rent received, commission, interest received and other sundry revenues are recognised on an accruals basis.

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**(e) Inventories**

All inventories are valued at the lower of cost and net realisable value.

**(f) Comparative figures**

Comparative figures supplied reflect the accounting period for the twelve months ended 31 December 2004.

**(g) Special Note concerning Basis of Financial Statements**

- (i) The Financial Statements herein are a consolidation of the financial affairs of the following entities:
- a) Australian Hotels Association (NSW), an organisation of employers registered under the Industrial Relations Act 1996 (NSW) (hereafter referred to as "the State Organisation");
  - b) Australian Hotels Association, New South Wales Branch (hereafter referred to as "the Federal Branch") being a branch of the Australian Hotels Association, an organisation of employers registered under the Workplace Relations Act 1996 (Cth) (hereafter referred to as "the Federal AHA"); and
  - c) certain entities associated with and controlled by the State Organisation, as referred to in paragraph (c) above.



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005**

---

**2 STATEMENT OF ACCOUNTING POLICIES (cont.)**

**(g) Special Note concerning Basis of Financial Statements (cont.)**

- (ii) The Financial Statements of the abovementioned entities are prepared on a consolidated basis, in accordance with Accounting Standard AASB127, and in order to ensure that members of both the State Organisation and the Federal Branch are provided with a complete picture of the financial affairs of both bodies and their related entities for the reporting period.
- (iii) Notwithstanding the foregoing the following matters are of relevance in connection with these Financial Statements:
  - a) By reason of complementary provisions in the Rules of the Federal Branch and the Rules of the State Organisation, all membership fees collected in the State of New South Wales are the property of the State Organisation;
  - b) The Federal AHA has an entitlement to capitation fees in respect of membership fees so collected, and such capitation fees are the property of the Federal AHA through the Federal Branch; and
  - c) All other assets (including real property) and liabilities, including those held by the controlled entities referred to in paragraph (c) hereof, are assets and liabilities of the State Organisation.

**(h) Notice pursuant to Section 272 of Schedule 1B of the Workplace Relations Act 1996 (Cth)**

Members of the Australian Hotels Association, New South Wales Branch are asked to note the following provisions of Section 272 of the above Act:

- (i) A member of a reporting unit, or a Registrar, 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;
- (ii) 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; and
- (iii) A reporting unit must comply with an application made under subsection (1).

AUSTRALIAN HOTELS ASSOCIATION (NSW),  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005

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**2 STATEMENT OF ACCOUNTING POLICIES (cont.)**

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

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

**(j) Employee Benefits**

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

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

AUSTRALIAN HOTELS ASSOCIATION (NSW),  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005

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**2 STATEMENT OF ACCOUNTING POLICIES (cont.)**

**(k) Property, plant and equipment**

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and any impairment in value.

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

Strata Titled Units – 40 years

Plant and equipment – over 5 to 15 years

*Impairment*

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in the income statement in the other expenses line item.

*Revaluations*

Following initial recognition at cost, strata units are carried at a revalued amount which is the fair value at the date of the revaluation plus additions made subsequent to revaluation, at cost less any subsequent accumulated depreciation on strata units and accumulated impairment losses.

Fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the balance sheet unless it reverses a revaluation decrease of the same asset previously recognised in the income statement.

Any revaluation deficit is recognised in the income statement unless it directly offsets a previous surplus of the same asset in the asset revaluation reserve.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to equity.

**AUSTRALIAN HOTELS ASSOCIATION (NSW),  
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**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2005**

**2 STATEMENT OF ACCOUNTING POLICIES (cont.)**

**(l) Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

**(m) Impact of adoption of AIFRS**

The impacts of adopting AIFRS on the total members' accumulated funds and profit after tax as reported under previous Australian Generally Accepted Accounting Principles ("AGAAP") are illustrated below.

**(i) Reconciliation of total members' accumulated funds as presented under previous AGAAP to that under AIFRS**

	31 December 2004	1 January 2004
	\$	\$
Total members' accumulated funds under previous AGAAP	5,293,956	3,184,530
<i>Adjustments to retained earnings (net of tax)</i>	<u>-</u>	<u>-</u>
Total members' accumulated funds under AIFRS	<u>5,293,956</u>	<u>3,184,530</u>

There are no material differences between the total equity presented under AIFRSs and total equity presented under previous AGAAP.

