



Australian Government
Australian Industrial Registry

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Mr Peter Punch
Carroll & O'Dea Lawyers

email: 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.

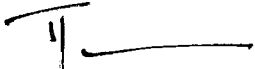
Put simply, our view is that the Branch is a reporting unit as defined in Part 3, Schedule 1 of the Workplace Relations Act 1996 (the Act). Each reporting unit has certain obligations under

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.

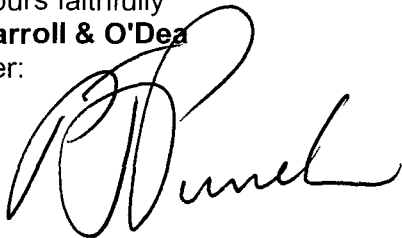
Peter Punch is happy to discuss these matters with you and Mr Stewart if that was thought appropriate. Please do however note that Peter will be absent from the office between 4 and 19 September 2008.

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:' text.

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

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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

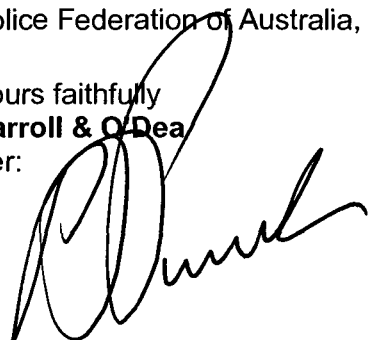
We refer to the above matter and advise that we have been asked to represent the Branch in relation to it.

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

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. If you form the view that the Branch might satisfy the tests referred to above then may be 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

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

Iain Stewart
Manager, Team 3
Statutory Services Branch

20 February 2008



Attention: Robert Pfeiffer
Australian Industrial Registry
Level 5
11, Exhibition Street
MELBOURNE
VIC 3000

17 April 2007

Dear Robert

RE: Annual Return for Year 2006 – FR2006/539(024N-NSW)

Please find attached documents relating to the above for lodgement.

Yours sincerely

Colin Waller
Secretary/Treasurer

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

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2006**

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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 2006**

	NOTE	2006	2005
		\$	\$
Revenue	3	6,635,466	6,708,464
Finance Costs	4	8,540	10,853
Depreciation		171,098	174,079
Administrative, Member and Other Expenses		3,857,257	5,017,661
Loss on Sale of Fixed Assets		6,272	-
Employee Expenses	4	2,305,511	2,210,209
		<u>6,348,678</u>	<u>7,412,802</u>
Profit / (Loss) before Income Tax		286,788	(704,338)
Income Tax Expense	6	-	-
Net Profit / (Loss) for Year		<u>286,788</u>	<u>(704,338)</u>

The Income Statement is to be read in conjunction with the Notes to the Financial Statements set out on pages 5 to 19.

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

**BALANCE SHEET
AS AT 31 DECEMBER 2006**

	NOTE	2006 \$	2005 \$
CURRENT ASSETS			
Cash and Cash Equivalents	7	2,322,964	2,242,653
Trade & Other Receivables	8	345,585	331,097
Other	9	901,838	230,665
TOTAL CURRENT ASSETS		3,570,387	2,804,415
NON-CURRENT ASSETS			
Property, Plant and Equipment	10	3,850,393	3,902,013
Investments	11	31	25,011
TOTAL NON-CURRENT ASSETS		3,850,424	3,927,024
TOTAL ASSETS		7,420,811	6,731,439
CURRENT LIABILITIES			
Trade and Other Payables	12	2,168,186	1,734,178
Short-term Borrowings	13	21,993	67,974
Provisions	14	304,753	296,105
TOTAL CURRENT LIABILITIES		2,494,932	2,098,257
NON-CURRENT LIABILITIES			
Long-term Borrowings	15	49,452	43,563
TOTAL NON-CURRENT LIABILITIES		49,452	43,563
TOTAL LIABILITIES		2,544,384	2,141,820
NET ASSETS		4,876,427	4,589,619
EQUITY			
Reserves	16	-	197,236
Asset Revaluation Reserve	17	1,893,813	1,893,813
Retained Profits	18	2,982,614	2,498,570
TOTAL EQUITY		4,876,427	4,589,619

The Balance Sheet is to be read in conjunction with the Notes to the Financial Statements set out on pages 5 to 19.

