



FAIR WORK
AUSTRALIA

1 June 2012

Mr Colin Waller
Secretary/Treasurer
Australian Hotels Association, New South Wales Branch
Level 15, Hudson House
131 Macquarie House
SYDNEY NSW 2000

Dear Mr Waller

Application for certificate stating financial affairs of Branch are encompassed by financial affairs of associated State body for year ended 31 December 2011 (FR2011/2895)

I refer to your application pursuant to s.269 of the *Fair Work (Registered Organisations) Act 2009*, lodged in Fair Work Australia on 30 April 2012, in respect of the New South Wales Branch of the Australian Hotels Association for the financial year ended 31 December 2011.

The financial affairs of the Branch encompassed by the State Union

An examination of the profit and loss statement of the New South Branch of the Australian Hotels Association (the Branch) (lodged but not audited) suggests that the financial affairs of the Branch extended to merely receiving an amount from the Australian Hotels Association (NSW) (the State Union) and forwarding that amount to the AHA National Board Fund. All other financial affairs appear to have been encompassed by the financial affairs of the State Union. The Delegate is satisfied that the requirements of section 269 of the *Fair Work (Registered Organisations) Act 2009* have been met and the application has been granted. The certificate is enclosed.

I offer the following comments for the Branch to consider regarding the financial administration of the Branch, the preparation financial reports and the rules of the Branch.

The title of the General Purpose Financial Report

The General Purpose Financial Report (GPFR) lodged with Fair Work Australia is identified as that of the Australian Hotels Association (NSW), its controlled entities and the Australian Hotels Association, New South Wales Branch. An examination of the GPFR suggests that it is the GPFR of the State Union and its controlled entities, but not that of the Branch. In particular, note 2(g) discloses that the State Union collects union fees and that these are the property of the State Union. Note 2(g) also discloses that the State Union pays capitation fees to the federally registered body. It follows that the GPFR is that of the State Union and not the Branch. In future years the GPFR should be appropriately titled.

Requirements of the rules

Though the Delegate is satisfied that, in practice, the financial affairs of the Branch have been encompassed by the State Union, it is unclear whether the financial arrangements are in accordance with the rules of the AHA NSW Branch. In particular I draw your attention to rule 9.3 of the Branch Rules which provides that a member of the State Union is not required to pay membership fees to the Branch 'provided that the State Union pays to the Organisation in respect of each person who obtains membership of the Organisation pursuant to this rule *all or any membership fee, subscription or levy payable to the Organisation* pursuant to these rules'

11 Exhibition Street Telephone: (03) 8661 7777
Melbourne VIC 3000 International: (613) 8661 7777
GPO Box 1994 Facsimile: (03) 9655 0401
Melbourne VIC 3001 Email: melbourne@fwa.gov.au

(my emphasis). I also draw your attention to rule 12(b) of the AHA national rules which provides that 'the amount of the annual capitation fee shall be fixed from time to time by the National Board and the amount shall be *calculated on the number of hotels in the Branch area...*' (my emphasis). The amount payable by the State Union to the Branch is a different calculation to that for the amount payable by the Branch to the National Board Fund as capitation fees.

The GPFR of the State Union discloses \$3,965,737 as membership subscriptions received and the profit and loss statement of the Branch discloses \$134,700 received from the State Union, which, in turn, is the exact amount disclosed capitation fees paid by the Branch to the National Board Fund. It seems that the State Union has paid to the Branch an amount equivalent to the capitation fees, which, on the face of the GPFR, appears to be substantially less than that required by rule 9.3 of the Branch rules. However I would be pleased to receive and consider the Branch's views as to the meaning of rules pertaining to monies due from the State Union and the practical implementation of these rules.

Implications of the Gray decision for the Branch

In light of the decision of the Federal Court in *Gray v CEPU [2012] FCA 380*, the Branch may wish to consider whether the rules of the Branch could be deemed oppressive, unreasonable and unjust, given that a substantial number of members appear to be exempted from paying dues (rule 9.3) and yet retain full voting rights. I have attached a copy of the decision for your consideration.

If you wish to discuss any of these matters, I can be contacted on (03) 86617929 or by email to eve.anderson@fwa.gov.au. In particular, as noted above, I would be pleased to receive your views regarding the rules of the Branch pertaining to monies due from the State Union and the practical implementation of these rules.

Yours sincerely



Eve Anderson
Organisations, Research and Advice
Fair Work Australia
Tel: 03 86617929

Email: eve.anderson@fwa.gov.au



FAIR WORK
AUSTRALIA

CERTIFICATE

Fair Work (Registered Organisations) Act 2009

s.269(2)(a) - Reporting unit's financial affairs encompassed by associated State body

AUSTRALIAN HOTELS ASSOCIATION
(FR2011/2895)

AILS A CARRUTHERS

MELBOURNE, 1 JUNE 2012

Reporting unit's financial affairs encompassed by associated State body

[1] On 30 April 2012 an application was made under s.269(2)(a) of the *Fair Work (Registered Organisations) Act 2009* (the Act) by the New South Wales Branch (the Branch) of the abovenamed organisation for a certificate stating that the financial affairs of the Branch are encompassed by the financial affairs of the Australian Hotels Association (NSW) (the Association), an associated State body, in respect of the financial year ending 31 December 2011.