**(ii) Reconciliation of profit before tax under previous AGAAP to that under AIFRS**

	31 December 2004
	\$
Prior year profit before tax as previously reported	215,613
<i>Adjustments</i>	<u>-</u>
Prior year profit before tax under AIFRS	<u>215,613</u>

**AUSTRALIAN HOTELS ASSOCIATION (NSW),  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**2 STATEMENT OF ACCOUNTING POLICIES (cont.)**

**(m) Impact of adoption of AIFRS (cont.)**

**(iii) Explanation of material adjustment to the cash flow statement**

There are no material differences between the cash flow statement presented under AIFRS and the cash flow statement presented under previous GAAP.

**3 REVENUE**

Member Subscriptions	4,072,286	3,938,363
Interest	161,746	144,395
Commission	60,000	60,000
Training	121,859	346,555
Net Income from Membership Activities	<u>660,496</u>	<u>914,783</u>
<b>Total Revenue</b>	<u><b>5,076,387</b></u>	<u><b>5,404,096</b></u>

**4 REVENUES AND EXPENSES**

**Finance Income (Costs)**

Finance Charges under Finance Lease and Hire Purchase	<u>(10,853)</u>	<u>(9,856)</u>
Bank Interest Receivable	161,746	144,395
Income from Investments	<u>-</u>	<u>-</u>
<b>Total Finance Income</b>	<u><b>161,746</b></u>	<u><b>144,395</b></u>

**Employee Benefits**

Annual Leave Accrued	21,411	5,064
Fringe Benefits	18,065	24,390
Long Service Leave Provided	(10,122)	23,915
Payroll Tax	94,250	87,353
Salary and Wages	1,936,423	1,720,993
Superannuation	<u>150,182</u>	<u>145,349</u>
	<u><b>2,210,209</b></u>	<u><b>2,007,064</b></u>

**5 AUDITOR'S REMUNERATION**

Amounts received or due and receivable by  
V J Ryan & Co for:

Audit of the Financial Statements	14,420	16,500
Audit of Related Entities	3,000	1,500
Other Services	<u>11,535</u>	<u>15,730</u>
	<u><b>28,955</b></u>	<u><b>33,730</b></u>

**AUSTRALIAN HOTELS ASSOCIATION (NSW),  
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**NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
FOR THE YEAR ENDED 31 DECEMBER 2005**

	2005	2004
	\$	\$
<b>6 INCOME TAX</b>		
No provision has been made for income tax on the results of the Association and the Branch as they are exempted from income tax under Section 50 – 15 of the Income Tax Assessment Act 1997.		
<b>7 CASH AND CASH EQUIVALENTS</b>		
Cash on Hand	2,599	2,099
Deposits at Call	864,629	1,385,540
Cash at Bank	1,375,425	838,783
	<u>2,242,653</u>	<u>2,226,422</u>
<b>8 RECEIVABLES – CURRENT</b>		
Trade Debtors	467,084	359,930
Less: Allowance for Doubtful Debts	139,478	101,296
	<u>327,606</u>	<u>258,634</u>
Other Debtors	314,806	17,348
Less: Allowance for Impairment	(311,315)	-
	<u>3,491</u>	<u>17,348</u>
	<u>331,097</u>	<u>275,982</u>
<b>9 <sup>a</sup> OTHER</b>		
Prepayments	<u>230,665</u>	<u>107,711</u>
<b>10 PROPERTY, PLANT &amp; EQUIPMENT</b>		
Strata Units – At Independent Valuation and Additions at Cost	3,900,000	3,900,000
Less: Provision for Depreciation	158,437	60,937
	<u>3,741,563</u>	<u>3,839,063</u>
Plant and Equipment – At Cost	922,205	886,156
Less: Provision for Depreciation	872,837	831,996
	<u>49,368</u>	<u>54,160</u>
Motor Vehicles – At Cost	188,819	149,452
Less: Provision for Depreciation	77,737	41,999
	<u>111,082</u>	<u>107,453</u>
Total Property, Plant and Equipment	<u>3,902,013</u>	<u>4,000,676</u>

The basis of the valuation of Strata Units is fair market value based on existing use. The valuation dated 12 May 2004 was carried out by Northern Estate Valuation, valuer number 2540.