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

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006**

	NOTE	2006 \$	2005 \$
Cash Flows From Operating Activities:			
Receipts from Members and Third parties		7,401,330	7,285,671
Payments to Suppliers and Employees		(7,342,546)	(7,341,091)
Interest Received		173,961	161,746
Interest Paid		(8,540)	(10,853)
Income Tax Paid		-	-
Net Cash provided by/(used in) Operating Activities	23	224,205	95,473
Cash Flows from Investing Activities:			
Payment for Property, Plant and Equipment		(134,841)	(36,049)
Proceeds from Sale of Shares		25,000	-
Proceeds from Sale of Property, Plant and Equipment		9,093	-
Payment for Investment in Subsidiary Company		(20)	(1)
Net Cash (used in)/provided by Investing Activities		(100,768)	(36,050)
Cash Flows from Financing Activities:			
Transfer (to)/from Research & Development Foundation Reserve		(3,054)	(6,966)
Lease Principal Repayments		(40,072)	(36,226)
Net Cash (used in)/provided by Financial Activities		(43,126)	(43,192)
Net Increase/(Decrease) in Cash held		80,311	16,231
Cash at beginning of the Financial Year		2,242,653	2,226,422
Cash at the end of the Financial Year	22	2,322,964	2,242,653

The Cash Flow Statement is to be read in conjunction with the Notes to the Financial Statements set out on pages 5 to 19.

**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 2006**

	Retained Profits	Reserves \$	Asset Revaluation Reserve \$	Total Equity \$
At 1 January 2005	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)
Shares acquired in subsidiary companies	1	-	-	1
Transfer from Retained Profits	-	6,966	-	6,966
At 31 December 2005	2,498,570	197,236	1,893,813	4,589,619
Profit for the year	286,788	-	-	286,788
Transfer (to) Reserves	(3,054)	-	-	(3,054)
Shares acquired in subsidiary companies	20	-	-	20
Transfer from Reserve	200,290	-	-	200,290
Transfer to Retained Profits	-	(200,290)	-	(200,290)
Transfer from Retained Profits	-	3,054	-	3,054
At 31 December 2006	<u>2,982,614</u>	<u>-</u>	<u>1,893,813</u>	<u>4,876,427</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 19.

**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 2006**

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 2006 were authorised for issue in accordance with a Resolution of the Committee of Management on 8 March 2007.

The Association is incorporated in Australia.

The nature of the operations of the Association is that of an employer association representing and providing a range of services to members of the hotel industry in New South Wales.

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 Australian 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").

Except for the amendments to AASB 101 *Presentation of Financial Statements*, which the Association has early adopted, the following table outlines recently issued or amended Australian Accounting Standards and Interpretations, which although not effective have not been adopted.

Reference	Title	Summary	Application date	Impact on Association Financial Report	Application date for Association
AASB2005-10	<i>Amendments to Australian Accounting Standards</i>	Amendments arise from release of AASB 7 <i>Financial Instruments: Disclosures</i>	1 January 2007	No impact other than changes in financial instruments disclosures	1 January 2007
AASB 7	<i>Financial Instruments: Disclosures</i>	New Standard replacing AASB 132	1 January 2007	As above	1 January 2007

**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 2006**

2 STATEMENT OF ACCOUNTING POLICIES (continued)

(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, Hospitality Broadcasting Company Pty Limited, Australian Hospitality Insurance Services Pty Limited and AHA (NSW) Hospitality Insurance Services Pty Limited.

During the year the Trustee of the Research and Development Foundation of the Australian Hotels Association resolved to wind up the affairs of the Foundation.

(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.

(e) Comparative figures

Comparative figures supplied reflect the accounting period for the twelve months ended 31 December 2005.

(f) 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.

**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 2006**

2 STATEMENT OF ACCOUNTING POLICIES (continued)

(f) Special Note concerning Basis of Financial Statements (continued)

- (ii) The Financial Statements of the above mentioned entities are prepared 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.

(g) Notice pursuant to Section 272 of Schedule 1 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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AUSTRALIAN HOTELS ASSOCIATION, NEW SOUTH WALES BRANCH

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

2 STATEMENT OF ACCOUNTING POLICIES (continued)

(h) 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.

(i) 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 the reporting date.