[2] On 30 April 2012, the Branch lodged a copy of the audited accounts of the Association with Fair Work Australia.

[3] I am satisfied that the Association:

- is registered under the *Industrial Relations Act 1996 (NSW)*, a prescribed State Act; and
- is, or purports to be, composed of substantially the same members as the Branch; and
- has, or purports to have, officers who are substantially the same as designated officers in relation to the Branch; and
- is an associated State body.

[4] I am further satisfied that:

- the Association has in accordance with prescribed State legislation, prepared accounts, had those accounts audited, provided a copy of the audited accounts to its members and lodged the accounts with the relevant State authority; and
- any members of the Branch who are not also members of the Association have been provided with copies of the accounts at substantially the same time as the members of the Branch who are members of the Association; and
- A report under s.254 of the Act has been prepared in respect of those activities of the Branch and has been provided to the members of the Branch with copies of the accounts.

[5] I am satisfied that the financial affairs of the Branch in respect of the financial year ending 31 December 2011 are encompassed by the financial affairs of the Association and I certify accordingly under s.269(2)(a) of the Act.



DELEGATE OF THE GENERAL MANAGER
FAIR WORK AUSTRALIA

Printed by authority of the Commonwealth Government Printer

<Price code A, PR524452>

27 April 2012

Mr. Kevin Donnellan
Statutory Services Branch
Principal Registry
Fair Work Australia
GPO Box 1994
MELBOURNE, VIC 3001

Dear Mr. Donnellan,

Application for exemption pursuant to s 269 of the *Fair Work (Registered Organisations) Act 2009 (Cth)* ('the Act').

I am the Secretary/Treasurer of the Australian Hotels Association, NSW Branch ("the Branch") and am authorised by the Branch to make an Application for a Certificate stating that:-

- i. The financial affairs of the Branch are encompassed by the financial affairs by the Australian Hotels Association (NSW), an organisation of employers registered under the *Industrial Relations Act 1996* (NSW), being an associated state body; and
- ii. That the Branch is taken to have satisfied Part 3 of the Act.

The Grounds and reasons for this Application are as follows:

1. The Australian Hotels Association (NSW) is an organisation of employers registered under the *Industrial Relations Act 1996* (NSW) ("the State Act") and is an associated State body to the Branch – hereafter "the State Organisation".
2. The State Organisation is composed substantially of the same members of the Branch.
3. The officers of the State Organisation are the same as the officers of the Branch. In that regard I refer to Rule 32A of the Rules of the State Organisation, a copy of which is **attached** hereto (Attachment A). I also refer in this regard to section 239 of the State Act, which facilitates this arrangement.
4. It is submitted that the Branch can be taken to have satisfied Part 3 of the Act, because of the following matters: -
 - i. The State Organisation has in accordance with the State Act, prepared accounts, had those accounts audited, provided a copy of the audited

accounts to its members and lodged the audited accounts with the New South Wales Industrial Registry. A copy of the audited accounts for the year ending 31 December 2011 are **attached** (Attachment B).

- ii. All members of the Branch and the State Organisation, at substantially the same time, have been provided with a copy of the **attached** accounts, in accordance with provision of the State Act, through their reproduction in the 2011 Annual Report of the Branch and the State Organisation (Attachment C).

If you require any further information in relation to this Application would you please contact Mr. Phillip Ryan, Director, Legal and Industrial Affairs (02) 9281 6922.

Yours faithfully,



COLIN WALLER
Secretary/Treasurer

Encl.

INDUSTRIAL REGISTRY OF NEW SOUTH WALES

32.4 A scrutineer shall direct the attention of the Returning Officer to any irregularity that may be detected whether in the nomination forms, the form or right of any person to vote, the admission or counting of ballot papers or in respect of any other matter to be observed or done under these Rules in connection with elections.

32.5 A scrutineer shall do all things necessary so that the conduct of an election shall conform to these Rules and so that the secrecy of the ballot shall be observed.

32A. SPECIAL RULE RELATING TO OFFICE HOLDING

Notwithstanding any of the other provisions of these Rules, each of the persons elected from time to time to hold the following positions in the New South Wales Branch of the Federal Organisation, namely:

- (i) Delegates to Council for the respective Sub-Branches
- (ii) President
- (iii) Senior Vice Presidents
- (iv) Vice President
- (v) Secretary/Treasurer
- (vi) Country Member representing the General Division
- (vii) Metropolitan Members representing the General Division
- (viii) Member representing Accommodation Division
- (ix) Member representing the Motels' Division
- (x) Member representing the Off-Licence Division
- (xi) Member representing the Restaurant Division

shall be taken to be validly elected to the corresponding office in the Organisation, and shall constitute full compliance with these Rules and the State Act (and any regulations thereunder) relating to election of office holders.