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NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
 FOR THE YEAR ENDED 31 DECEMBER 2005

	2005	2004
	\$	\$
<b>10 PROPERTY, PLANT &amp; EQUIPMENT (cont.)</b>		
<b>Reconciliations</b>		
Reconciliations of the carrying amount for each class of property, plant and equipment are set out below:		
<u>Strata Units</u>		
Carrying amount at beginning of year	3,839,063	2,021,014
Revaluation Increment	-	1,893,813
Additions	-	10,200
Depreciation	(97,500)	(85,964)
	<u>3,741,563</u>	<u>3,839,063</u>
<u>Plant &amp; Equipment</u>		
Carrying amount at beginning of year	54,160	73,197
Additions	36,049	24,743
Depreciation	(40,841)	(43,780)
	<u>49,368</u>	<u>54,160</u>
<u>Motor Vehicles - Leased Assets</u>		
Carrying amount at beginning of year	107,453	121,391
Additions	39,367	30,879
Disposals	-	(13,556)
Depreciation	(35,738)	(31,261)
	<u>111,082</u>	<u>107,453</u>
Total Property, Plant & Equipment	<u>3,902,013</u>	<u>4,000,676</u>
<b>11 INVESTMENTS</b>		
Shares in Subsidiary Companies – At Cost	11	10
Shares in Unlisted Company – At Cost	25,000	25,000
	<u>25,011</u>	<u>25,010</u>
<b>12 TRADE AND OTHER PAYABLES</b>		
Trade Creditors	272,430	195,691
Agency Withholdings	650,669	-
GST Payable	59,604	101,093
Work Cover Authority	8,202	795
Subscriptions in Advance	629,321	611,953
Income in Advance	113,952	39,100
	<u>1,734,178</u>	<u>948,632</u>

**AUSTRALIAN HOTELS ASSOCIATION (NSW),  
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**NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
FOR THE YEAR ENDED 31 DECEMBER 2005**

	2005	2004
	\$	\$
<b>13 BORROWINGS – CURRENT</b>		
Lease Liability	<u>67,974</u>	<u>31,088</u>
<b>14 PROVISIONS – CURRENT</b>		
Employee Entitlements	<u>296,106</u>	<u>284,817</u>
<b>15 BORROWINGS – NON CURRENT</b>		
Lease Liability	<u>43,563</u>	<u>77,308</u>
<b>16 RESERVES</b>		
Research and Development Foundation Reserve Opening Balance	190,270	184,253
Transfers to/(from) Accumulated Surplus	<u>6,966</u>	<u>6,017</u>
Closing Balance	<u>197,236</u>	<u>190,270</u>
<b>17 ASSET REVALUATION RESERVE</b>		
Opening Balance	1,893,813	-
Increment on Revaluation of Strata Units	<u>-</u>	<u>1,893,813</u>
Closing Balance	<u>1,893,813</u>	<u>1,893,813</u>
<b>18 RETAINED PROFITS</b>		
Balance at beginning of year	3,209,873	3,000,277
Profit/(Loss) for year	(704,338)	215,613
Transfer (to)/from Reserves	<u>(6,966)</u>	<u>(6,017)</u>
Balance at end of year	<u>2,498,569</u>	<u>3,209,873</u>



**AUSTRALIAN HOTELS ASSOCIATION (NSW),  
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**NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
FOR THE YEAR ENDED 31 DECEMBER 2005**

	2005	2004
	\$	\$

**19 RELATED PARTY TRANSACTIONS**

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

John Thorpe	Robert Broomham	Philip Webster
John Daly	Robert French	Nick Elliott
Bevan Douglas	Nigel Corne	Patrick Griffin
Bruce Woods	Lynette Humphreys	Michael Grant

Income received or due and receivable by all Executive members from the Association:

Number of Executive members whose income from the entity was within the following bands:	No.	No.
\$50,000 - \$60,000	1	1

Retirement and Superannuation Payments:

Amounts paid to executive members and senior executives on retirement from office or to prescribed superannuation funds for the provision of retirement benefits for executive member and senior executives

<u>43,440</u>	<u>43,440</u>
---------------	---------------

Related Parties

Robert French, a member of the Executive Board, was paid an amount of \$63,300 for training course and consultancy services during the year.

**20 SEGMENT REPORTING**

The Association and its controlled entities operate as an employer association providing a range of services to members in the hospitality industry in the state of New South Wales.