- Wages, salaries, annual leave and sick leave – The liabilities for employee benefits for wages, salaries, annual leave and sick leave represent amounts 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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AUSTRALIAN HOTELS ASSOCIATION, NEW SOUTH WALES BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

2 STATEMENT OF ACCOUNTING POLICIES (continued)

(j) Property, plant and equipment & leased motor vehicles

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 or diminishing value basis over the estimated useful life of the asset as follows:

Strata Titled Units – 40 years straight line

Plant and equipment – over 5 to 15 years straight line

Leased motor vehicles – 4 to 5 years diminishing value

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 at cost made subsequent to revaluation, less any subsequent accumulated depreciation 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),
ITS CONTROLLED ENTITIES AND
AUSTRALIAN HOTELS ASSOCIATION, NEW SOUTH WALES BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

2 STATEMENT OF ACCOUNTING POLICIES (continued)

(k) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to the Association are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(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 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.

**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 2006**

	2006 \$	2005 \$
3 REVENUE		
Member Subscriptions	4,216,283	4,072,286
Interest	173,961	161,746
Commission	37,772	60,000
Income from Membership Activities	<u>2,207,450</u>	<u>2,414,432</u>
Total Revenue	<u><u>6,635,466</u></u>	<u><u>6,708,464</u></u>
4 REVENUES AND EXPENSES		
Finance Income/(Costs)		
Finance Charges under Finance Lease and Hire Purchase	<u>(8,540)</u>	<u>(10,853)</u>
Bank Interest Receivable	173,961	161,746
Income from Investments	<u>-</u>	<u>-</u>
Total Finance Income	<u><u>173,961</u></u>	<u><u>161,746</u></u>
Employee Benefits		
Annual Leave Accrued	14,006	21,411
Fringe Benefits	24,466	18,065
Long Service Leave Provided	(5,359)	(10,122)
Payroll Tax	93,831	94,250
Salary and Wages	1,981,096	1,936,423
Superannuation	<u>197,471</u>	<u>150,182</u>
	<u><u>2,305,511</u></u>	<u><u>2,210,209</u></u>
5 AUDITOR'S REMUNERATION		
Amounts received or due and receivable by V J Ryan & Co for:		
Audit of the Financial Statements	19,240	14,420
Audit of Related Entities	2,585	3,000
Other Services	<u>27,235</u>	<u>11,535</u>
	<u><u>49,060</u></u>	<u><u>28,955</u></u>

**AUSTRALIAN HOTELS ASSOCIATION (NSW),
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AUSTRALIAN HOTELS ASSOCIATION, NEW SOUTH WALES BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

	2006 \$	2005 \$
6 INCOME TAX		
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.		
7 CASH AND CASH EQUIVALENTS		
Cash on Hand	2,999	2,599
Deposits at Call	462,358	864,629
Cash at Bank	1,857,607	1,375,425
	<u>2,322,964</u>	<u>2,242,653</u>
Of the cash and cash equivalents an amount of \$868,944 (2005: \$650,669) is held as Agency Withholdings and referred to in Note 12.		
8 TRADE AND OTHER RECEIVABLES – CURRENT		
Trade and Other Debtors	537,889	781,890
Less: Allowance for Doubtful Debts and Impairment	<u>(192,304)</u>	<u>(450,793)</u>
	<u>345,585</u>	<u>331,097</u>
9 OTHER		
Investment in Legal Action	840,983	-
Prepayments	<u>60,855</u>	<u>230,665</u>
	<u>901,838</u>	<u>230,665</u>
10 PROPERTY, PLANT & EQUIPMENT		
Strata Units – At Independent Valuation and Additions at Cost	3,900,000	3,900,000
Less: Provision for Depreciation	<u>255,937</u>	<u>158,437</u>
	<u>3,644,063</u>	<u>3,741,563</u>
Plant and Equipment – At Cost	1,009,603	922,205
Less: Provision for Depreciation	<u>904,747</u>	<u>872,837</u>
	<u>104,856</u>	<u>49,368</u>
Motor Vehicles – At Cost	190,454	188,819
Less: Provision for Depreciation	<u>88,980</u>	<u>77,737</u>
	<u>101,474</u>	<u>111,082</u>
Total Property, Plant and Equipment	<u>3,850,393</u>	<u>3,902,013</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.

