



Australian Government

Australian Industrial Registry

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Fax: (03) 9655 0410
Email: kevin.donnellan@airc.gov.au

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

email: 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], 2006 [FR2006/539] and 2007 [FR2007/595]

In correspondence to the Branch's solicitor dated 25 September 2008, Deputy Industrial Registrar Terry Nassios indicated that the financial reports for the years ended 31 December 2005, 2006 and 2007 will be filed and, the Registry will hold discussions with the reporting unit as to how the Branch discharges its financial obligations in the future.

I advise the abovementioned reports have been filed.

Notwithstanding the above I wish to draw to your attention various matters which the Branch should take into account in the event that it continues to discharge its financial reporting obligations in a similar manner as to previous years. Obviously we are not requesting that you take any action in relation to the reports already lodged and filed.

Designated Officer's Certificate

A Designated Officer's Certificate should indicate that the documents lodged are copies of the full report referred to in section 268 of Schedule 1 of the Workplace Relations Act 1996 (RAO Schedule), state the date when the full report was provided to members and when it was presented to the general meeting of members or, if the rules allow to a meeting of the committee of management.

Operating Report

When the Branch next prepares an Operating Report the following matters should be included:

Membership of Committee of Management

Regulation 159(c) of the Workplace Relations (Registration and Accountability of Organisations) Regulations 2003 (the Regulations) requires that the operating report should contain the name of each person who has been a member of the committee of management of the reporting unit at any time during the reporting period, and the period for which he or she held such a position.

Number of members and employees of the reporting unit

Subsection 254(2)(f) of the RAO Schedule and regulation 159(a) and (b) of the Regulations requires the Operating Report to contain information pertaining to the number of persons that were taken to be members and the number of employees of the reporting unit at the end of the financial year.

Right to Resign

Subsection 254(2)(c) of the RAO Schedule requires the Operating Report to ‘give details’ of the right of members to resign from the reporting unit under section 174 of the RAO Schedule. This requirement may be met by the inclusion of a statement that a member has the right to resign and a reference to the relevant rule which makes such provision. Alternatively, the complete text of the relevant resignation rule may be reproduced in the report. It would appear in this case that rule 10.2.1 of the Branch’s rules is applicable.

Trustee of superannuation entity

Subsection 254(2)(d) of the RAO Schedule requires details of any *officer or member* of the reporting unit who is a trustee, or a director of a company that is a trustee, of a superannuation entity or an exempt public sector superannuation scheme.

If no officers or members of the reporting unit is a trustee of a superannuation entity, the preferred wording to satisfy the s254(2)(d) is:

“No officer or member of the reporting unit holds a position as a trustee or director of a superannuation entity or exempt public sector superannuation scheme where the criterion for holding such position is that they are an officer or member of an organisation.”

Accounting Officer’s Certificate

There is no requirement to lodge an Accounting Officer’s Certificate. This document was required under the former financial reporting requirements of the Workplace Relations Act 1996.

Schedule 1

Reference throughout the financial report to Schedule 1B of the Act, should properly refer to Schedule 1.

Audit Report

When preparing the Audit Report the Branch should take into account the following matters:

Auditor’s Qualification

The Report should state whether or not the Auditor is an approved Auditor. In this regard I draw your attention to the definitions of approved auditor in regulation 4 of the Regulations. In all likelihood the Auditor will be such a person, however, it is our preference that this is made explicit in the Report. I recommend you draw this comment to the attention of your Auditors.

Auditor’s Opinion

The term “true and fair view” was used in the superseded legislation. Subsection 257(5) of the RAO Schedule sets out the matters upon which an auditor is required to make an opinion on whether the general purpose financial report is presented fairly in accordance with applicable Australian Accounting Standards and other requirements of the RAO Schedule. The following wording in the auditor’s opinion would satisfy the requirements:

“In our opinion the general purpose financial report is presented fairly in accordance with applicable Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of the RAO Schedule of the Workplace Relations Act 1996.”

Income and Expenditure Statement for the Year Ended 31 December 2007***Additional Financial Data***

Additional financial data in the form of a detailed income statement has accompanied previous audit reports. The additional financial data in the detailed profit and loss account sets out many of the items of revenue and expense that are required to be disclosed in accordance with Guidelines 10 and 11 of the Registrar's Reporting Guidelines such as capitation fees and legal fees.

This approach is not consistent with the requirements of the RAO Schedule. Section 253 of the Schedule expressly requires each reporting unit to prepare a General Purpose Financial Report (GPFR), which is defined as including a profit and loss statement (s.253(2)(a)(i)). That GPFR must then be audited and the auditor must state whether, in his or her opinion, the GPFR is presented fairly in accordance with Australian Accounting Standards and the requirements of the RAO Schedule, including the reporting guidelines.