**AUSTRALIAN HOTELS ASSOCIATION (NSW),  
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**NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
FOR THE YEAR ENDED 31 DECEMBER 2005**

	2005 \$	2004 \$
<b>21 LEASE COMMITMENTS</b>		
Finance Lease		
Not later than one year	75,409	40,627
Later than one year but less than 2 years	17,378	65,537
Later than 2 years but less than 5 years	30,273	18,355
	<u>123,060</u>	<u>124,519</u>
Less Future Finance Charges	11,523	16,123
	<u>111,537</u>	<u>108,396</u>
Operating Lease		
Not later than one year	-	35,565
Later than one year but less than 2 years	-	-
Later than 2 years but less than 5 years	-	-
	<u>-</u>	<u>35,565</u>
Less Future Finance Charges	-	1,598
	<u>-</u>	<u>33,967</u>

**22 RECONCILIATION OF CASH**

For the purposes of the Cash Flow Statement, cash includes cash on hand and at bank. Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

Cash on Hand	2,599	2,099
Deposits at Call	864,629	1,385,540
Cash at Bank	1,375,425	838,783
	<u>2,242,653</u>	<u>2,226,422</u>

AUSTRALIAN HOTELS ASSOCIATION (NSW),  
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NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
 FOR THE YEAR ENDED 31 DECEMBER 2005

	2005	2004
	\$	\$
<b>23 RECONCILIATION OF NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES TO NET OPERATING REVENUE</b>		
Profit/(Loss) from Ordinary Activities Attributable to Members	(704,338)	215,613
Non-Cash Flows and Non-Operating Items in Operating Profit:		
Depreciation	174,079	161,006
Loss on Sale of Fixed Assets	-	1,737
Movement in Research & Development Foundation Reserve	6,966	6,017
Change Assets and Liabilities:		
(Increase)/Decrease in Current Receivables	(55,115)	166,406
(Increase)/Decrease in Prepayments	(122,954)	(90,830)
Increase/(Decrease) in Trade and Other Payables	785,546	(642,327)
Increase in Employee Provisions	<u>11,289</u>	<u>15,282</u>
<b>NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES</b>	<u>95,473</u>	<u>(167,096)</u>

**24 CONTINGENCIES**

The Association has commenced legal action against TAB Limited to enforce the Support Agreement under which members of the Association are entitled to rebates and the Association is entitled to Sponsorship fees.

The Hearing has concluded, however no decision has yet been made by the Court. If successful the Association could receive significant unpaid sponsorship fees and members rebates. These amounts are not able to be quantified at this time.

However, if the case is unsuccessful, the Association would be likely to incur the Defendant's legal costs.

**25 FINANCIAL INSTRUMENTS**

(a) Interest Rate Risk:

The Association's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities is as follows:

**AUSTRALIAN HOTELS ASSOCIATION (NSW),  
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**NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
FOR THE YEAR ENDED 31 DECEMBER 2005**

**25 FINANCIAL INSTRUMENTS (cont.)**

<b>2005</b>	<b>Note</b>	<b>Floating Interest Rate</b>	<b>Fixed Interest Rate 1 Year or Less</b>	<b>Fixed Interest Rate 1-5 Years</b>	<b>Non- interest Bearing</b>	<b>Total</b>
<b>Financial Assets</b>						
Cash and Deposits	7	1,375,425	864,629	-	2,599	2,242,653
Receivables	8	-	-	-	331,079	331,079
		<u>1,375,425</u>	<u>864,629</u>	<u>-</u>	<u>333,678</u>	<u>2,573,732</u>
Weighted average interest rate		2.3%	5.2%			
<b>Financial Liabilities</b>						
Bank Overdraft	13	-	-	-	-	-
Trade & Other Creditors	12	-	-	-	1,734,178	1,734,178
Other Borrowings	13	-	67,974	43,563	-	111,537
		<u>-</u>	<u>67,974</u>	<u>43,563</u>	<u>1,734,178</u>	<u>1,845,715</u>
Weighted average interest rate			7.2%			
<b>Net Financial Assets</b>		<u>1,375,425</u>	<u>796,655</u>	<u>(43,563)</u>	<u>(1,400,500)</u>	<u>728,017</u>
<b>2004</b>						
<b>Financial Assets</b>						
Cash and Deposits	7	838,783	1,385,540	-	2,099	2,226,422
Receivables	8	-	-	-	275,982	275,982
		<u>838,783</u>	<u>1,385,540</u>	<u>-</u>	<u>278,081</u>	<u>2,502,404</u>
Weighted average interest rate		2.2%	4.9 %	-	-	
<b>Financial Liabilities</b>						
Bank Overdraft	13	-	-	-	-	-
Trade & Other Creditors	12	-	-	-	948,632	948,632
Other Borrowings	13	-	31,088	77,308	-	108,396
		<u>-</u>	<u>31,088</u>	<u>77,308</u>	<u>948,632</u>	<u>1,057,028</u>
Weighted average interest rate			7.4%	7.4%	-	
<b>Net Financial Assets</b>		<u>838,783</u>	<u>1,354,452</u>	<u>(77,308)</u>	<u>(670,551)</u>	<u>1,445,376</u>