**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 2006**

	2006 \$	2005 \$
10 PROPERTY, PLANT & EQUIPMENT (continued)		
Reconciliations		
Reconciliations of the carrying amount for each class of property, plant and equipment are set out below:		
<u>Strata Units</u>		
Carrying amount at beginning of year	3,741,563	3,839,063
Revaluation Increment	-	-
Additions	-	-
Depreciation	(97,500)	(97,500)
	<u>3,644,063</u>	<u>3,741,563</u>
<u>Plant & Equipment</u>		
Carrying amount at beginning of year	49,368	54,160
Additions	100,680	36,049
Depreciation	(45,192)	(40,841)
	<u>104,856</u>	<u>49,368</u>
<u>Motor Vehicles - Leased Assets</u>		
Carrying amount at beginning of year	111,082	107,453
Additions	34,161	39,367
Disposals	(15,363)	-
Depreciation	(28,406)	(35,738)
	<u>101,474</u>	<u>111,082</u>
Total Property, Plant & Equipment	<u>3,850,393</u>	<u>3,902,013</u>
11 INVESTMENTS		
Shares in Subsidiary Companies – At Cost	31	11
Shares in Unlisted Company – At Cost	-	25,000
	<u>31</u>	<u>25,011</u>
12 TRADE AND OTHER PAYABLES		
Trade Creditors	289,787	280,632
Agency Withholdings (ThoroughVision Pty Limited)	868,944	650,669
GST Payable	55,141	59,604
Subscriptions in Advance	558,464	629,321
Income in Advance	395,850	113,952
	<u>2,168,186</u>	<u>1,734,178</u>

**AUSTRALIAN HOTELS ASSOCIATION (NSW),
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AUSTRALIAN HOTELS ASSOCIATION, NEW SOUTH WALES BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

	2006 \$	2005 \$
13 BORROWINGS – CURRENT		
Lease Liability	<u>21,993</u>	<u>67,974</u>
14 PROVISIONS – CURRENT		
Employee Entitlements	<u>304,753</u>	<u>296,105</u>
15 BORROWINGS – NON CURRENT		
Lease Liability	<u>49,452</u>	<u>43,563</u>
16 RESERVES		
Research and Development Foundation Reserve		
Balance at beginning of year	197,236	190,270
Transfers from Accumulated Surplus	3,054	6,966
Transfers to Association	<u>(200,290)</u>	<u>-</u>
Balance at end of year	<u>-</u>	<u>197,236</u>
17 ASSET REVALUATION RESERVE		
Balance at beginning of year	1,893,813	1,893,813
Movement	<u>-</u>	<u>-</u>
Balance at end of year	<u>1,893,813</u>	<u>1,893,813</u>
18 RETAINED PROFITS		
Balance at beginning of year	2,498,570	3,209,873
Profit / (Loss) for year	286,788	(704,338)
Shares in Australian Hospitality Insurance Services Pty Limited	10	-
Shares in AHA (NSW) Hospitality Insurance Services Pty Limited	10	-
Shares in Hospitality Broadcasting Company Pty Limited	-	1
Transfer to Research and Development Foundation Reserve	(3,054)	(6,966)
Transfer from Research and Development Foundation Reserve	<u>200,290</u>	<u>-</u>
Balance at end of year	<u>2,982,614</u>	<u>2,498,570</u>

**AUSTRALIAN HOTELS ASSOCIATION (NSW),
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

	2006	2005
	\$	\$

19 RELATED PARTY TRANSACTIONS

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

John Thorpe	Robert Broomham	Phillip Webster
John Daly	Robert French	Nick Elliott
Bevan Douglas	Nigel Corne	Patrick Griffin
Bruce Woods	Lynette Humphreys	Michael Grant
Colin Waller	Scott Leach	Colin Parras
Mike Nalborczyk	Charles Fenton	Patrick Gurr

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 members and senior executives

<u>46,773</u>	<u>43,440</u>
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Related Parties:

No Related Parties transactions were undertaken during the financial period.

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
FOR THE YEAR ENDED 31 DECEMBER 2006**

	2006 \$	2005 \$
21 LEASE COMMITMENTS		
Finance Lease		
Not later than one year	27,052	75,409
Later than one year but less than 2 years	39,947	17,378
Later than 2 years but less than 5 years	11,861	30,273
	78,860	123,060
Less Future Finance Charges	7,415	11,523
	71,445	111,537
Operating Lease		
Not later than one year	62,461	-
Later than one year but less than 2 years	62,461	-
Later than 2 years but less than 5 years	-	-
	124,922	-
Less Future Finance Charges	13,017	-
	111,905	-
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	2,999	2,599
Deposits at Call	462,358	864,629
Cash at Bank	1,857,607	1,375,425
	2,322,964	2,242,653
23 RECONCILIATION OF NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES TO NET OPERATING REVENUE		
Profit / (Loss) from Ordinary Activities Attributable to Members	286,788	(704,338)
Non-Cash Flows and Non-Operating Items in Net Profit for Year:		
Depreciation	171,098	174,079
Loss on Sale of Fixed Assets	6,272	-
Movement in Research & Development Foundation Reserve	3,054	6,966
	467,212	(523,293)
Change Assets and Liabilities:		
(Increase)/Decrease in Current Receivables	(14,488)	(55,115)
(Increase)/Decrease in Prepayments	(671,173)	(122,954)
Increase / (Decrease) in Trade and Other Payables	434,007	785,546
Increase in Employee Provisions	8,647	11,289
NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES	224,205	95,473