If you wish to discuss any of the matters referred to above I can be contacted on (03) 8661 7764.

Yours sincerely

A handwritten signature in black ink, appearing to be 'K Donnellan', with a long horizontal line extending to the right.

Kevin Donnellan

Statutory Services Branch
14 October 2007



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.

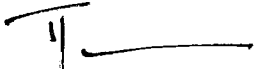
Put simply, our view is that the Branch is a reporting unit as defined in Part 3, Schedule 1 of the Workplace Relations Act 1996 (the Act). Each reporting unit has certain obligations under

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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Law Network Australia

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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.

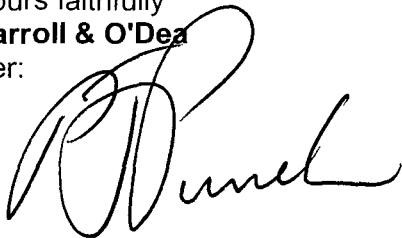
Peter Punch is happy to discuss these matters with you and Mr Stewart if that was thought appropriate. Please do however note that Peter will be absent from the office between 4 and 19 September 2008.

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**

Direct Line: 9291 7177
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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

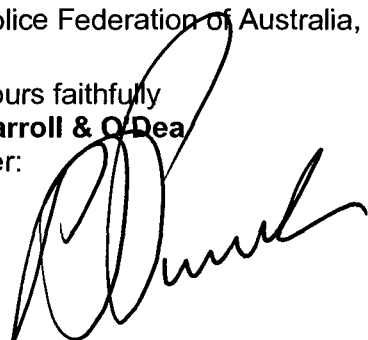
We refer to the above matter and advise that we have been asked to represent the Branch in relation to it.

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 year ended 31 December 2007 – FR2007/595**

I acknowledge receipt of the financial report for the New South Wales Branch of the Australian Hotels Association for the year ended 31 December 2007. The report was lodged with the Registry on 11 April 2008.

FR2005/621 and FR2006/539

On 20 February 2008 correspondence was forwarded to the Australian Hotels Association, New South Wales Branch requesting a response which to date has not been supplied. These reports cannot be filed until the Branch responds to this request. I enclose a further copy of that correspondence. The purpose of that correspondence was to avoid the repetition of the issue alluded to in that correspondence in future reporting periods.

This office has now received a financial report for the year ended 31 December 2007 (FR2007/595) which on the face of it appears to replicate, in form at least, previous reports. I would be pleased if you would contact this office to discuss this matter, in particular to explain why the Branch should not redo the financial reporting process on the basis referred to in the enclosed earlier correspondence.

If you wish to discuss any of the matters referred to above I can be contacted on (03) 8661 7764.

Yours sincerely

A handwritten signature in black ink, appearing to be 'K Donnellan', with a long horizontal stroke extending to the right.

Kevin Donnellan

Statutory Services Branch
23 June 2008

FR 2007/595

**NSW
BRANCH**

OF THE
AUSTRALIAN
HOTELS
ASSOCIATION



Attention: Robert Pfeiffer
Statutory Services Branch
Australian Industrial Registry
11 Exhibition Street
MELBOURNE – 3000

8 April 2008

Dear Robert

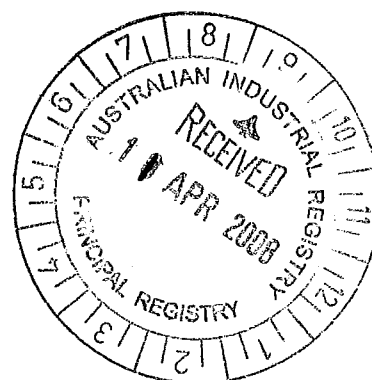
RE: Lodgement of Financial Accounts as at 31/12/2007 (024N-NSW)

Please find attached accounts for the above period and all relevant documents for lodgement.

Please acknowledge receipt.

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 2007**

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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 2007**

	NOTE	2007	2006
		\$	\$
Revenue	4	7,983,692	6,635,466
Finance Costs	5	2,751	8,540
Depreciation		174,893	171,098
Administrative, Member and Other Expenses		4,881,187	3,857,257
Loss on sale of Fixed Assets		4,879	6,272
Employee Expenses	5	1,961,101	2,305,511
		<u>7,024,811</u>	<u>6,348,678</u>
Profit before Income Tax		958,881	286,788
Income Tax Expense		-	-
Net Profit for Year		<u>958,881</u>	<u>286,788</u>

The Income Statement is to be read in conjunction with the Notes to the Financial Statements set out on pages 5 to 23.