(b) Credit Risk:

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provision for doubtful debts, as disclosed in the Balance Sheet and Notes to the Financial Statements. The Association does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Association.

(c) Net Fair Values:

The Net Fair Value of cash and other monetary financial assets and liabilities approximates their carrying value.

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


**CERTIFICATE OF ACCOUNTING OFFICER**

I, Bruce Woods, being the Accounting Officer of Australian Hotels Association (NSW) and its controlled entities hereby certify that the number of members of the Association at 31 December 2005 was 1,665.

In my opinion:

- (a) The accompanying Financial Statements show a true and fair view of the financial affairs of the Association and its controlled entities at 31 December 2005;
- (b) A record has been kept of all moneys paid by, or collected from, members of the Association, and all moneys so paid, or collected have been credited to the bank account to which those moneys are to be credited, in accordance with the Rules of the Association;
- (c) Before any expenditure was incurred by the Association approval of the incurring of the expenditure was obtained in accordance with the Rules of the Association;
- (d) With regard to funds of the Association raised by compulsory levies or voluntary contributions from members, or funds other than the General Fund operated in accordance with the Rules, no payments were made out of any such fund for purposes other than those for which the fund was operated;
- (e) All loans or other financial benefits granted to persons holding office in the Association were authorised in accordance with the Rules of the Association; and
- (f) The register of members of the Association was maintained in accordance with the Regulations under the Industrial Relations Act 1996 (NSW).

Accounting Officer



Dated: 20 March 2006

**AUSTRALIAN HOTELS ASSOCIATION, NEW SOUTH WALES BRANCH**

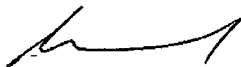
**CERTIFICATE OF ACCOUNTING OFFICER**

I, Bruce Woods, being the Accounting Officer of Australian Hotels Association, New South Wales Branch hereby certify that the number of members of the Branch at 31 December 2005 was 1,665.

In my opinion:

- (a) The accompanying Financial Statements show a true and fair view of the financial affairs of the Branch at 31 December 2005;
- (b) A record has been kept of all moneys paid by, or collected from, members of the Branch, and all moneys so paid or collected have been credited to the bank account to which those moneys are to be credited, in accordance with the Rules of the Branch;
- (c) Before any expenditure was incurred by the Branch, approval of the incurring of the expenditure was obtained in accordance with the Rules of the Branch;
- (d) With regard to funds of the Branch raised by compulsory levies or voluntary contributions from members, or funds other than the General Fund operated in accordance with the Rules, no payments were made out of any such fund for purposes other than those for which the fund was operated;
- (e) All loans or other financial benefits granted to persons holding office in the Branch were authorised in accordance with the Rules of the Branch; and
- (f) The register of members of the Branch was maintained in accordance with Section 230 of Schedule 1B of the Workplace Relations Act 1996 (Cth).

**Accounting Officer**



Dated: 20 March 2006

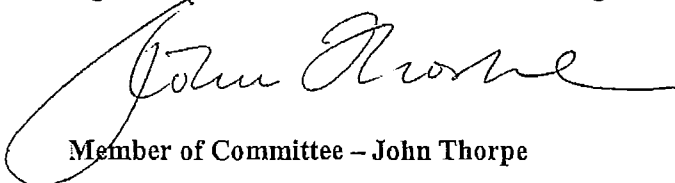
**AUSTRALIAN HOTELS ASSOCIATION (NSW)  
AND ITS CONTROLLED ENTITIES**

**STATEMENT OF COMMITTEE OF MANAGEMENT**

In accordance with a Resolution of the Committee of Management of Australian Hotels Association (NSW) and its controlled entities, we state that in the opinion of the Committee:

- (a) The accompanying Financial Statements set out on pages 1 to 4, show a true and fair view of the financial affairs of the Association and its controlled entities at 31 December 2005;
- (b) Meetings of the Committee of Management were held in accordance with the Rules of the Association;
- (c) During the financial year to which the Financial Statements relate, there has not been, to the knowledge of any member of the Committee of Management, instances where records of the Association or other documents (not being documents containing information made available to a member of the Association under the Regulations of the Industrial Relations Act 1996 (NSW)), or copies of those records or other documents, or copies of the rules of the Association, have not been furnished or made available to members of the Association in accordance with the Industrial Relations Act 1996 (NSW), this regulation or the Rules of the Association, as the case may be;
- (d) In relation to the report prepared in accordance with the regulations under the Industrial Relations Act 1996 (NSW) by the Auditor of the Association in respect of the financial year immediately proceeding the financial year to which these Financial Statements relate and in relation to any financial report prepared in accordance with the Regulations under the Industrial Relations Act 1996 (NSW) to which that report relates, the Association has distributed the relevant financial report in accordance with the Regulations under the Industrial Relations Act 1996 (NSW); and
- (e) There are reasonable grounds to believe that the Association and its controlled entities will be able to pay their debts as and when they fall due.

**Signed on behalf of the Committee of Management**



**Member of Committee – John Thorpe**



**Member of Committee – Michael Grant**

**Dated:** *22/3/06.*

## AUSTRALIAN HOTELS ASSOCIATION, NEW SOUTH WALES BRANCH

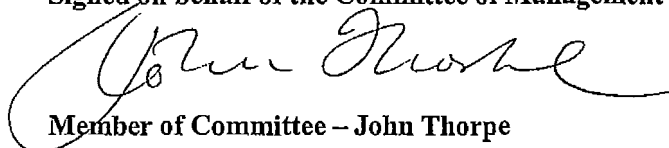
### STATEMENT OF COMMITTEE OF MANAGEMENT

On the 20 March 2006 the Committee of Management of the Australian Hotels Association, New South Wales Branch, passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the year ended 31 December 2005.

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

- (a) the financial report and notes comply with Australian Accounting Standards;
- (b) the financial report and notes comply with the reporting guidelines of the Industrial Registrar;
- (c) the financial report 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 ended 31 December 2005;
- (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 ended 31 December 2005 and since the end of the financial year:
  - (i) meetings of the Committee of Management were held in accordance with the rules of the reporting unit;
  - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation and the rules of the reporting unit;
  - (iii) the financial records of the reporting unit have been kept and maintained in accordance with Schedule 1B of the Workplace Relations Act 1996 and the Workplace Relations (Registration and Accountability of Organisations) Regulations 2003;
  - (iv) the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner to each of the other branches of the organisation;
  - (v) no information has been sought in any request by a member of the reporting unit or a Registrar under Section 272 of Schedule 1B of the Workplace Relations Act 1996; and
  - (vi) no orders have been made by the Industrial Registrar under Section 273 of Schedule 1B of the Workplace Relations Act 1996.

Signed on behalf of the Committee of Management



Member of Committee – John Thorpe



Member of Committee – Michael Grant

Dated: 20/3/06 .



## AUSTRALIAN HOTELS ASSOCIATION, NEW SOUTH WALES BRANCH

### OPERATING REPORT

This Operating Report covers the results of those activities that were provided for the financial year ended 31 December 2005.

#### 1. Principal Activities of the Association

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 individual members. Administration of Federal and State awards and 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 and targeted publications including national & state magazines.
- Facilitating training courses such as Responsible Service of Alcohol and Responsible Conduct of Gaming to hoteliers and their staff in order for them to comply with the requirement for the operation of their liquor licence.
- Provision of information for members providing up to date material relevant to hotels.
- Organisation of events to members such as Awards for Excellence, Business Exchange, Charity Fund Raising etc. in order to recognise their achievements and contribution to the community.
- Provision of Counselling Service to problem gamblers to minimise harm.

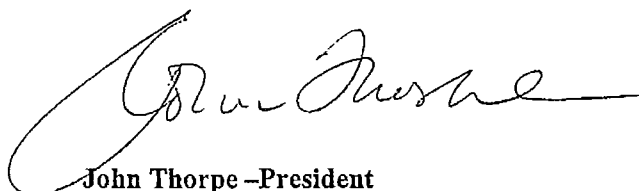
#### 2. Financial Activities of the Association

- During the year significant funds continued to be provided to address smoking issues.
- The membership revenues increased during the year.
- Revenue from training and sponsorship activities decreased during the year.
- The Association acquired Hospitality Broadcasting Company Pty Limited, a wholly owned subsidiary during the year.