**AUSTRALIAN HOTELS ASSOCIATION (NSW),
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

2006	2005
\$	\$

24 SUBSEQUENT EVENT

The proceedings referred to last year against TAB Limited were unsuccessful and the Association was ordered to pay the legal costs of TAB Limited in those proceedings (those costs were not quantified).

On advice from Senior Counsel Appeal proceedings were commenced (the TAB Appeal).

The TAB Appeal was discontinued as part of the ThoroughVision Pty Limited (TVN) settlement referred to below. The terms of the settlement were that the TAB Appeal was discontinued and the Association was not required to pay the TAB's costs with each party bearing its own costs.

These costs were paid by the Association as they were incurred and are referred to in the Financial Statements as Other Assets – Investment in Legal Action.

During the current financial year the Association commenced proceedings against TVN to enforce the rights of the Association and its subsidiary under the Agency Agreement for the provision of racing vision to hotels. Tabcorp Holdings Limited (Tabcorp) was joined in those proceedings.

There are two parts to the TVN settlement. One part entailed the entering into of a Memorandum Of Understanding with Tabcorp. This dealt with the TAB Appeal referred to above and sponsorship and other ventures proposed for the Association and Tabcorp.

The second part involved discontinuing proceedings against TVN for a payment to the Association of \$2.25M. Of this amount, \$750,000 has already been paid to the Association and a further \$750,000 will be paid during this financial year.

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
FOR THE YEAR ENDED 31 DECEMBER 2006**

25 FINANCIAL INSTRUMENTS (continued)

2006	Note	Floating Interest Rate	Fixed Interest Rate 1 Year or Less	Fixed Interest Rate 1-5 Years	Non- interest Bearing	Total
Financial Assets						
Cash and Cash Equivalents	7	1,857,607	462,358	-	2,999	2,322,964
Trade and Other Receivables	8	-	-	-	345,585	345,585
		<u>1,857,607</u>	<u>462,358</u>	<u>-</u>	<u>348,584</u>	<u>2,668,549</u>
Weighted average interest rate		4.61%	5.45%			
Financial Liabilities						
Trade & Other Payables	12	-	-	-	2,168,186	2,168,186
Borrowings	13 & 15	-	21,993	49,452	-	71,445
		<u>-</u>	<u>21,993</u>	<u>49,452</u>	<u>2,168,186</u>	<u>2,239,631</u>
Weighted average interest rate			8.27%	8.22%		
Net Financial Assets		<u>1,857,607</u>	<u>440,365</u>	<u>(49,452)</u>	<u>(1,819,602)</u>	<u>428,918</u>
2005						
Financial Assets						
Cash and Cash Equivalents	7	1,375,425	864,629	-	2,599	2,242,653
Trade and Other Receivables	8	-	-	-	331,097	331,097
		<u>1,375,425</u>	<u>864,629</u>	<u>-</u>	<u>333,696</u>	<u>2,573,750</u>
Weighted average interest rate		2.3%	5.2%			
Financial Liabilities						
Trade & Other Payables	12	-	-	-	1,734,178	1,734,178
Borrowings	13 & 15	-	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%	8.47%		
Net Financial Assets		<u>1,375,425</u>	<u>796,655</u>	<u>(43,563)</u>	<u>(1,400,482)</u>	<u>728,035</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),
ITS CONTROLLED ENTITIES AND
AUSTRALIAN HOTELS ASSOCIATION, NEW SOUTH WALES BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

26 ASSOCIATION DETAILS

The registered office of the Association and the Branch is:

Level 5, 8 Quay Street
Sydney NSW 2000

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

CERTIFICATE OF ACCOUNTING OFFICER

I, Colin Waller, 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 2006 was 1,652.