PROVIDED THAT

- (a) Not later than 30 September in each Election Year or such later date as the Industrial Registrar allows, the President shall, if the facts permit him to do so, file with the Industrial Registrar a statutory declaration certifying that:
 - (i) The membership of the New South Wales Branch of the Federal Organisation and the membership of the Organisation are identical;



- (ii) The Rules of the New South Wales Branch of the Federal Organisation relating to the election of office holders remain unaltered from the latter of the following date:
 - (iia) the date of this Rule; or
 - (iib) if any changes have been made to the Rules of the New South Wales Branch of the Federal Organisation concerning the election of office holders, the date upon which the Industrial Registrar is satisfied that the said Rules entitled the Organisation to the benefit of Section 239 of the State Act;

AND PROVIDED THAT

- (b) Nothing in this Rule shall affect the operation of Rules 33 or 34 of these Rules.
- (c) A person who for any reason ceases to hold any one of the offices in the NSW Branch of the Federal Organisation referred to in this Rule shall forthwith cease to hold the corresponding office in the Organisation.
- (d) Within 28 days of becoming aware any amendment to the Rules of the New South Wales Branch of the Federal Organisation concerning or related to eligibility for membership or election to the offices referred to in this Rule, the Organisation shall provide written notice of any such amendments to the Industrial Registrar.

G CESSATION OF AND REMOVAL FROM OFFICE

33. CESSATION OF MEMBERSHIP OF THE COUNCIL OR THE EXECUTIVE COMMITTEE

- 33.1 A person shall cease to be eligible to be a Delegate to the Council or a Member of the Executive Committee (as the case may be) if:
- (a) the person resigns in writing;
 - (b) the person ceases to be a Member of the Organisation, or if the person is a Representative, the Member which that person represents ceases to be a Member of the Organisation;
 - (c) if the person having been a Representative of a Member ceases to be a Representative of that Member;
 - (d) if the person is removed from office in the manner provided for in Rule 34;
 - (e) if the person is certified by a medical practitioner to be insane or otherwise incapable of acting; or
 - (f) if the person is absent without prior leave from the Council from three or more Meetings of the Council or the Executive Committee (as the case may be).



"B"

**AUSTRALIAN HOTELS ASSOCIATION (NSW),
ABN 64 243 628 807
ITS CONTROLLED ENTITIES AND
AUSTRALIAN HOTELS ASSOCIATION, NEW SOUTH WALES BRANCH**

**FINANCIAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2011**

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

CONTENTS	PAGE
Statement of Comprehensive Income	1
Statement of Financial Position	2
Statement of Cash Flows	3
Statement of Changes in Equity	4
Notes to the Financial Statements	5 17
Certificate of Accounting Officer – Association	18
Certificate of Accounting Officer – Branch	19
Statement of Committee of Management – Association	20
Statement of Committee of Management – Branch	21
Operating Report	22
Independent Auditor’s Report to the Members	23 – 24
Compilation Report to the Members	25
Profit and Loss Statement – Association	26 – 27
Profit and Loss Statement – Branch	28

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

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011**

	NOTE	2011 \$	2010 \$
REVENUE			
Revenue	3	8,232,906	7,627,679
EXPENDITURE			
Depreciation		(348,678)	(238,357)
Administrative, Member and Other Expenses		(4,278,467)	(4,129,764)
Loss on Disposal of Non Current Assets		(25,141)	(66)
Employee Expenses	4	<u>(2,750,618)</u>	<u>(2,398,666)</u>
Profit Before Income Tax Expense		830,002	860,826
Income Tax Expense	6	<u>-</u>	<u>-</u>
NET PROFIT FOR THE YEAR		830,002	860,826
OTHER COMPREHENSIVE INCOME			
Other Comprehensive Income		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>830,002</u>	<u>860,826</u>

The Statement of Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements set out on pages 5 to 17.