#### 3. Committee of Management Members

The following persons were Delegates of the Branch to the National Body during the year ended 31 December 2005:

John Thorpe, Bevan Douglas, John Daly, Bruce Woods, Robert Broomham, Robert French, Phillip Webster and Lynette Humphreys.



John Thorpe – President

Dated: 20/3/06

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF  
AUSTRALIAN HOTELS ASSOCIATION (NSW),  
ITS CONTROLLED ENTITIES AND  
AUSTRALIAN HOTELS ASSOCIATION, NEW SOUTH WALES BRANCH**

**Scope**

We have audited the financial report of Australian Hotels Association (NSW), its controlled entities and Australian Hotels Association, New South Wales Branch for the financial year ended 31 December 2005, consisting of the Income Statement, Balance Sheet, Cash Flow Statement, Statement of Changes in Equity, Notes to the Financial Statements, Certificates of the Accounting Officer, Statements of the Committee of Management and the Operating Report set out on pages 1 to 23. The Committee of Management is responsible for the preparation and true and fair presentation of the financial report in accordance with the Industrial Relations Act 1996 (NSW) and the Workplace Relations Act 1996 (Cth). This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

**Audit Approach**

We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Association, its controlled entities and the members of the Branch. Our audit has been conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Industrial Relations Act 1996 (NSW) and the Workplace Relations Act 1996 (Cth) including compliance with Accounting Standards and other mandatory professional reporting requirements in Australia a view which is consistent with our understanding of the Association's, its controlled entities and the Branch's financial position and their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by management.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF  
AUSTRALIAN HOTELS ASSOCIATION (NSW),  
ITS CONTROLLED ENTITIES AND  
AUSTRALIAN HOTELS ASSOCIATION, NEW SOUTH WALES BRANCH (CONT)**

**Independence**

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements, the Industrial Relations Act 1996 (NSW) and the Workplace Relations Act 1996 (Cth).

**Audit Opinion**

In our opinion:

- (a) (i) satisfactory accounting records were kept by the Association, its controlled entities and the Branch during the financial year including records of the sources and nature of income (including income from members) and of the nature and purpose of expenditure of the Association, its controlled entities and the Branch; and
- (ii) the accompanying financial report (including the Statements of the Committee of Management and the Operating Report) set out on pages 1 to 23 which have been prepared under the historical cost convention as stated in Note 1, are properly drawn up in accordance with the provisions of the Regulations under the Industrial Relations Act 1996 (NSW) and Sections 252-254 of Schedule 1B of the Workplace Relations Act 1996 (Cth) and applicable Australian accounting standards, professional reporting requirements and Urgent Issues Group Consensus Views, so as to give a true and fair view of:-
- a) the state of affairs of the Association, its controlled entities and the Branch as at 31 December 2005; and
- b) the performance of the Association, its controlled entities and the Branch for the year ended on that date; and
- (iii) all of the information and explanations that officers or employees of the Association were required to provide pursuant to the Regulations under the Industrial Relations Act 1996 (NSW) were provided; and
- (iv) complying with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of Schedule 1B of the Workplace Relations Act 1996 (Cth); and
- (b) other mandatory professional reporting requirements in Australia.

*V J Ryan & Co.*  
V J RYAN & CO

*P B Crawford*  
Partner: Peter Gerard Crawford

Level 5  
255 George Street  
SYDNEY NSW 2000

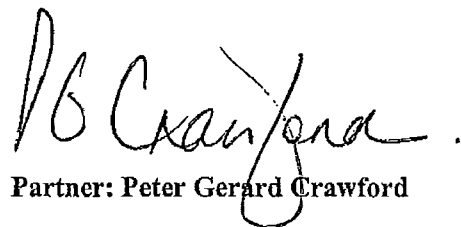
Dated: *20 March 2006*

**COMPILATION REPORT TO THE MEMBERS OF  
AUSTRALIAN HOTELS ASSOCIATION (NSW),  
ITS CONTROLLED ENTITIES AND  
AUSTRALIAN HOTELS ASSOCIATION, NEW SOUTH WALES BRANCH**

The additional financial data presented on pages 27–29 is in accordance with the books and records of Australian Hotels Association (NSW), its controlled entities and Australian Hotels Association, New South Wales Branch which have been subjected to the auditing procedures applied in our audit for the financial year ended 31 December 2005. It should be appreciated that our audit did not cover all details of the attached financial data.