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 2006;
- (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:



AUSTRALIAN HOTELS ASSOCIATION, NEW SOUTH WALES BRANCH

CERTIFICATE OF ACCOUNTING OFFICER

I, Colin Waller, 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 2006 was 1,652.

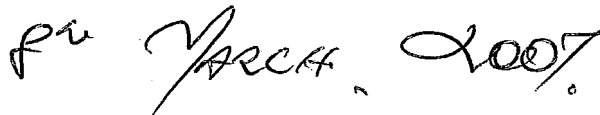
In my opinion:

- (a) The accompanying Financial Statements show a true and fair view of the financial affairs of the Branch at 31 December 2006;
- (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 1 of the Workplace Relations Act 1996 (Cth).

Accounting Officer



Dated:



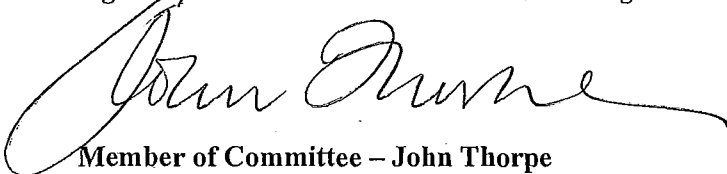
**AUSTRALIAN HOTELS ASSOCIATION (NSW)
AND ITS CONTROLLED ENTITIES**

STATEMENT OF COMMITTEE OF MANAGEMENT

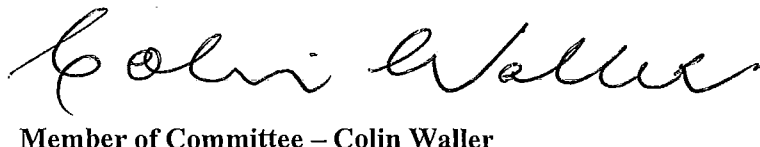
In accordance with a Resolution of the Committee of Management of Australian Hotels Association (NSW) and its controlled entities, we state that in the opinion of the Committee:

- (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 2006;
- (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 – Colin Waller

Dated: 8/3/07

AUSTRALIAN HOTELS ASSOCIATION, NEW SOUTH WALES BRANCH

STATEMENT OF COMMITTEE OF MANAGEMENT

On the 8 March 2007 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 2006.

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 2006;
- (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 2006 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 1 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 1 of the Workplace Relations Act 1996; and
 - (vi) no orders have been made by the Industrial Registrar under Section 273 of Schedule 1 of the Workplace Relations Act 1996.

Signed on behalf of the Committee of Management


Member of Committee – John Thorpe


Member of Committee – Colin Waller

Dated: 8/3/07

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 2006.

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.
- Liaison with Government on legislation pertaining to the hotel industry.

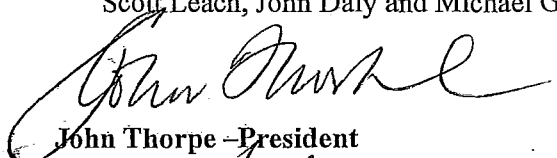
2. Financial Activities of the Association

- During the year significant funds were provided to enter into a long term Memorandum of Understanding which has committed Tabcorp Limited to work with the Association on a range of wagering and related issues which will benefit the hotel industry.
- The membership revenues increased during the year.
- Revenue from training decreased during the year.
- The Association acquired Australian Hospitality Insurance Services Pty Limited, a wholly owned subsidiary during the year to negotiate more competitive insurance premiums for hoteliers.
- The Association also acquired AHA (NSW) Hospitality Insurance Services Pty Limited, a wholly owned subsidiary during the year.
- The Trustee of the Research and Development Foundation of the Australian Hotels Association resolved to wind up the Foundation 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 2006:

John Thorpe, Bevan Douglas, Colin Waller, Bruce Woods, Phillip Webster, Lynette Humphreys, Scott Leach, John Daly and Michael Grant


John Thorpe - President

Dated: 8/3/07

**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 2006, 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 and Statements of the Committee of Management 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
(CONTINUED)**

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) set out on pages 1 to 23 which have been prepared under the historical cost convention as stated in Note 2, 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 1 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 2006; 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 1 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 G Crawford
Partner: Peter Gerard Crawford

Level 5
255 George Street
SYDNEY NSW 2000

Dated: *8 March 2007*

**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 28–30 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 2006. 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: 8 March 2007