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

**BALANCE SHEET
AS AT 31 DECEMBER 2007**

	NOTE	2007 \$	2006 \$
CURRENT ASSETS			
Cash and Cash Equivalents	8	3,711,225	2,322,964
Trade & Other Receivables	9	132,545	345,585
Other	10	689,881	901,838
TOTAL CURRENT ASSETS		<u>4,533,651</u>	<u>3,570,387</u>
NON-CURRENT ASSETS			
Property, Plant and Equipment	11	5,414,463	3,850,393
Investments	12	32	31
TOTAL NON-CURRENT ASSETS		<u>5,414,495</u>	<u>3,850,424</u>
TOTAL ASSETS		<u>9,948,146</u>	<u>7,420,811</u>
CURRENT LIABILITIES			
Trade and Other Payables	13	2,073,710	2,168,186
Short-term Borrowings	14	29,375	21,993
Provisions	16	245,023	304,753
TOTAL CURRENT LIABILITIES		<u>2,348,108</u>	<u>2,494,932</u>
NON-CURRENT LIABILITIES			
Long-term Borrowings	15	-	49,452
Provisions	16	77,542	-
TOTAL NON-CURRENT LIABILITIES		<u>77,542</u>	<u>49,452</u>
TOTAL LIABILITIES		<u>2,425,650</u>	<u>2,544,384</u>
NET ASSETS		<u>7,522,496</u>	<u>4,876,427</u>
EQUITY			
Reserves	17	-	-
Asset Revaluation Reserve	18	3,581,000	1,893,813
Retained Profits	19	3,941,496	2,982,614
TOTAL EQUITY		<u>7,522,496</u>	<u>4,876,427</u>

The Balance Sheet is to be read in conjunction with the Notes to the Financial Statements set out on pages 5 to 23.

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

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007**

	NOTE	2007 \$	2006 \$
Cash Flows From Operating Activities:			
Receipts from Members and Third parties		7,761,041	7,401,330
Payments to Suppliers and Employees		(6,526,851)	(7,342,546)
Interest Received		255,548	173,961
Interest paid		(2,751)	(8,540)
Income Tax Paid		-	-
Net Cash provided by Operating Activities	25	<u>1,486,987</u>	<u>224,205</u>
Cash Flows from Investing Activities:			
Payment for Property, Plant and Equipment		(92,916)	(134,841)
Proceeds from Sale of Shares		-	25,000
Proceeds from Sale of Property, Plant and Equipment		36,261	9,093
Payment for Investment in Subsidiary Company		<u>(1)</u>	<u>(20)</u>
Net Cash (used in) Investing Activities		<u>(56,656)</u>	<u>(100,768)</u>
Cash Flows from Financing Activities:			
Transfer (to) Research & Development Foundation Reserve		-	(3,054)
Lease Principal Repayments		<u>(42,070)</u>	<u>(40,072)</u>
Net Cash (used in) Financing Activities		<u>(42,070)</u>	<u>(43,126)</u>
Net Increase in Cash held		1,388,261	80,311
Cash and Cash Equivalents at beginning of Financial Year		<u>2,322,964</u>	<u>2,242,653</u>
Cash and Cash Equivalents at end of Financial Year	24	<u><u>3,711,225</u></u>	<u><u>2,322,964</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 23.

**AUSTRALIAN HOTELS ASSOCIATION (NSW),
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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2007**

	Retained Profits \$	Reserves \$	Asset Revaluation Reserve \$	Total Equity \$
At 1 January 2006	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 from Retained Profits	-	3,054	-	3,054
At 1 January 2007	2,982,614	-	1,893,813	4,876,427
Profit for the year	958,881	-	-	958,881
Increase in revaluation reserve	-	-	1,687,187	1,687,187
Share acquired in subsidiary company	1	-	-	1
At 31 December 2007	<u>3,941,496</u>	<u>-</u>	<u>3,581,000</u>	<u>7,522,496</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 23.

AUSTRALIAN HOTELS ASSOCIATION (NSW),
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

1 CORPORATE INFORMATION

The financial report of Australian Hotels Association (NSW) ("Association"), its Controlled Entities and Australian Hotels Association, New South Wales Branch ("Branch") for the year ended 31 December 2007 were authorised for issue in accordance with a Resolution of the Committee of Management on 13 March 2008.

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 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").

(c) New standards and interpretations not yet adopted

The following standards, amended standards and interpretations have been identified as possibly impacting the Association in the period of initial application. They are available for early adoption at 31 December 2007 but have not been applied in preparation of the financial report:

- Revised AASB101 *Presentation of Financial Statements* requires an additional financial statement of comprehensive income and is applicable for the Association's 31 December 2009 financial statements. The Association is determining the effect of the revised standard on disclosures.
- Revised AASB123 *Borrowing Costs* removes the option to expense borrowing costs on qualifying capital assets and requires capitalisation as part of the cost of the qualifying asset. The revised standard is applicable for the Association's 31 December 2009 financial statements and will represent a change in accounting policy. The Association will apply the standard to qualifying assets with associated borrowing costs on or after the effective date.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

2 STATEMENT OF ACCOUNTING POLICIES (cont.)

(d) Basis of Consolidation

The consolidated financial statements include the financial statements of the New South Wales Hotels Association Inc, AHA Services Pty Limited, Hospitality Broadcasting Company Pty Limited, Australian Hospitality Insurance Services Pty Limited, AHA (NSW) Hospitality Insurance Services Pty Limited and Australian Hotels Association (NSW) Holdings Pty Limited.