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

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011**

	NOTE	2011 \$	2010 \$
CURRENT ASSETS			
Cash and Cash Equivalents	7	4,482,814	3,317,998
Trade & Other Receivables	8	738,254	409,732
Other Assets	9	26,429	48,686
TOTAL CURRENT ASSETS		<u>5,247,497</u>	<u>3,776,416</u>
NON-CURRENT ASSETS			
Property, Plant and Equipment	10	8,022,861	8,092,808
Investments	11	6,000,021	6,000,021
TOTAL NON-CURRENT ASSETS		<u>14,022,882</u>	<u>14,092,829</u>
TOTAL ASSETS		<u>19,270,379</u>	<u>17,869,245</u>
CURRENT LIABILITES			
Trade and Other Payables	12	3,671,612	2,193,423
Provisions	13	243,438	358,250
TOTAL CURRENT LIABILITES		<u>3,915,050</u>	<u>2,551,673</u>
NON-CURRENT LIABILITIES			
Loans and Borrowings	14	3,123,817	4,145,945
Provisions	13	987,954	758,071
TOTAL NON-CURRENT LIABLITIES		<u>4,111,771</u>	<u>4,904,016</u>
TOTAL LIABILITIES		<u>8,026,821</u>	<u>7,455,689</u>
NET ASSETS		<u>11,243,558</u>	<u>10,413,556</u>
EQUITY			
Retained Earnings		<u>11,243,558</u>	<u>10,413,556</u>
TOTAL EQUITY		<u>11,243,558</u>	<u>10,413,556</u>

The Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements set out on pages 5 to 17.

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2011**

	NOTE	2011 \$	2010 \$
Cash Flows from Operating Activities:			
Receipts from Members and Third Parties		8,275,137	7,257,247
Payments to Suppliers and Employees		(6,333,899)	(6,401,626)
Dividend Received		295,041	206,664
Interest Income		<u>254,537</u>	<u>210,870</u>
Net Cash Provided by Operating Activities	17	<u>2,490,816</u>	<u>1,273,155</u>
Cash Flows from Investing Activities:			
Payment for Property, Plant and Equipment		(347,619)	(1,685,040)
Proceeds from Sale of Property, Plant and Equipment		<u>43,747</u>	<u>17,380</u>
Net Cash (Used in) Investing Activities		<u>(303,872)</u>	<u>(1,667,660)</u>
Cash Flows from Financing Activities:			
Principal Loan Repayments		<u>(1,022,128)</u>	<u>(858,671)</u>
Net Cash (Used in) Financing Activities		<u>(1,022,128)</u>	<u>(858,671)</u>
Net Increase / (Decrease) in Cash held		1,164,816	(1,253,176)
Cash and Cash Equivalents at Beginning of Financial Year		<u>3,317,998</u>	<u>4,571,174</u>
Cash and Cash Equivalents at End of Financial Year	7	<u><u>4,482,814</u></u>	<u><u>3,317,998</u></u>

The Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements set out on pages 5 to 17.

**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 2011**

	Retained Earnings \$	Equity \$
At 1 January 2010	9,552,730	9,552,730
<i>Total Comprehensive Income for the Period</i>		
Net Profit for the Year	860,826	860,826
<i>Other Comprehensive Income</i>		
Other Comprehensive Income	-	-
At 31 December 2010	10,413,556	10,413,556
<i>Total Comprehensive Income for the Period</i>		
Net Profit for the Year	830,002	830,002
<i>Other Comprehensive Income</i>		
Other Comprehensive Income	-	-
At 31 December 2011	<u>11,243,558</u>	<u>11,243,558</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 17

**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 2011**

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 2011 were authorised for issue in accordance with a Resolution of the Committee of Management on 7 March 2012.

The Association is incorporated in Australia. The nature of the operations is that of an Association comprising members of the hotel industry.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (including Australian Accounting Interpretations adopted by the Australian Accounting Standards Board). They have been prepared on the basis of historical costs and, except for certain assets which are at valuation, do 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 - Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

(c) New Standards and Interpretations Not Yet Adopted

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Association.

(d) Adoption of New Australian Accounting Standards

- *AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.*

The early adoption of AASB 1053 enables the Association to be part of the Tier 2 reporting requirements for general purpose financial statements. The Tier 2 reporting framework comprises the recognition and measurement requirements of Tier 1 but substantially reduced disclosure requirements. The Association is eligible to adopt the new Australian Accounting Standards - Reduced Disclosure Requirements and has adopted the requirements of the standard effective from the financial year ended 31 December 2010.

**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 2011**

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Basis of Consolidation

The consolidated financial statements include the financial statements of the Australian Hotels Association (NSW), Australian Hotels Association, New South Wales Branch, Australian Hospitality Insurance Services Pty Limited, AHA (NSW) Business Portal 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 which in the opinion of the Committee of Management equates to their market value. Intra group balances are eliminated in preparing the consolidated financial statements.

(f) 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.

Dividends are brought to account when received.

(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 Fair Work (Registered Organisations) Act 2009 (Cth.); and
- c) certain entities associated with and controlled by the State Organisation, as referred to in paragraph (e) 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 2011**

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) 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 (e) hereof, are assets and liabilities of the State Organisation.

(h) Notice pursuant to Section 272 of the Fair Work (Registered Organisations) Act 2009 (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 the General Manager of Fair Work Australia, 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 (i).

**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 2011**

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 Statement of Financial Position 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) Property, Plant and Equipment

Property, plant and equipment are stated at cost 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 – 5 to 15 years straight line
Motor Vehicles – 4 to 5 years diminishing value

The Committee of Management considers it appropriate to state the value of the Strata Titled Units together with additions at cost. Apart from depreciation calculated on the above basis, no further impairment in value is considered necessary. The Committee of Management will consider obtaining an independent value of the Strata Titled Units and additions in the 2012 financial year.

The estimated useful lives, residual values and depreciation methods are reviewed at each financial year, with the effect of any changes in estimate accounted for on a prospective basis.

**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 2011**

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Impairment of Assets

At each reporting date, the Committee of Management assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Committee of Management 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. 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 Statement of Comprehensive Income

(n) 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.

(o) Interest Bearing Loans and Borrowings

All loans and borrowings are recognised at their principal amount including transaction costs attributable to their issue. Interest expense is accrued at the contract rate.

(p) Provisions

Provisions are recognised when the Association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic resources will result and that outflow can be reliably measured.

**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 2011**

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 leave liability expected to be settled within 12 months of year-end is included as a current liability in the Statement of Financial Position. The long service leave liability not expected to be settled within 12 months of year-end is included as a non current liability in the Statement of Financial Position.
- *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.

**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 2011**

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 payable to the ATO is included as a current liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows 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 2011**

	2011	2010
	\$	\$
3 REVENUE		
Advertising Commissions	652,087	577,007
Dividend Received	295,041	206,664
Insurance Commission	41,148	115,295
Interest Income	254,537	210,870
Keno Commission	587,789	465,923
Membership Activities	2,436,567	1,897,120
Membership Subscriptions	3,965,737	4,154,800
	<u>8,232,906</u>	<u>7,627,679</u>
4 EXPENSES		
Employee Benefits		
Annual Leave	(31,260)	7,490
Fringe Benefits Tax	30,103	18,145
Long Service Leave	(36,578)	6,888
Payroll Tax	123,460	107,607
Salary and Wages	2,421,489	2,066,977
Superannuation	243,404	191,559
	<u>2,750,618</u>	<u>2,398,666</u>
5 AUDITOR'S REMUNERATION		
Amounts received or due and receivable by V J Ryan & Co for:		
Audit of the Financial Statements - Association	30,000	30,000
Other Services - Association	16,275	9,130
Other Services - Controlled Entities	19,450	13,200
	<u>65,725</u>	<u>52,330</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 2011**

	2011 \$	2010 \$
6 INCOME TAX EXPENSE		
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		
CURRENT		
Cash on Hand	2,999	2,999
Term Deposits – St. George Bank	1,500,000	2,500,000
Term Deposits – Members Equity Bank Pty Limited	1,500,000	-
Cash at Bank – St. George Bank	1,479,815	814,999
	<u>4,482,814</u>	<u>3,317,998</u>
8 TRADE AND OTHER RECEIVABLES		
CURRENT		
Trade Debtors	814,181	500,612
Less: Allowance for Doubtful Debts	75,927	90,880
	<u>738,254</u>	<u>409,732</u>
9 OTHER ASSETS		
CURRENT		
Other Debtors	13,498	9,429
Prepayments	12,931	39,257
	<u>26,429</u>	<u>48,686</u>
10 PROPERTY, PLANT & EQUIPMENT		
NON-CURRENT		
Strata Units - At Cost	7,762,585	7,585,213
Less: Provision for Depreciation	303,944	110,618
	<u>7,458,641</u>	<u>7,474,595</u>
Plant and Equipment – At Cost	684,734	613,122
Less: Provision for Depreciation	244,999	122,715
	<u>439,735</u>	<u>490,407</u>
Motor Vehicles – At Cost	163,731	220,363
Less: Provision for Depreciation	39,246	92,557
	<u>124,485</u>	<u>127,806</u>
	<u>8,022,861</u>	<u>8,092,808</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 2011**

	2011 \$	2010 \$
10 PROPERTY, PLANT & EQUIPMENT (Continued)		
NON-CURRENT		
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	7,474,595	6,367,525
Additions	177,372	1,217,688
Depreciation	(193,326)	(110,618)
	<u>7,458,641</u>	<u>7,474,595</u>
<u>Plant & Equipment</u>		
Carrying Amount at Beginning of Year	490,407	149,476
Additions	71,612	434,801
Depreciation	(122,284)	(93,870)
	<u>439,735</u>	<u>490,407</u>
<u>Motor Vehicles</u>		
Carrying Amount at Beginning of Year	127,806	146,570
Additions	98,635	32,551
Disposals	(68,888)	(17,446)
Depreciation	(33,068)	(33,869)
	<u>124,485</u>	<u>127,806</u>
	<u>8,022,861</u>	<u>8,092,808</u>
11 INVESTMENTS		
NON CURRENT		
Shares in Hotel Employers Mutual Limited - At Cost	6,000,000	6,000,000
Shares in Subsidiary Companies - At Cost	21	21
	<u>6,000,021</u>	<u>6,000,021</u>

Hotel Employers Mutual Limited ("HEM") is owned equally by Australian Hotels Association (NSW) Holdings Pty Limited ("AHA Holdings") and Employers Mutual Limited ("EML"). EML provided funding of \$6,000,000 to AHA Holdings to acquire 6,000,000 shares in HEM. The shares are held as security over the loan from EML. Refer Note 14. AHA Holdings is a wholly owned subsidiary of the Australian Hotels Association (NSW).

**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 2011**

	2011 \$	2010 \$
12 TRADE AND OTHER PAYABLES		
CURRENT		
Trade Creditors and Accruals	1,002,294	394,031
GST Payable	115,444	154,095
Subscriptions in Advance	1,138,949	1,292,854
Income in Advance	1,414,925	352,443
	<u>3,671,612</u>	<u>2,193,423</u>
13 PROVISIONS		
CURRENT		
Employee Entitlements	<u>243,438</u>	<u>358,250</u>
NON CURRENT		
Employee Entitlements	94,093	47,119
Provision for Economic Costs	<u>893,861</u>	<u>710,952</u>
	<u>987,954</u>	<u>758,071</u>
14 LOANS AND BORROWINGS		
NON CURRENT		
Loan from Employers Mutual Limited	<u>3,123,817</u>	<u>4,145,945</u>

Hotel Employers Mutual Limited ("HEM") is owned equally by Australian Hotels Association (NSW) Holdings Pty Limited ("AHA Holdings") and Employers Mutual Limited ("EML").

A loan to AHA Holdings to acquire its shareholding in HEM was provided by EML on the basis that it has no recourse to the Association and limited recourse to AHA Holdings. The limited recourse to AHA Holdings is to AHA Holdings shares in HEM as detailed in Note 11. AHA Holdings is a wholly owned subsidiary of the Association.

On the 9th anniversary of completion, 28 March 2017, AHA Holdings must repay the balance of the loan then outstanding. AHA Holdings is required to make loan repayments to EML in the meantime equal to: i) Sponsorship fees paid by EML/HEM to the Association ii) Advertising commissions paid to AHA Holdings and iii) HEM dividends paid to AHA Holdings.

There is no interest payable during the term of the loan, however, AHA Holdings must reimburse the economic cost to EML of providing the funds. The economic cost is calculated daily utilising the 180 day Bank Bill rate (subject to a maximum rate of 7.3%) applied to the outstanding loan balance during the term of the loan. Refer to Note 13.

As security for the loan, EML, under the Share Charge, holds a first fixed charge over AHA Holdings shares in HEM, as detailed in Note 11 and all rights in relation to them. The Association has no obligation to repay the EML loan or any part thereof or to provide security.

**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 2011**

2011 **2010**
S **S**

15 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 collected less any direct costs to 31 December 2011 was \$41,148 (2010: \$115,295).

Scott Leach was paid an allowance of \$60,000 in the financial year (2010: \$60,000). Executive Members as set out in Note 16 are entitled to claim for attendance at meetings at the rate of \$176 per day or \$110 per half day.

16 KEY MANAGEMENT PERSONNEL DISCLOSURES

Key Management Personnel

The key management personnel include the members of the Executive Committee together with the Chief Executive Officer.

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

Scott Leach	Peter Harris	Rolly De With
Lynette Humphreys	Kim Maloney	Andrew Rendall
Colin Waller	Phillip Webster	Paul Diron
Patrick Gurr	George Bedwani	Peter Tudehope

Transactions with Key Management Personnel

The key management personnel compensation included in employee costs was:

Short Term Employee Benefits	—	<u>405,232</u>	<u>333,025</u>
------------------------------	---	----------------	----------------

The following key management personnel were officeholders in the Association's subsidiary companies referred to in Note 2(e): Scott Leach, Lynette Humphreys, Colin Waller, Patrick Gurr and the Chief Executive Officer.

Colin Waller is an officeholder of companies associated with or related to the Association and receives director's fees paid directly to him 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 2011

	2011 \$	2010 \$
17 RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO PROFIT AFTER INCOME TAX		
Profit from Ordinary Activities	830,002	860,826
<i>Non-Cash Flows and Non-Operating Items in Operating Profit:</i>		
Depreciation	348,678	238,357
Loss on Disposal of Non Current Assets	25,141	66
<i>Changes in Assets and Liabilities:</i>		
(Increase) in Current Receivables	(328,522)	(76,156)
Decrease in Other Current Assets	22,257	56,180
Increase / (Decrease) in Payables and Income in Advance	1,478,189	(44,910)
Increase in Employee Provisions	115,071	238,792
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>2,490,816</u>	<u>1,273,155</u>

18 ASSOCIATION DETAILS

The registered office of the Association is:

Level 15, Hudson House, 131 Macquarie Street
 Sydney NSW 2000

The principal place of business is:

Level 15, Hudson House, 131 Macquarie Street
 Sydney NSW 2000

19 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)
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 2011 was 1,771.

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 2011;
- (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 - Colin Waller

Dated at Sydney: 7th MARCH 2012.

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 2011 was 1,771.

In my opinion:

- (a) The accompanying financial statements show a true and fair view of the financial affairs of the Branch at 31 December 2011;
- (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 the Fair Work (Registered Organisations) Act 2009 (Cth.).



Accounting Officer - Colin Waller

Dated at Sydney: 7th March 2012

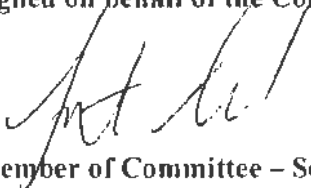
**AUSTRALIAN HOTELS ASSOCIATION (NSW)
AND ITS CONTROLLED ENTITIES**

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 2011;
- (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 – Scott Leach



Member of Committee – Colin Waller

Dated at Sydney: *20 March 2012*

AUSTRALIAN HOTELS ASSOCIATION, NEW SOUTH WALES BRANCH

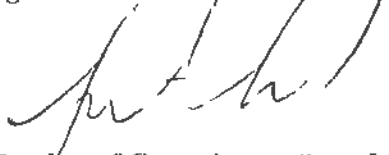
STATEMENT OF COMMITTEE OF MANAGEMENT

On 7 March 2012 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 2011.

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 – Reduced Disclosure Requirements;
- (b) the financial report and notes comply with the reporting guidelines of Fair Work Australia;
- (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 2011;
- (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 2011 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 the Fair Work (Registered Organisation) Act 2009 (Cth.) and the Fair Work (Registered Organisation) Regulations 2009;
 - (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 Fair Work Australia under Section 272 of the Fair Work (Registered Organisation) Act 2009 (Cth.); and
 - (vi) no orders have been made by Fair Work Australia under Section 273 of the Fair Work (Registered Organisation) Act 2009 (Cth.).

Signed on behalf of the Committee of Management



Member of Committee – Scott Leach



Member of Committee – Colin Waller

Dated at Sydney: 

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 2011.

1. Principal activities of the Branch

The principal activities of the Branch, as conducted through the Council and the Executive Committee of the Association 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 to 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 Branch

There were no financial activities of the Branch. The total amount received by the Association was paid to the National Organisation as capitation fees.

3. Details of the right of members to resign

A member may resign in writing pursuant to Rule 10.2.1 of the Rules of the Australian Hotels Association, New South Wales Branch. This applies irrespective of whether the member obtained membership pursuant to Rule 8 or Rule 9 of the said Rules.

4. Details of any officer or member who is a director of a superannuation entity or a director of a company that is a trustee of a superannuation entity

Mr. Bevan Douglas, a member of the Australian Hotels Association, New South Wales Branch, is a director of Hostplus Superannuation Industry Fund.

5. Number of members recorded on the register of members

The number of members recorded on the register of members as at 31 December 2011 was 1771.

6. Number of employees

The number of employees as at 31 December 2011 was approximately 22 on a Full Time Equivalent basis.

7. Details of persons who were a member of the committee of management

Scott Leach 1 January 2011 to 31 December 2011; Lynette Humphreys 1 January 2011 to 31 December 2011; Patrick Gurr 1 January 2011 to 31 December 2011; Colin Waller 1 January 2011 to 31 December 2011; Kim Maloney 1 January 2011 to 31 December 2011; Phillip Webster 1 January 2011 to 31 December 2011; Paul Dirou 1 January 2011 to 31 December 2011; Peter Harris 1 January 2011 to 31 December 2011; Rolly De With 1 January 2011 to 31 December 2011; Andrew Rendall 1 January 2011 to 31 December 2011; George Bedwani 1 January 2011 to 31 December 2011; Peter Tudehope 12 April 2011 to 31 December 2011.


Scott Leach – President

Dated at Sydney: 7-3-12

**INDEPENDENT AUDITOR'S 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) ("the Association"), its controlled entities and Australian Hotels Association, New South Wales Branch ("the Branch") for the financial year ended 31 December 2011, consisting of the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity, Notes to the Financial Statements, Certificates of the Accounting Officer, Statements of the Committee of Management and Operating Report set out on pages 1 to 22.

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 Australian Accounting Standards - Reduced Disclosure Requirements; the Industrial Relations Act 1996 (NSW) and the Fair Work (Registered Organisations) Act 2009 (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 Fair Work (Registered Organisations) Act 2009 (Cth).

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

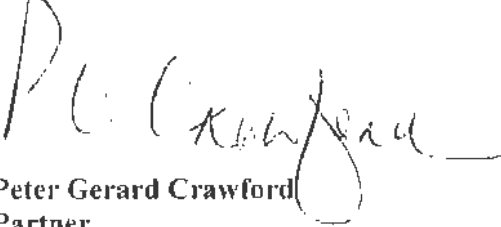
Audit Opinion

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 22 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 the Fair Work (Registered Organisations) Act 2009 (Cth.) and Australian Accounting Standards – Reduced Disclosure Requirements, 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 2011; 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 the Fair Work (Registered Organisations) Act 2009 (Cth.); and
- (b) other mandatory professional reporting requirements in Australia.


V J RYAN & CO
Chartered Accountants

**Level 5
255 George Street
SYDNEY NSW 2000**

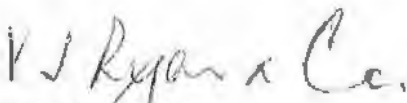

Peter Gerard Crawford
Partner

Dated at Sydney: 7/10/11

**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 26 - 28 is in accordance with the books and records of Australian Hotels Association (NSW) ("the Association"), its controlled entities and Australian Hotels Association, New South Wales Branch ("the Branch") which have been subjected to the auditing procedures applied in our audit for the financial year ended 31 December 2011. 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
Chartered Accountants

Level 5
255 George Street
SYDNEY NSW 2000


Peter Gerard Crawford
Partner

Dated at Sydney: 7 March 2012

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

**PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011**

	2011	2010
	\$	\$
INCOME		
Advertising Commissions	652,087	577,007
Dividend Received	295,041	206,664
Insurance Commission	41,148	115,295
Interest Income	254,537	210,870
Keno Commission	587,789	465,923
Membership Activities	2,436,567	1,897,120
Membership Subscriptions	<u>3,965,737</u>	<u>4,154,800</u>
	<u>8,232,906</u>	<u>7,627,679</u>
EXPENDITURE		
Accounting and Consulting Fees	38,303	20,822
Accommodation Division	177,653	260,487
Administration	4,834	6,482
Advertising and Staff Hire	24,421	371
Annual Leave	(31,260)	7,490
Annual Report	14,352	12,479
Auditor's Remuneration	30,000	30,000
Bank Charges	40,607	37,165
Capitation Fees	134,700	125,080
Cleaning and Laundry	45,008	30,963
Computer and Development Costs	128,990	130,032
Consultancy	287,884	190,337
Delegates	132,400	94,965
Depreciation	348,678	238,357
Donations	162,913	400,222
Doubtful Debts Allowance	21,319	21,343
Economic Cost	182,909	224,414
Electricity	52,583	31,446
Executive Administration	625,960	605,402
Executive and Committee of Management	191,139	171,062
Flowers and Plant Hire	5,947	7,711
Fringe Benefits Tax	30,103	18,145
Gaming Department and Research	97,499	212,819
Hotel News	275,089	184,206
Industrial and Membership	50,249	30,841
Insurance	71,367	74,419
Legal Fees	170,187	146,906
Long Service Leave	(36,578)	6,888

This Statement has not been audited.

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

**PROFIT AND LOSS STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011**

	2011 \$	2010 \$
EXPENDITURE (Continued)		
Loss on Disposal of Non Current Assets	25,141	66
Marketing	477,805	307,848
Membership	159,701	129,206
National Executive and Board Meetings	17,028	41,640
Parking Levy	30,523	25,944
Payroll Preparation	3,751	2,281
Payroll Tax	123,460	107,607
President's Allowance	60,000	60,000
Printing and Stationery	11,711	6,013
Public Relations	170,464	172,520
Rates, Taxes and Strata Levies	95,011	88,288
Regional Meetings	15,510	31,362
Repairs and Maintenance	56,094	9,635
Salaries and Wages	2,421,489	2,066,977
Security	365	5,189
Sponsorship	42,891	52,352
Staff Amenities	13,794	8,855
Sub Branch Subsidies	2,800	-
Superannuation	243,404	191,559
Telephone	39,640	33,793
Training Department	103,735	77,035
Travel	11,331	27,829
	<u>7,402,904</u>	<u>6,766,853</u>
Profit for the Year	<u>830,002</u>	<u>860,826</u>

This Statement has not been audited.

AUSTRALIAN HOTELS ASSOCIATION, NEW SOUTH WALES BRANCH

**PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011**

	2011	2010
	\$	\$
<hr/>		
INCOME		
Amount Received from Australian Hotels Association (NSW)	134,700	125,080
EXPENDITURE		
Capitation Fees paid to Federal Body	<u>134,700</u>	<u>125,080</u>
	<hr/> <hr/>	<hr/> <hr/>

This Statement has not been audited.

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

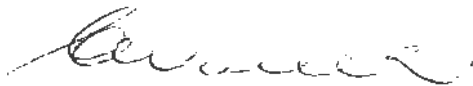
CERTIFICATE OF SECRETARY

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:

Annual General Meeting of Members of the organisations held on 17 April 2012 and/or

the Committee of Management Meeting held on 7 March 2012 in respect of the financial year of the organisation ended 31 December 2011.

That the full report was presented.



Secretary - Colin Waller

Dated at Sydney: 17th April 2012