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

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006**

	2006 \$	2005 \$
INCOME		
Member Subscriptions	4,216,283	4,072,286
Interest Received	173,961	161,746
Commissions	37,772	60,000
Other income	2,207,450	2,414,432
	<u>6,635,466</u>	<u>6,708,464</u>
EXPENDITURE		
Accounting and Consulting Fees	18,045	11,912
Accommodation Division	281,998	236,355
Advertising and Staff Hire	1,108	2,371
Administration	4,640	4,362
Allowance for Doubtful Debts & Impairment of Receivables	77,423	350,210
Annual Report	12,995	12,846
Annual Leave Accrued	14,006	21,411
Auditor's Remuneration	21,825	17,720
Bank Charges	35,600	35,324
Capitation Fees paid to National AHA	250,644	250,638
Cleaning and Laundry	28,980	28,018
Computer	179,840	103,788
Consultancy	39,402	122,291
Delegates	69,181	73,925
Depreciation	171,098	174,079
Donations	169,937	190,281
Electricity	16,192	11,978
Executive Administration	196,300	240,187
Executive & Board	112,744	131,834
Flowers and Plant Hire	9,666	9,947
Fringe Benefits Tax	24,466	18,065
Gaming Department	247,609	432,909
Hotel News	185,826	217,886
Insurance	75,828	94,484
Industrial & Membership	68,920	38,478
Leasing Interest	8,540	10,853
Legal Fees	384,275	256,738
Long Service Leave Provided	(5,359)	(10,122)
Loss on Disposal of Assets	6,272	-
Marketing	448,745	591,126
Membership	148,187	173,225
National Executive and Board Meetings	41,016	34,368
Parking Levy	10,802	8,500
Payroll Preparation	2,719	2,737
Payroll Tax	93,831	94,250

This Statement has not been audited.

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

**INCOME STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2006**

	2006 \$	2005 \$
EXPENDITURE (continued)		
President's Allowance	60,000	60,000
Printing & Stationery	3,441	3,000
Public Relations	26,177	198,055
Pubstay	54,400	42,788
Rates, Taxes and Strata Levies	84,892	84,681
Regional Meetings	10,566	3,700
Repairs and Maintenance	19,258	19,130
Salaries	1,981,096	1,936,423
Security	1,248	415
Sponsorship	78,908	80,741
Staff Amenities	6,836	10,810
Staff Training & Recruitment	5,435	21,780
Superannuation	197,471	193,622
Telephone	57,509	67,921
Training Department	299,457	685,418
Travel	8,683	11,344
	<u>6,348,678</u>	<u>7,412,802</u>
Operating Profit/(Loss) for the year	<u><u>286,788</u></u>	<u><u>(704,338)</u></u>

This Statement has not been audited.

AUSTRALIAN HOTELS ASSOCIATION, NEW SOUTH WALES BRANCH

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006**

	2006	2005
	\$	\$
INCOME		
Amount Received from Australian Hotels Association (NSW)	250,644	250,638
EXPENDITURE		
Capitation Fees paid to National AHA	250,644	250,638
	<u>-</u>	<u>-</u>

This Statement has not been audited.

AUSTRALIAN HOTELS ASSOCIATION (NSW),
AND 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 organisation held on 17 April 2007~~

and/or

the Committee of Management Meeting held on 8 March 2007

in respect of the financial year of the organisation ended 31 December 2006.

The documents lodged herewith are:

- (i) copies of the accounts prepared in accordance with the requirements of section 510 (1) of the Act and clause 58 of the Regulations (an account of income and expenditure and an account of assets & liabilities); and
- (ii) a copy of the certificate given by the accounting officer of the organisation in accordance with the requirements of section 510 (2) of the Act and clause 59 (1)(a) of the Regulation; and
- (iii) a copy of the certificate given by the Committee of Management in accordance with the requirements of section 510(2) of the Act and clause 59 (1)(b) of the Regulation; and
- (iv) a copy of the report of the Auditor of the organisation prepared in accordance with the requirements of section 514 of the Act; and
- (v) a statement by an officer of the organisation in respect of loans, grants or donations by the organisation which are notifiable in accordance with the requirements of section 505(1) of the Act.

(Note: "The Act" referred to is the Industrial Relations Act 1996 (NSW) and it's Regulations, as well as deemed regulations under Section 282 incorporating various provisions of the Industrial Relations Act 1991 (NSW).)


Secretary

~~Dated at Sydney 17 April 2007~~