Subsidiaries are entities controlled by the Association. Control exists when the Association has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

In the Association's financial statements, investments in subsidiaries are carried at cost. Intra group balances are eliminated in preparing the consolidated financial statements.

(e) 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.

(f) Comparative figures

Comparative figures supplied reflect the accounting period for the twelve months ended 31 December 2006.

(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 (d) above.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

2 STATEMENT OF ACCOUNTING POLICIES (cont.)

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

- (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 (d) 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).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

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) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash on hand and at bank together with short-term deposits with an original maturity of three months or less that are readily convertible to known cash amounts subject to insignificant risk of changes in value.

(k) Trade and Other Receivables

The collectability of debts is assessed at the reporting date and specific provision is made for any doubtful debts.

(l) Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through the profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as follows:

- Held-to-maturity investments - at amortised cost less impairment losses.
- Available-for sale financial assets – at fair value and changes other than impairment losses and foreign exchange gains and losses are recognised in a separate component of equity.
- Financial assets at fair value through the profit or loss – such assets are designated if held for trading. They are measured at fair value through the profit or loss and any changes are also recognised in the profit or loss.
- Other – at amortised cost using the effective interest method, less any impairment losses.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

2 STATEMENT OF ACCOUNTING POLICIES (cont.)

(l) Financial instruments (cont.)

Derivative financial instruments

No derivative financial instruments are used by the Association to hedge its interest rate exposures.

(m) Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that the asset may be impaired. A financial asset is considered impaired if the evidence indicates one or more events have had a negative effect on the estimated future cash inflows of that asset.

Individually significant financial assets are tested for impairment separately. The remaining financial assets are assessed on a group basis based on credit risk.

An impairment loss on a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss on an available for sale financial asset is calculated by reference to its fair value.

Impairment losses are recognised in the income statement.

(n) Impairment of non-financial assets

At each reporting date, the Association assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Association makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

2 STATEMENT OF ACCOUNTING POLICIES (cont.)

(o) 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 combination of straight-line and 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 property, 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 property, 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.

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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

2 STATEMENT OF ACCOUNTING POLICIES (cont.)

(p) Trade and Other Payables

Trade and other payables are recognised when the Association becomes obliged to make future payments resulting from the purchase of goods and services.

(q) Employee Benefits

Provision is made for entitlements accruing to employees in relation to wages, salaries, 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 and annual leave – Liabilities for employee benefits for wages, salaries and annual 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. The long service liability expected to be settled within 12 months of year-end is included as a current liability in the balance sheet. The long service leave not expected to be settled within 12 months of year-end is included as a non current liability in the balance sheet.
- 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.

(r) 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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

2 STATEMENT OF ACCOUNTING POLICIES (cont.)

(s) 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.

3 FINANCIAL RISK MANAGEMENT

Overview

The Association has exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Association's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Committee of Management has overall responsibility for the establishment and oversight of the risk management framework. The Committee of Management is responsible for developing and monitoring risk management policies.

Risk management policies are established to identify and analyse the risks faced by the Association, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Association's activities. The Association, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Committee of Management oversees how management monitors compliance with the Association's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Association.

**AUSTRALIAN HOTELS ASSOCIATION (NSW),
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**NOTES TO THE FINANCIAL STATEMENTS
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3 FINANCIAL RISK MANAGEMENT (cont.)

Credit Risk

Credit risk is the risk of financial loss to the Association if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Association's sundry receivables.

Trade and Other Receivables

The Association's exposure to credit risk is influenced mainly by the individual characteristics of each member. The demographics of the Association's member base, including the default risk of the industry in which members operate, has less of an influence on credit risk.

There is an allowance for impairment on the trade and other receivable balances.

Investments

The Association limits its exposure to credit risk by placing investments in liquid securities and only with banks. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

Liquidity Risk

Liquidity risk is the risk that the Association will not be able to meet its financial obligations as they fall due. The Association's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Association's reputation.

Typically, the Association ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Association's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Association enters into and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Committee of Management.

Interest Rate Risk

The Association has limited its exposure to changes in interest rates on borrowings.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

	2007	2006
	\$	\$
4 REVENUE		
Member Subscriptions	4,298,499	4,216,283
Interest	255,548	173,961
Commission	107,399	37,772
TVN/TAB Recovery	833,333	-
Income from Membership Activities	2,488,913	2,207,450
Total Revenue	<u>7,983,692</u>	<u>6,635,466</u>
5 REVENUES AND EXPENSES		
Finance Income (Costs)		
Finance Charges under Finance Lease and Hire Purchase	(2,751)	(8,540)
Bank Interest Receivable	255,548	173,961
Net Finance Income	<u>252,797</u>	<u>165,421</u>
Employee Benefits		
Annual Leave Accrued	(8,410)	14,006
Fringe Benefits Tax	24,521	24,466
Long Service Leave Provided	26,221	(5,359)
Payroll Tax	85,529	93,831
Salary and Wages	1,691,145	1,981,096
Superannuation	142,095	197,471
	<u>1,961,101</u>	<u>2,305,511</u>
6 AUDITOR'S REMUNERATION		
Amounts received or due and receivable by V J Ryan & Co for:		
Audit of the Financial Statements	23,430	19,240
Audit of Related Entities	1,650	2,585
Other Services	31,085	27,235
	<u>56,165</u>	<u>49,060</u>

**AUSTRALIAN HOTELS ASSOCIATION (NSW),
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**NOTES TO THE FINANCIAL STATEMENTS
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	2007 \$	2006 \$
7 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.		
8 CASH AND CASH EQUIVALENTS		
Cash on Hand	2,999	2,999
Deposits at Call	3,579,656	462,358
Cash at Bank	128,570	1,857,607
	<u>3,711,225</u>	<u>2,322,964</u>
9 TRADE AND OTHER RECEIVABLES – CURRENT		
Trade Debtors	215,873	387,889
Less: Allowance for Doubtful Debts	83,328	42,304
	<u>132,545</u>	<u>345,585</u>
Other Debtors	150,000	150,000
Less: Allowance for Impairment	(150,000)	(150,000)
	<u>-</u>	<u>-</u>
	<u>132,545</u>	<u>345,585</u>
10 OTHER		
Investment in Legal Action	674,865	840,983
Prepayments	15,016	60,855
	<u>689,881</u>	<u>901,838</u>
11 PROPERTY, PLANT & EQUIPMENT		
Strata Units – At Independent Valuation and Additions at Cost	5,250,000	3,900,000
Less: Provision for Depreciation	21,875	255,937
	<u>5,228,125</u>	<u>3,644,063</u>
Plant and Equipment – At Cost	1,025,659	1,009,603
Less: Provision for Depreciation	950,076	904,747
	<u>75,583</u>	<u>104,856</u>
Motor Vehicles – At Cost	191,060	190,454
Less: Provision for Depreciation	80,305	88,980
	<u>110,755</u>	<u>101,474</u>
Total Property, Plant and Equipment	<u>5,414,463</u>	<u>3,850,393</u>

The basis of the valuation of Strata Units is fair market value based on existing use. The valuation dated 1 November 2007 was carried out by Peter A Brown, valuer number 6268.

AUSTRALIAN HOTELS ASSOCIATION (NSW),
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

	2007 \$	2006 \$
11 PROPERTY, PLANT & EQUIPMENT (cont.)		
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	3,644,063	3,741,563
Revaluation Increment	1,687,187	-
Additions	-	-
Depreciation	(103,125)	(97,500)
	<u>5,228,125</u>	<u>3,644,063</u>
<u>Plant & Equipment</u>		
Carrying amount at beginning of year	104,856	49,368
Additions	16,267	100,680
Depreciation	(45,540)	(45,192)
	<u>75,583</u>	<u>104,856</u>
<u>Motor Vehicles - Leased Assets</u>		
Carrying amount at beginning of year	101,474	111,082
Additions	76,649	34,161
Disposals	(41,140)	(15,363)
Depreciation	(26,228)	(28,406)
	<u>110,755</u>	<u>101,474</u>
Total Property, Plant & Equipment	<u>5,414,463</u>	<u>3,850,393</u>
12 INVESTMENTS		
Shares in Subsidiary Companies – At Cost	<u>32</u>	<u>31</u>
13 TRADE AND OTHER PAYABLES		
Trade Creditors	265,283	289,787
Agency Withholdings	194,196	868,944
GST Payable	6,728	55,141
Subscriptions in Advance	811,355	558,464
Income in Advance	<u>796,148</u>	<u>395,850</u>
	<u>2,073,710</u>	<u>2,168,186</u>

**AUSTRALIAN HOTELS ASSOCIATION (NSW),
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

	2007 \$	2006 \$
14 BORROWINGS – CURRENT		
Lease Liability	29,375	21,993

15 BORROWINGS – NON CURRENT

Lease Liability	-	49,452
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Terms and debt repayment schedule

Terms and conditions of outstanding loans are as follows:

	Currency	Nominal interest rate	Year of maturity	2007 \$	2006 \$
Bank overdraft	AUD	-	-	-	-
Secured non-bank loan	AUD	-	-	-	-
Finance lease liabilities	AUD	8.5%	2008	29,375	71,445
Total interest bearing liabilities				29,375	71,445

16 PROVISIONS

Employee Entitlements – Current	245,023	304,753
Employee Entitlements – Non Current	77,542	-
	322,565	304,753

17 RESERVES

Research and Development Foundation Reserve		
Opening Balance	-	197,236
Transfers from Accumulated Surplus	-	3,054
Transfers to Association	-	(200,290)
Closing Balance	-	-

18 ASSET REVALUATION RESERVE

Opening Balance	1,893,813	1,893,813
Increment on Revaluation of Strata Units	1,687,187	-
Closing Balance	3,581,000	1,893,813

**AUSTRALIAN HOTELS ASSOCIATION (NSW),
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

	2007	2006
	\$	\$
19 RETAINED PROFITS		
Balance at beginning of year	2,982,614	2,498,570
Profit for year	958,881	286,788
Shares in Australian Hospitality Insurance Services Pty Limited	-	10
Shares in AHA (NSW) Hospitality Insurance Services Pty Limited	-	10
Shares in AHA (NSW) Holdings Pty Limited	1	-
Transfer (to) Research and Development Foundation Reserve	-	(3,054)
Transfer from Research and Development Foundation Reserve	-	200,290
Balance at end of year	<u>3,941,496</u>	<u>2,982,614</u>

20 RELATED PARTY TRANSACTIONS

Other Related Parties

The Association collects commission income on behalf of Australian Hospitality Insurance Services Pty Limited and maintains this in a bank account held in the name of the Association. The balance as at 31 December 2007 was \$138,680.

21 KEY MANAGEMENT PERSONNEL DISCLOSURES

Key Management Personnel

The key management personnel include the members of the Executive Board together with the Chief Executive Office, Mr Brian Ross.

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

John Thorpe	Philip Webster	Bevan Douglas
Nigel Corne	Bruce Woods	Lynette Humphreys
Colin Waller	Scott Leach	Colin Parras
Charles Fenton	Patrick Gurr	Richard Munro

Transactions with Key Management Personnel

The key management personnel compensation included in employee costs was:

	2007	2006
	\$	\$
Short-term employee benefits	<u>328,825</u>	<u>321,997</u>

The following key management personnel were officeholders in the Association's subsidiary companies referred to in Note 2(d); John Thorpe, Lynette Humphreys, Colin Waller, Bevan Douglas, Bruce Woods and Brian Ross.

Colin Waller and Bevan Douglas are officeholders of companies associated with or related to the Association and receive directors' fees paid directly to them from those companies.

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 2007

	2007	2006
	\$	\$
22 FINANCIAL INSTRUMENTS		
(a) Interest Rate Risk		
The consolidated entity'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 are as follows:		
<i>Fixed rate instruments</i>		
Financial assets	3,579,656	462,358
Financial liabilities	-	-
	<u>3,579,656</u>	<u>462,358</u>
<i>Variable rate instruments</i>		
Financial assets	128,570	1,857,607
Financial liabilities	(29,375)	(71,445)
	<u>99,195</u>	<u>1,768,162</u>

Fair value sensitivity analysis for fixed rate instruments

An increase of 100 basis points in interest rates at reporting date would have increased the consolidated entity's equity and profit by \$35,797.

Fair value sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates would have increased the consolidated entity's equity and profit by \$992.

(b) Credit Risk

The carrying amount of the consolidated entity's financial assets represents the maximum credit exposure. The consolidated entity's maximum exposure to credit risk at reporting date was:

Cash and Cash Equivalents	3,711,225	2,322,964
Trade and Other Receivables	132,545	345,585
	<u>3,843,770</u>	<u>2,668,549</u>

The consolidated entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Association.

Impairment losses

There were no impairment losses recognised during the year.

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 2007

22 FINANCIAL INSTRUMENTS (cont.)

(c) Liquidity Risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

31 December 2007

	Carrying amount \$	Contractual cash flows \$	6 mths or less \$	6-12 mths \$	1-2 years \$	2-5 years \$	More than 5 years \$
Non-derivative financial liabilities							
Secured loans	-	-	-	-	-	-	-
Finance lease liabilities	29,375	(33,083)	(16,541)	(16,542)	-	-	-
Trade and other payables	2,073,710	(2,073,710)	-	-	-	-	-
Bank overdraft	-	-	-	-	-	-	-
Derivative financial liabilities	-	-	-	-	-	-	-
	2,103,085	(2,106,793)	(16,541)	(16,542)	-	-	-

31 December 2006

	Carrying amount \$	Contractual cash flows \$	6 mths or less \$	6-12 mths \$	1-2 years \$	2-5 years \$	More than 5 years \$
Non-derivative financial liabilities							
Secured loans	-	-	-	-	-	-	-
Finance lease liabilities	71,445	(78,860)	(22,888)	(22,889)	(33,083)	-	-
Trade and other payables	2,168,186	(2,168,186)	-	-	-	-	-
Bank overdraft	-	-	-	-	-	-	-
Derivative financial liabilities	-	-	-	-	-	-	-
	2,239,631	2,247,046	(22,888)	(22,889)	(33,083)	-	-

**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 2007**

	2007 \$	2006 \$
23 LEASE COMMITMENTS		
Finance Lease		
Not later than one year	33,083	27,052
Later than one year but less than 2 years	-	39,947
Later than 2 years but less than 5 years	-	11,861
	33,083	78,860
Less Future Finance Charges	3,708	7,415
	29,375	71,445
Operating Lease		
Not later than one year	62,461	62,461
Later than one year but less than 2 years	-	62,461
	62,461	124,922
Less Future Finance Charges	6,508	13,017
	55,953	111,905

24 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	2,999
Deposits at Call	3,579,656	462,358
Cash at Bank	128,570	1,857,607
	3,711,225	2,322,964

**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 2007**

	2007 \$	2006 \$
25 RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO NET OPERATING REVENUE		
Profit from Ordinary Activities Attributable to Members	958,881	286,788
Non-Cash Flows and Non-Operating Items in Operating Profit:		
Depreciation	174,893	171,098
Loss on Sale of Fixed Assets	4,879	6,272
Movement in Research & Development Foundation Reserve	-	3,054
Change Assets and Liabilities:		
Decrease / (Increase) in Current Receivables	213,040	(14,488)
Decrease / (Increase) in Other Current Assets	211,957	(671,173)
(Decrease) / Increase in Trade and Other Payables	(94,475)	434,007
Increase in Employee Provisions	17,812	8,647
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,486,987</u>	<u>224,205</u>

**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 2007**

26 ASSOCIATION DETAILS

The registered office of the Association is:

Level 5, 8 Quay Street
Sydney NSW 2000

The principal place of business is:

Level 5, 8 Quay Street
Sydney NSW 2000

27 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.

28 CONTINGENT LIABILITY

Subsequent to balance date the Decision of Vice President Watson in the Application brought by the President and the Branch for an enquiry into the financial affairs of the National Office of the Australian Hotels Association was handed down. On advice, the President and the Branch are bringing an Appeal to a Full Bench of the Australian Industrial Relations Commission against the Decision of Vice President Watson to reject the Application. The anticipated costs of the Appeal and related matters are \$75,000.

**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 2007 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 2007;
- (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 2007 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 2007;
- (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:

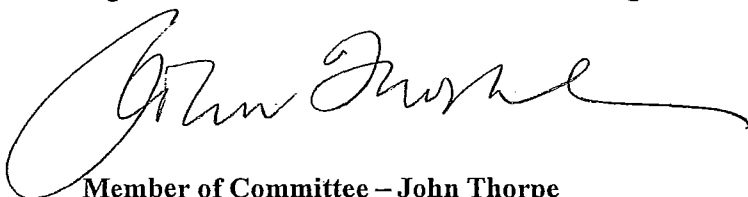
**AUSTRALIAN HOTELS ASSOCIATION (NSW)
AND ITS CONTROLLED ENTITIES**

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 show a true and fair view of the financial affairs of the Association and its controlled entities at 31 December 2007;
- (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: *13 March '08*

AUSTRALIAN HOTELS ASSOCIATION, NEW SOUTH WALES BRANCH

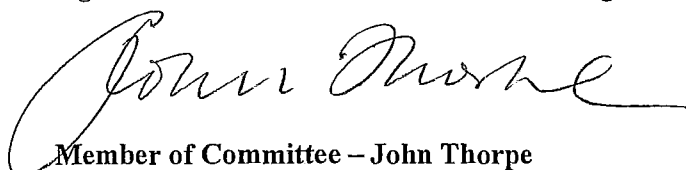
STATEMENT OF COMMITTEE OF MANAGEMENT

On 13 March 2008 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 2007.

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 2007;
- (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 2007 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 – Colin Waller

Member of Committee – Colin Waller

Dated: 13 March '08

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 2007.

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

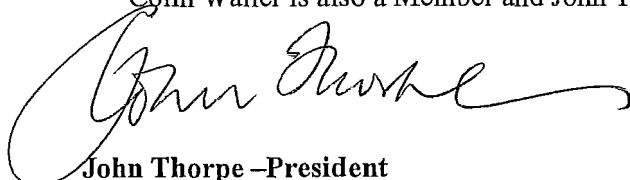
- Total revenues increased due to the proceeds from the settlement with TVN.
- Membership revenues were consistent with the prior year.
- Marketing revenues increased during the year.
- The Association acquired Australian Hotels Association (NSW) Holdings Pty Limited, a wholly owned subsidiary during the year.

3. Committee of Management Members

The following persons were Delegates of the Branch to the National Board during the year ended 31 December 2007:

Colin Waller, Bruce Woods, Phillip Webster, Lynette Humphreys, Scott Leach and Patrick Gurr

Colin Waller is also a Member and John Thorpe an ex officio Member of the National Executive.



John Thorpe –President

Dated: 13 March '08

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

Report on the Financial Report

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 2007, 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 27.

The Financial Report and Committee of Management Responsibility

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.

Auditor's Responsibility

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

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

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

Independence

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

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

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 28 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 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 2007; 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 G Crawford
Partner: Peter Gerard Crawford

Level 5
255 George Street
SYDNEY NSW 2000

Dated: *13 March 2008*

**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 32-34 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 2007. 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: 13 March 2008

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

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007**

	2007 \$	2006 \$
INCOME		
Member Subscriptions	4,298,499	4,216,283
Interest Received	255,548	173,961
Commissions	107,399	37,772
Income from Membership Activities	2,488,913	2,207,450
TVN/TAB Recovery	833,333	-
	<u>7,983,692</u>	<u>6,635,466</u>
EXPENDITURE		
Accounting and Consulting Fees	19,530	18,045
Accommodation Division	223,668	281,998
Advertising and Staff Hire	37,846	1,108
Administration	18,495	4,640
Annual Report	12,904	12,995
Annual Leave Accrued	(8,410)	14,006
Auditor's Remuneration	23,430	21,825
Bank Charges	36,449	35,600
Capitation Fees	249,386	250,644
Cleaning and Laundry	29,182	28,980
Computer	124,419	179,840
Consultancy	100,854	39,402
Delegates	67,593	69,181
Depreciation	174,893	171,098
Allowance for Doubtful Debts	41,025	(72,577)
Allowance for Impairment of Receivables	-	150,000
Electricity	8,766	16,192
Executive Administration	312,843	196,300
Executive & Board	126,110	112,744
Flowers and Plant Hire	10,591	9,666
Fringe Benefits Tax	24,521	24,466
Gaming Department	210,970	247,609
Hotel News	158,040	185,826
Insurance	55,234	75,828
Industrial & Membership	96,279	68,920
Leasing Interest	2,751	8,540
Legal Fees	587,352	384,275
Long Service Leave Provided	26,221	(5,359)
Loss on Disposal of Assets	4,879	6,272
Marketing	451,516	448,745

This Statement has not been audited.

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

**INCOME STATEMENT (cont.)
FOR THE YEAR ENDED 31 DECEMBER 2007**

	2007 \$	2006 \$
EXPENDITURE (cont.)		
Membership	167,004	148,187
National Executive and Board Meetings	23,737	41,016
National Office costs	24,000	-
Parking Levy	9,150	10,802
Payroll Preparation	2,260	2,719
Payroll Tax	85,529	93,831
President's Allowance	60,000	60,000
Printing & Stationery	584	3,441
Public Relations	35,293	26,177
TVN/TAB Expense Allocation	323,935	-
Pubstay	21,920	54,400
Rates, Taxes and Strata Levies	89,189	84,892
Regional Meetings	26,534	10,566
Repairs and Maintenance	23,503	19,258
Representations	638,086	169,937
Salaries	1,691,145	1,981,096
Security	1,865	1,248
Sponsorship	127,891	78,908
Staff Amenities	9,691	6,836
Staff Training & Recruitment	14,166	5,435
Superannuation	142,095	197,471
Telephone	52,492	57,509
Training Department	220,002	299,457
Travel	7,403	8,683
	<u>7,024,811</u>	<u>6,348,678</u>
Profit for the year	<u>958,881</u>	<u>286,788</u>

This Statement has not been audited.

AUSTRALIAN HOTELS ASSOCIATION, NEW SOUTH WALES BRANCH

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007**

	2007	2006
	\$	\$
<hr/>		
INCOME		
Amount Received from Australian Hotels Association (NSW)	249,386	250,644
EXPENDITURE		
Capitation Fees paid to National AHA	<u>249,386</u>	<u>250,644</u>
	<hr/>	<hr/>

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 8 April 2008 and/or

the Committee of Management Meeting held on 13 March 2008 in respect of the financial

year of the organisation ended 31 December 2007.

That the full report was presented.



Secretary

Dated:

8th April 2008