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

  
V J RYAN & CO

  
Partner: Peter Gerard Crawford

Level 5  
255 George Street  
SYDNEY NSW 2000

Dated: 20 March 2006

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

**INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2005**

	2005	2004
	\$	\$
<b>INCOME</b>		
Member Subscriptions	4,072,286	3,938,363
Training	121,859	346,555
Interest Received	161,746	144,395
Commissions	60,000	60,000
Net Profit/(Loss) from Membership Activities:		
Marketing and Function	308,754	219,353
Sponsorships	86,809	466,287
Hotel News	163,718	138,635
Accommodation Division	55,750	40,498
Industrial Relations	80,734	87,274
Pubstays Project	(42,788)	(45,252)
Business Developments	7,519	7,988
	<u>5,076,387</u>	<u>5,404,096</u>
<b>EXPENDITURE</b>		
Accounting and Consulting Fees	11,535	18,200
Accommodation Division	141,494	156,974
Advertising and Staff Hire	2,371	-
Administration	4,739	4,123
Annual Report	12,846	12,555
Annual Leave Accrued	21,411	5,064
Auditor's Remuneration	17,720	18,000
Bank Charges	35,324	30,560
Capitation Fees	250,638	250,638
Cleaning and Laundry	28,018	26,933
Computer	103,788	94,199
Consultancy	122,291	146,318
Delegates	73,925	73,221
Depreciation	174,079	161,006
Donations	190,281	38,681
Allowance for Doubtful Debts	38,895	6,729
Allowance for Impairment of Receivables	311,315	-
Electricity	11,978	10,422
Executive Administration	283,627	293,089
Executive & Board	131,834	137,258
Flowers and Plant Hire	9,947	8,553
Fringe Benefits Tax	18,065	24,390
Gaming Department	432,909	375,877
Insurance	94,484	134,974
Industrial & Membership	211,705	256,385

This Statement has not been audited.

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

**INCOME STATEMENT (CONT.)  
FOR THE YEAR ENDED 31 DECEMBER 2005**

	2005	2004
	\$	\$
<b>EXPENDITURE (cont.)</b>		
Leasing Interest	10,853	9,856
Legal Fees	256,738	317,673
Long Service Leave Provided	(10,122)	23,915
Loss on Disposal of Assets	-	1,737
National Executive and Board Meetings	34,368	44,884
Parking Levy	8,500	8,500
Payroll Preparation	2,737	2,479
Payroll Tax	94,250	87,353
President's Allowance	60,000	60,000
Printing & Stationery	3,000	233
Public Relations	198,055	154,061
Rates, Taxes and Strata Levies	84,681	84,564
Regional Meetings	3,700	4,979
Repairs and Maintenance	19,130	25,858
Salaries	1,936,423	1,720,993
Security	415	553
Sponsorship	80,741	84,864
Staff Amenities	10,810	9,646
Staff Training & Recruitment	21,780	12,840
Superannuation	150,182	145,349
Telephone	67,921	94,064
Travel	11,344	9,933
	<u>5,780,725</u>	<u>5,188,483</u>
<b>Operating Profit/(Loss) for the year</b>	<u>(704,338)</u>	<u>215,613</u>

This Statement has not been audited.

**AUSTRALIAN HOTELS ASSOCIATION, NEW SOUTH WALES BRANCH**

**INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2005**

	2005	2004
	\$	\$
<b>INCOME</b>		
Amount Received from Australian Hotels Association (NSW)	250,638	250,638
<b>EXPENDITURE</b>		
Capitation Fees paid to National AHA	<u>250,638</u>	<u>250,638</u>
	<u>-</u>	<u>-</u>

This Statement has not been audited.

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

**CERTIFICATE OF SECRETARY**

I, Colin Waller, duly authorised officer of Australian Hotels Association (NSW) and its controlled entities, hereby certify that the documents lodged herewith are true copies of the Financial Statements, Auditor's Report and certificates presented to the:

General Meeting of Members of the organisations held on 11 April 2006 and/or

the Committee of Management Meeting held on 20 March 2006 in respect of the financial

year of the organisation ended 31 December 2005.

That the full report was presented.

  
Secretary

Dated:

