



21 April 2017

Mr John Whelan
Chief Executive Officer
Australian Hotels Association – New South Wales Branch
Level 15, Hudson House
131 Macquarie Street
SYDNEY NSW 2000

via email: enquiries@ahansw.com.au

Dear Mr Whelan

Application pursuant to section 269 of the Fair Work (Registered Organisations) Act 2009 for the financial year ended 31 December 2016 (FR2016/358)

I refer to your application pursuant to s269(2)(a) of the *Fair Work (Registered Organisations) Act 2009 (RO Act)*, lodged in the Fair Work Commission (**FWC**) on 12 April 2017, in respect of the Australian Hotels Association New South Wales Branch (**AHA NSW**) for the financial year ended 31 December 2016.

I am satisfied that AHA NSW is a reporting unit and that its financial affairs for the financial year ended 31 December 2016 were encompassed by the Australian Hotels Association NSW (**the Association**), an associated State body registered under the *Industrial Relations Act 1996 (NSW)*. The attached certificate reflects this decision.

If you wish to discuss this matter, please contact Ms Joanne Fenwick on 03) 8656 4681 or by email to joanne.fenwick@fwc.gov.au.

Yours sincerely

Chris Enright
Director
Regulatory Compliance Branch



CERTIFICATE

Fair Work (Registered Organisations) Act 2009

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

Australian Hotels Association New South Wales Branch
(FR2016/358)

MR ENRIGHT

MELBOURNE, 21 APRIL 2017

Reporting unit's financial affairs encompassed by associated State body

[1] On 12 April 2017 an application was made under s269(2)(a) of the *Fair Work (Registered Organisations) Act 2009* (the Act) by the New South Wales Branch of the Australian Hotels Association (the reporting unit) for a certificate stating that the financial affairs of the reporting unit are encompassed by the financial affairs of Australian Hotels Association NSW (the Association), an associated State body, in respect of the financial year ended 31 December 2016.

[2] On 12 April 2017, the reporting unit lodged a copy of the audited accounts of the Association with the Fair Work Commission (the Commission).

[3] I am satisfied that the Association:

- is a 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 reporting unit; and
- has, or purports to have, officers who are substantially the same as designated officers in relation to the reporting unit; 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;
- any member of the reporting unit 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 reporting unit 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 reporting unit and has been provided to the members of the reporting unit with copies of the accounts.

[5] I am satisfied that the financial affairs of the reporting unit in respect of the financial year ending 31 December 2016, are encompassed by the financial affairs of the Association and I certify accordingly under s269(2)(a) of the Act.



DELEGATE OF THE GENERAL MANAGER

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10 April 2017

Ms. Bernadette O'Neill
General Manager
Fair Work Commission
GPO Box 1994
MELBOURNE VIC 3001



Dear Ms. O'Neill,

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

I am the Chief Executive Officer 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 2016 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 the provisions of the State Act through their reproduction in the 2016 Annual Report of the State Organisation (Attachment C); and
- iii. At the time of providing a copy of the 2016 Annual Report of the State Organisation, all members of the Branch and the State Organisation were provided with a copy of the Branch's Operating Report for the financial year ended 31 December 2016. A copy of the Branch Operating Report is **attached** (Attachment D).

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

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'John Whelan', is written over a light blue horizontal line.

JOHN WHELAN
Chief Executive Officer

Encl.

- (i) The Returning Officer shall admit the ballot papers properly marked and count the votes thereon indicated.
- (j) In the event of an equality of votes between candidates the Returning Officer shall determine by lot which of those candidates are to be elected.
- (k) The Returning Officer shall declare the candidate or candidates receiving the greatest number of votes or elected by lot duly elected forthwith on completion of the ballot.

31.10 The Executive Committee elected in accordance with this Rule shall continue to hold office in an Election Year for the period following the February Council Meeting of newly elected Delegates up to and including the election of a new Executive Committee at the April Council Meeting at which time a handover to the new Committee will occur.

32. SCRUTINEERS

32.1 In any election any duly nominated candidate may appoint in writing any Member or Representative who is not a candidate for that election to act as a scrutineer on that candidate's behalf at that election and such candidate may appoint any other such Member or Representative in substitution for or in place of the original appointee.

32.2 All scrutineers shall, so far as possible, having regard to the time of their appointment in the case of a postal ballot be entitled to observe the posting of nomination forms and the consideration thereof on return and in the case of all elections be entitled to inspect the nomination forms and observe the form and distribution of ballot papers, the collection of ballot papers on their return, the checking of votes, the admission and counting of vote, the conduct of the determination of the election by lot and the declaration of the ballot.

32.3 In every case it shall be the right and duty of the scrutineer to observe any act performed or directed by the Returning Officer which may affect the result of the election and the Returning Officer shall take all reasonable steps by notification or otherwise to enable such scrutineer to exercise this right, but no election shall be vitiated by reason of the fact that a scrutineer does not, in fact, exercise all or any of such rights if that scrutineer has had a reasonable opportunity to do so.

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:

Registered rules of the *Australian Hotels Association (NSW)* as at 20 August 2013



INDUSTRIAL REGISTRY OF NEW SOUTH WALES

- (i) Delegates to Council for the respective Sub-Branches
- (ii) President
- (iii) Senior Vice Presidents
- (iv) Vice President
- (v) Secretary/Treasurer
- (vi) Country Members 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, Catering and Cafes Division

shall be taken to be validly elected to the corresponding office in the State 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 State Organisation are identical or substantially similar;
 - (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 State Organisation to the benefit of Section 239 of the State Act;

AND PROVIDED THAT

Registered rules of the **Australian Hotels Association (NSW)** as at 20 August 2013



New South Wales

- (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 State 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 State 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 State Organisation, or if the person is a Representative, the Member which that person represents ceases to be a Member of the State 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) in a Membership Year.
 - (g) if a person no longer meets the criteria for nomination under rule 30.1(g).
- 33.2 A person shall cease to be a Member of the Executive Committee if that person ceases to be a delegate to Council, except under the circumstances created by rule 31.10.

34. REMOVAL FROM OFFICE

- 34.1 The Council may remove from office any delegate to the Council or any Member of the Executive Committee subject to the following procedures:



"B"

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES**

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES**

CONTENTS	PAGE
Consolidated Statement of Profit or Loss and Other Comprehensive Income	1
Consolidated Statement of Financial Position	2
Consolidated Statement of Cash Flows	3
Consolidated Statement of Changes in Equity	4
Recovery of Wages Activity	5
Notes to the Consolidated Financial Statements	6 – 27
Operating Report	28
Certificate by Prescribed Designated Officer	29
Committee of Management Statement	30 – 31
Independent Auditor’s Report to the Members	32 – 34
Compilation Report to the Members	35
Profit and Loss Statement	36 – 37

AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	Consolidated		Parent	
		2016	2015	2016	2015
		\$	\$	\$	\$
REVENUE					
Membership Subscriptions (*)		4,338,926	4,426,717	4,338,926	4,426,717
Gain on Disposal of Non-Current Assets		1,380	-	1,380	-
Other Revenue		4,209,529	4,252,757	4,141,731	4,252,757
	3	<u>8,549,835</u>	<u>8,679,474</u>	<u>8,482,037</u>	<u>8,679,474</u>
EXPENDITURE					
Administrative, Member and Other Expenses		(4,124,494)	(3,927,022)	(4,124,494)	(3,927,022)
Loss on Disposal of Non-Current Assets		-	(9,191)	-	(9,191)
Employee Benefits Expense	4(a)	<u>(3,142,701)</u>	<u>(3,110,478)</u>	<u>(3,142,701)</u>	<u>(3,110,478)</u>
Profit Before Hotel Advertising Campaign, CMS Joint Venture Expense, Depreciation and Income Tax Expense		1,282,640	1,632,783	1,214,842	1,632,783
Hotel Advertising Campaign		(54,446)	(1,708,090)	(54,446)	(1,708,090)
CMS Joint Venture Expense		(1,800)	(380,207)	(1,800)	(380,207)
Depreciation		<u>(423,704)</u>	<u>(432,448)</u>	<u>(423,704)</u>	<u>(432,448)</u>
Profit / (Loss) Before Income Tax Expense		802,690	(887,962)	734,892	(887,962)
Income Tax Expense	6	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
PROFIT / NET (LOSS) FOR THE YEAR		<u>802,690</u>	<u>(887,962)</u>	<u>734,892</u>	<u>(887,962)</u>
OTHER COMPREHENSIVE INCOME					
Items that may be Reclassified Subsequently to Profit or Loss		-	-	-	-
Items that will not be Reclassified Subsequently to Profit or Loss		-	-	-	-
TOTAL COMPREHENSIVE INCOME / (EXPENSE) FOR THE YEAR		<u>802,690</u>	<u>(887,962)</u>	<u>734,892</u>	<u>(887,962)</u>

* - Mandatory disclosure required by the Reporting Guidelines of Fair Work Commission. Item to remain even if Nil.

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to the financial statements.

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
 ABN 64 243 628 807
 AND ITS CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 31 DECEMBER 2016**

		Consolidated		Parent	
	Note	2016	2015	2016	2015
		\$	\$	\$	\$
CURRENT ASSETS					
Cash and Cash Equivalents	7	8,275,008	6,882,840	8,275,008	6,882,840
Trade and Other Receivables	8	619,044	777,220	3,704,712	3,930,686
Inventory	9	1,742	1,742	1,742	1,742
Other Assets	10	33,395	55,954	33,395	55,954
TOTAL CURRENT ASSETS		<u>8,929,189</u>	<u>7,717,756</u>	<u>12,014,857</u>	<u>10,871,222</u>
NON-CURRENT ASSETS					
Property, Plant and Equipment	11	6,076,079	6,440,806	6,076,079	6,440,806
Investments	12	4,800,000	4,800,000	23	23
TOTAL NON-CURRENT ASSETS		<u>10,876,079</u>	<u>11,240,806</u>	<u>6,076,102</u>	<u>6,440,829</u>
TOTAL ASSETS		<u>19,805,268</u>	<u>18,958,562</u>	<u>18,090,959</u>	<u>17,312,051</u>
CURRENT LIABILITIES					
Trade and Other Payables	13	4,128,008	4,193,938	4,128,008	4,193,938
Provisions	14	526,773	421,883	526,773	421,883
TOTAL CURRENT LIABILITES		<u>4,654,781</u>	<u>4,615,821</u>	<u>4,654,781</u>	<u>4,615,821</u>
NON-CURRENT LIABILITES					
Provisions	14	149,277	144,221	149,277	144,221
TOTAL NON-CURRENT LIABILITIES		<u>149,277</u>	<u>144,221</u>	<u>149,277</u>	<u>144,221</u>
TOTAL LIABILITIES		<u>4,804,058</u>	<u>4,760,042</u>	<u>4,804,058</u>	<u>4,760,042</u>
NET ASSETS		<u>15,001,210</u>	<u>14,198,520</u>	<u>13,286,901</u>	<u>12,552,009</u>
EQUITY					
Retained Earnings		15,001,210	14,198,520	13,286,901	12,552,009
TOTAL EQUITY		<u>15,001,210</u>	<u>14,198,520</u>	<u>13,286,901</u>	<u>12,552,009</u>

The Consolidated Statement of Financial Position is to be read in conjunction with the notes to the financial statements.

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
 ABN 64 243 628 807
 AND ITS CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	Consolidated		Parent	
		2016	2015	2016	2015
		\$	\$	\$	\$
Cash Flows from Operating Activities:					
Receipts from Members and Third Parties		8,525,100	8,222,372	8,525,100	8,222,372
Payment to Suppliers and Employees		(7,324,667)	(8,510,559)	(7,256,867)	(8,510,557)
Dividend Received		67,800	-	-	-
Interest Income		181,532	182,554	181,532	182,554
Net Cash Provided By / (Used In)					
Operating Activities	17	1,449,765	(105,633)	1,449,765	(105,631)
Cash Flows from Investing Activities					
Payment for Property, Plant and Equipment		(58,977)	(82,505)	(58,977)	(82,506)
Payment for Investments		-	-	-	(2)
Proceeds from Sale of Property, Plant and Equipment		1,380	35,181	1,380	35,182
Net Cash (Used In) Investing Activities		(57,597)	(47,324)	(57,597)	(47,326)
Cash Flows from Financing Activities					
Net Cash (Used in) Financing Activities		-	-	-	-
Net Increase / (Decrease) in Cash held		1,392,168	(152,957)	1,392,168	(152,957)
Cash and Cash Equivalents at Beginning of Financial Year		6,882,840	7,035,797	6,882,840	7,035,797
Cash and Cash Equivalents at End of Financial Year	7	8,275,008	6,882,840	8,275,008	6,882,840

The Consolidated Statement of Cash Flows is to be read in conjunction with the notes to the financial statements.

AUSTRALIAN HOTELS ASSOCIATION (NSW)
 ABN 64 243 628 807
 AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 DECEMBER 2016

	Retained Earnings \$	Total Equity \$
CONSOLIDATED		
At 1 January 2015	15,086,482	15,086,482
<i>Total Comprehensive Income for the Year</i>		
Net Loss for the Year	(887,962)	(887,962)
<i>Other Comprehensive Income</i>		
Other Comprehensive Income	-	-
At 31 December 2015	14,198,520	14,198,520
<i>Total Comprehensive Income for the Year</i>		
Net Profit for the Year	802,690	802,690
<i>Other Comprehensive Income</i>		
Other Comprehensive Income	-	-
At 31 December 2016	<u>15,001,210</u>	<u>15,001,210</u>
PARENT		
At 1 January 2015	13,439,971	13,439,971
<i>Total Comprehensive Income for the Year</i>		
Net Loss for the Year	(887,962)	(887,962)
<i>Other Comprehensive Income</i>		
Other Comprehensive Income	-	-
At 31 December 2015	12,552,009	12,552,009
<i>Total Comprehensive Income for the Year</i>		
Net Profit for the Year	734,892	734,892
<i>Other Comprehensive Income</i>		
Other Comprehensive Income	-	-
At 31 December 2016	<u>13,286,901</u>	<u>13,286,901</u>

The Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements.

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
 ABN 64 243 628 807
 AND ITS CONTROLLED ENTITIES**

**RECOVERY OF WAGES ACTIVITY (*)
 FOR THE YEAR ENDED 31 DECEMBER 2016**

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
Cash Assets in Respect of Recovered Money At Beginning of Year	-	-	-	-
Receipts:				
Wages Recovered from Employers	-	-	-	-
Interest on Wages Recovered	-	-	-	-
	-	-	-	-
Payments:				
Deductions of Membership Amounts	-	-	-	-
Deductions of Donations to Accounts of the Reporting Unit or Another Reporting Unit	-	-	-	-
Deductions of Fees	-	-	-	-
Payments to Workers	-	-	-	-
	-	-	-	-
Cash Assets in Respect of Recovered Money At End of Year	-	-	-	-
Number of Workers in Respect of Recovered Money At End of Year	-	-	-	-

No revenue has been derived from undertaking recovery of wages during the reporting period (*).

*** - Mandatory disclosure required by the Reporting Guidelines of Fair Work Commission. Item to remain even if Nil.**

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1 CORPORATE INFORMATION

The consolidated financial report of the Australian Hotels Association (NSW) (“the Association”), and its Controlled Entities (together referred to as the ‘Reporting Unit’) for the year ended 31 December 2016 was authorised for issue in accordance with a Resolution of the Committee of Management on the date of authorisation of the Committee of Management Statement.

The Reporting Unit is incorporated in Australia. The nature of the operations is that of an Industrial Association comprising and representing members of the hotel industry.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that apply for the reporting period, the *Fair Work (Registered Organisation) Act 2009 (“RO Act”)* and the *Industrial Relations Act 1996 (NSW)*. For the purpose of preparing the general purpose financial statements, the Association is a not-for-profit entity and the Controlled Entities are for-profit entities.

A statement of compliance with the International Financial Reporting Standards as issued by the International Accounting Standards Board cannot be made due to the Association applying not-for-profit specific requirements contained in the Australian Accounting Standards.

The consolidated financial statements, except for the cash flow information, have been prepared on an accrual basis. The consolidated financial statements have been prepared on the basis of historical cost, except where measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. The accounting policies have been consistently applied and except where there is a change in accounting policy, are consistent with those of the previous year. All amounts are presented in Australian dollars and have been rounded to the nearest dollar.

(b) Fair Value Measurement (“FVM”)

The Reporting Unit measures, where indicated, financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The FVM is based on the presumption the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of this, the most advantageous market for the asset or liability. In estimating the fair value of an asset or a liability, the Reporting Unit takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, with the exception of the investment in Hospitality Employers Mutual Limited which is valued at cost. Trade and other payables have been brought to account also at cost.

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Fair Value Measurement (“FVM”) (Continued)

For financial reporting purposes, FVMs are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the FVMs are observable and the significance of the inputs to the FVM in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Reporting Unit can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(c) Comparative Amounts

When required by Australian Accounting Standards, comparative amounts have been adjusted to conform to changes in presentation for the current financial year.

(d) Application of New Accounting Standards and Interpretations

In the current year, the Reporting Unit has applied a number of amendments to Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatorily effective for an accounting period that begins on or after 1 January 2016, and therefore relevant for the current year end.

(e) Future Australian Accounting Standard Requirements

The Reporting Unit has not adopted any Australian Accounting Standard earlier than the application date. At the date of authorisation of the financial statements, the significant Standards and Interpretations that were issued but not yet effective are as follows:

Standard	Effective for Annual Reporting Periods Beginning on or After	Expected to be Initially Applied in the Financial Year Ending
AASB 9 ‘Financial Instruments’, and the relevant amending standards	1 January 2018	31 December 2018
AASB 15 ‘Revenue from Contracts with Customers’	1 January 2018	31 December 2018

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Basis of Consolidation

The Australian Hotels Association (NSW) ("the Association") is the ultimate parent company. The consolidated financial statements include the financial statements of the Association together with its wholly owned subsidiaries being Australian Hospitality Insurance Services Pty Limited, AHA (NSW) Business Portal Pty Limited, Australian Hotels Association (NSW) Holdings Pty Limited, Hotel Technologies NSW Pty Limited and Hotel Technologies Finance Pty Limited (together referred to as the "Reporting Unit").

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.

All intra group transactions, balances, income and expenses are eliminated in full on consolidation.

(g) Revenue Recognition

Revenue is recognised to the extent that it is probable that the accrued benefits will flow to the Reporting Unit. The following specific recognition criteria also apply before revenue is recognised:

- Subscription revenue from general division members is recognised on a receipt basis and is allocated to the relevant period;
- Dividends are brought to account when received; and
- Other subscription revenue, advertising revenue, commission, interest received and other sundry revenues are recognised on an accrual basis.

(h) Taxation

The Association is exempt from income tax under *Section 50-15 of the Income Tax Assessment Act 2007*; however the Association still has obligations for Fringe Benefits Tax and Goods and Services Tax.

The Controlled Entities are not exempt from income tax.

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Special Note Concerning Basis of Financial Statements

- (i) The financial statements herein are a consolidation of the financial affairs of the following entities:
 - a) The Australian Hotels Association (NSW), an organisation of employers registered under the *Industrial Relations Act 1996 (NSW)* (herein referred to as “the State Organisation”); and
 - b) certain entities which are wholly owned subsidiaries of the State Organisation, as referred to in note 2 (f) hereof.
- (ii) There is also a special relationship between the State Organisation and the Australian Hotels Association, NSW Branch, being a branch of an organisation of employers by the name “Australian Hotels Association” registered under the *Fair Work (Registered Organisations) Act 2009*.
- (iii) The Australian Hotels Association NSW Branch (“the Federal Branch”) is the counterpart branch of the federally registered Australian Hotels Association (“AHA”) to the State Organisation, and the membership and officers of the Federal Branch are the same as the membership and officers of the State Organisation.
- (iv) By reason of arrangements that exist between the State Organisation and the Federal Branch, the Federal Branch does not require its members to pay membership fees to the Federal Branch on condition that any capitation fees, levies, contributions or other amounts required to be paid by the Federal Branch to the National Office of the AHA are paid to that Office by the State Organisation on behalf of the Federal Branch (See Rule 9 of the Rules of the Federal Branch).
- (v) All other assets (including real property) and liabilities including those held by the Controlled Entities referred to in note 2 (f) hereof are assets and liabilities of the State Organisation.
- (vi) As a consequence of the foregoing arrangements the Federal Branch does not currently and has not had in the reporting period any financial activities separate to those of the State Organisation, all such activities of the Federal Branch being encompassed within the financial affairs of the State Organisation as contemplated by *Section 269 of the Fair Work (Registered Organisations) Act 2009*.
- (vii) These financial statements reflect the arrangements between the Federal Branch and the State Organisation as referred to above by way of an explanation at note 15 concerning related party transactions.

AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) 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.

(k) Cash and Cash Equivalents

Cash and cash equivalents in the Consolidated Statement of Financial Position is recognised at its nominal amount and comprises cash on hand and at bank together with short-term deposits with a maturity of six months or less.

(l) Trade and Other Receivables

The collectability of debts is assessed at the reporting date and specific provision is made for any doubtful debts. The policy is to provide for all debtors greater than 90 days.

(m) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost as indicated, less accumulated depreciation.

Strata Units

Strata units are shown at cost less subsequent depreciation. The Association has adopted the cost model of *AASB 116 Property, Plant and Equipment*.

Plant, Equipment and Motor Vehicles

These assets are measured on the cost basis and are therefore carried at cost less accumulated depreciation.

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

- Strata Units – 40 years straight line
- Strata Unit Renovations – 10 to 15 years straight line
- Plant and Equipment – 5 to 15 years straight line
- Motor Vehicles – 4 to 5 years diminishing value

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

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Investments

The Association accounts for its investments in subsidiaries at cost, which in the opinion of the Committee of Management equates to or is less than their fair value.

As outlined in note 12, a Controlled Entity owns 25% of the ordinary share capital of Hospitality Employers Mutual Limited (“HEM”). In the opinion of the Committee of Management, the Controlled Entity does not have any significance influence over HEM and therefore has resolved not to equity account for this investment. The investment is recorded at cost which in the opinion of the Committee of Management is less than its fair value.

(o) 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.

At the reporting date, the Committee of Management does not consider any asset impaired.

(p) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received during the reporting period that remain unpaid at the end of the reporting period.

(q) Interest Bearing Loans and Borrowings

All loans and borrowings are recognised at their principal amount including transaction costs attributable to their issue. The Reporting Unit has no interest bearing loans at the reporting date.

(r) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) 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 Reporting Unit has a present obligation to pay resulting from employees' services provided up to the reporting date.

- Liabilities for short term employee benefits (such as wages, salaries, annual and long service leave) which are expected to be settled within 12 months of the end of the reporting period are measured at their nominal amounts. The provision has been calculated at current wage and salary rates including related on-costs. Sick leave is expensed as incurred.
- Other long term employee benefits which are expected to be settled beyond twelve months are measured as the present value of the estimated future cash out flows to be made in respect of services provided by employees up to the reporting date.
- 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.

(t) Leases

Leases of assets, where substantially all the risks and rewards 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, recognising an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Association will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

The Reporting Unit has no finance or operating leases at the reporting date.

(u) 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 Consolidated Statement of Financial Position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Critical Accounting Estimates and Judgments

The Committee of Management evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Reporting Unit. Estimates and underlying assumptions are reviewed on an ongoing basis.

Key Sources of Estimation Uncertainty

- Useful lives of Property, Plant and Equipment – the Committee of Management reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the current year, the Committee of Management determined that the useful lives of assets do not require amendment.
- Valuation of Strata Units – as outlined in note 11 this asset is carried at cost. The Committee of Management obtained an independent valuation on 8 January 2016 to determine the asset's fair value. The fair value of this asset has not been brought to account in the 2016 financial year. The Committee of Management believes if the Association was able to join the other strata owners and have levels 15 & 16 rezoned to residential usage and the applicable development consents were granted, the fair value in their opinion is significantly higher than the carrying amount.
- Valuation of Investments – as outlined in note 12 these assets are carried at cost. The Committee of Management has determined based on evidence at hand the carrying amount of these assets is below its fair value.
- Provision for Doubtful Debts – The Reporting Unit reviews all trade debtors at each reporting date and makes a specific provision for all debtors greater than 90 days. At the reporting date there was no provision required as no debts were due past 90 days.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) **Financial Instruments**

Financial assets and financial liabilities are recognised when the Reporting Unit becomes a party to the contractual provisions of the instrument.

Financial Assets

They are classified into the following specific categories:

Fair Value Through Profit or Loss (“FVTPL”)

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Reporting Unit manages and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

The Reporting Unit has no financial assets held at FVTPL.

Held-to-Maturity Investments (“HTM”)

Term deposits (as outlined in note 7) and investments (as outlined in note 12) with fixed or determinable payments and fixed maturity dates that the Association or Controlled Entities have the positive intent and ability to hold to maturity are classified as HTM investments. HTM investments are measured at cost.

Available for Sale Investments (“AFS”)

The Reporting Unit has no AFS investments.

Loans and Receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as ‘loans and receivables’. Loans and receivables are measured at amortised cost less any impairment.

Impairment of Financial Assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

The Committee of Management have determined no financial asset is impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Financial Instruments (Continued)

Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'. They are classified into the following specific categories:

Fair Value Through Profit or Loss ("FVTPL")

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Reporting Unit manages and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

The Reporting Unit has no financial liabilities held at FVTPL.

Other Financial Liabilities

Other financial liabilities are measured at amortised cost.

Derivative Financial Instruments

No derivative financial instruments are used by the Reporting Unit.

(y) Going Concern

The Reporting Unit is not reliant on financial support from an entity to continue as a going concern.

AUSTRALIAN HOTELS ASSOCIATION (NSW)
 ABN 64 243 628 807
 AND ITS CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2016

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
3 REVENUE				
Advertising Commissions	682,133	718,696	-	-
Dividend Received	67,800	-	-	-
Gain on Disposal of Non-Current Assets	1,380	-	1,380	-
Interest Income	181,532	182,554	181,532	182,554
Keno Commissions	863,949	799,555	863,949	799,555
Legal Cost Recovery (Copyright Claim)	-	18,101	-	18,101
Membership Activities	2,414,115	2,533,851	3,096,250	3,252,547
Membership Subscriptions	4,338,926	4,426,717	4,338,926	4,426,717
	<u>8,549,835</u>	<u>8,679,474</u>	<u>8,482,037</u>	<u>8,679,474</u>
(a) Capitation Fees included in Membership Subscriptions (*)	<u>151,544</u>	<u>158,524</u>	<u>151,544</u>	<u>158,524</u>
(b) Levies (*)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(c) Grants or Donations (*)				
Grants	-	-	-	-
Donations	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

* - Mandatory disclosure required by the Reporting Guidelines of Fair Work Commission. Item to remain even if Nil.

AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
4 EXPENSES				
(a) Salaries and Wages				
Total Employee Benefits Expense				
Annual Leave	6,955	(9,718)	6,955	(9,718)
Fringe Benefits Tax	18,363	24,000	18,363	24,000
Long Service Leave	56,627	54,010	56,627	54,010
Payroll Tax	130,990	138,750	130,990	138,750
Salary and Wages	2,664,986	2,646,757	2,664,986	2,646,757
Superannuation	264,780	256,679	264,780	256,679
	<u>3,142,701</u>	<u>3,110,478</u>	<u>3,142,701</u>	<u>3,110,478</u>
Breakdown of Salaries and Wages and Superannuation Expenses:				
 Holders of Office (*)				
Salary and Wages	380,000	471,560	380,000	471,560
Superannuation	30,000	30,000	30,000	30,000
	<u>410,000</u>	<u>501,560</u>	<u>410,000</u>	<u>501,560</u>
Employees Other Than Holders of Office (*)				
Salary and Wages	2,284,986	2,175,197	2,284,986	2,175,197
Superannuation	234,780	226,679	234,780	226,679
	<u>2,519,766</u>	<u>2,401,876</u>	<u>2,519,766</u>	<u>2,401,876</u>

* - Mandatory disclosure required by the Reporting Guidelines of Fair Work Commission. Item to remain even if Nil.

AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
4 EXPENSES (Continued)				
(b) Capitation Fees (*)				
Australian Hotels Association (National Office)	151,544	158,524	151,544	158,524
(c) Affiliation Fees (*)				
Australian Hotels Association (National Office)	300	300	300	300
(d) Grants or Donations (*)				
Grants:				
Total paid \$1,000 or less	-	-	-	-
Total paid greater than \$1,000	-	-	-	-
	-	-	-	-
Donations:				
Total paid \$1,000 or less	1,097	18,375	1,097	18,375
Total paid greater than \$1,000	192,741	68,863	192,741	68,863
	193,838	87,238	193,838	87,238
(e) Legal Fees (*)				
Legal Fees	100,245	152,038	100,245	152,038
(f) Other Expenses (*)				
Penalties – via <i>RO Act</i>	-	-	-	-

* - Mandatory disclosure required by the Reporting Guidelines of Fair Work Commission. Item to remain even if Nil.

5 AUDITOR'S REMUNERATION

Amounts received or due and receivable by V J Ryan & Co for:				
Audit of the Financial Statements – Association	42,000	42,000	42,000	42,000
Other Services – Association	5,492	70,295	5,492	70,295
Other Services – Controlled Entities	450	450	-	-
	47,942	112,745	47,492	112,295

6 INCOME TAX EXPENSE

No provision has been made for income tax on the results of the Association as they are exempted from income tax under *Section 50-15 of the Income Tax Assessment Act 1997*.

The Controlled Entities have no taxable income for the 2016 financial year.

AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
11 PROPERTY, PLANT & EQUIPMENT (Continued)				
Reconciliations				
Reconciliations of the carrying amount for each class of property, plant and equipment are set out below:				
<u>Strata Units</u>				
Carrying Amount at Beginning of Year	6,226,343	6,534,417	6,226,343	6,534,417
Depreciation	(308,076)	(308,074)	(308,076)	(308,074)
	<u>5,918,267</u>	<u>6,226,343</u>	<u>5,918,267</u>	<u>6,226,343</u>
<u>Plant & Equipment</u>				
Carrying Amount at Beginning of Year	113,011	194,601	113,011	194,601
Additions	32,741	16,172	32,741	16,172
Depreciation	(92,377)	(97,762)	(92,377)	(97,762)
	<u>53,375</u>	<u>113,011</u>	<u>53,375</u>	<u>113,011</u>
<u>Motor Vehicles</u>				
Carrying Amount at Beginning of Year	101,452	106,103	101,452	106,103
Additions	34,429	66,334	34,429	66,334
Disposals	(8,174)	(44,373)	(8,174)	(44,373)
Depreciation	(23,270)	(26,612)	(23,270)	(26,612)
	<u>104,437</u>	<u>101,452</u>	<u>104,437</u>	<u>101,452</u>

Valuation

The Strata Units of Levels 15 & 16, 131 Macquarie Street, Sydney were independently valued on 8 January 2016. The valuation carried out by Mr Christopher Bateman Registered Valuer number 029855 and Mr Mal Cameron Registered Valuer number 035146 assessed the market value on an individual lot sale basis at \$9,500,000 (ex GST). The valuation has not been reflected in the consolidated financial statements as the Association continues to adopt the cost model of *AASB 116 Property, Plant and Equipment*.

The Committee of Management believes if the Association was able to join the other strata owners and have Levels 15 & 16 rezoned to residential usage and the applicable development consents were granted, the fair value in their opinion is significantly higher than the carrying amount.

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
 ABN 64 243 628 807
 AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2016**

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
12 INVESTMENTS				
NON-CURRENT				
Shares in Hospitality Employers Mutual Limited – At Cost	4,800,000	4,800,000	-	-
Shares in Subsidiary Companies – At Cost	-	-	23	23
	<u>4,800,000</u>	<u>4,800,000</u>	<u>23</u>	<u>23</u>

Australian Hotels Association (NSW) Holdings Pty Limited (“AHA Holdings”) is a wholly owned subsidiary of the Association. Employers Mutual Limited (“EML”) holds 50% of the ordinary share capital of Hospitality Employers Mutual Limited (“HEM”) with the remaining shareholding split equally between AHA Holdings – 25% and Clubs (NSW) – 25%.

In the opinion of the Committee of Management, a prudent valuation accounting policy as indicated in note 2 (n) is to value this investment at cost.

In the opinion of the Committee of Management, AHA Holdings does not have any significant influence over HEM and therefore has resolved not to equity account for this investment. The investment is recorded at cost which in the opinion of the Committee of Management is less than its fair value.

13 TRADE AND OTHER PAYABLES

CURRENT

Payable to Other Reporting Units (*)	-	-	-	-
Trade Creditors and Accruals	518,345	874,413	518,345	874,413
Legal Accrual (*)	-	42,258	-	42,258
GST Payable	288,481	252,239	288,481	252,239
Subscriptions in Advance	2,806,685	2,508,290	2,806,685	2,508,290
Income in Advance	<u>514,497</u>	<u>516,738</u>	<u>514,497</u>	<u>516,738</u>
	<u>4,128,008</u>	<u>4,193,938</u>	<u>4,128,008</u>	<u>4,193,938</u>

* - Mandatory disclosure required by the Reporting Guidelines of Fair Work Commission. Item to remain even if Nil.

AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
14 PROVISIONS				
CURRENT				
Employee Entitlements	<u>526,773</u>	<u>421,883</u>	<u>526,773</u>	<u>421,883</u>
NON-CURRENT				
Employee Entitlements	<u>149,277</u>	<u>144,221</u>	<u>149,277</u>	<u>144,221</u>
Holders of Office (*)				
Annual Leave	28,627	19,779	28,627	19,779
Long Service Leave	<u>56,886</u>	<u>44,564</u>	<u>56,886</u>	<u>44,564</u>
	<u>85,513</u>	<u>64,343</u>	<u>85,513</u>	<u>64,343</u>
Employees Other Than Holders of Office (*)				
Annual Leave	308,893	264,422	308,893	264,422
Long Service Leave	<u>281,644</u>	<u>237,339</u>	<u>281,644</u>	<u>237,339</u>
	<u>590,537</u>	<u>501,761</u>	<u>590,537</u>	<u>501,761</u>

* - Mandatory disclosure required by the Reporting Guidelines of Fair Work Commission. Item to remain even if Nil.

AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

15 RELATED PARTY TRANSACTIONS

Executive Members and Councillors Related Parties

Executive Members and Councillors are officeholders of the Association.

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 (inclusive of GST) together with a reimbursement of actual incidental expenses. Members of the Council are entitled to a reimbursement of actual incidental expenses. Officeholders have provided goods and services to the Association on normal commercial terms and are entitled to the payment of outgoings made on their behalf.

The President, Scott Leach was paid an allowance of \$60,000 in the financial year (2015: \$60,000) by way of compensation for costs incurred.

Other Related Parties

Payment of the sum of \$151,844 (2015: \$158,824) by the Association to the AHA, constituting satisfaction of the obligation of the Federal Branch for the reporting period to the AHA pursuant to Rule 12 of the Rules of the AHA (see also Rule 9 of the Rules of the Federal Branch).

Further payments were made by the Association to the AHA for National Office Costs of \$163,185 (2015: \$138,030).

AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$

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	Rolly De With	Colin Parras	Lynette Humphreys
Kim Maloney	Colin Waller	Phillip Webster	Dan Brady
Des Kennedy	Joanne Blair	Robert Lees	Peter Harris
Tish Nyar	Peter Tudehope		

Dan Brady and Colin Parras were replaced by Robert Lees and Peter Harris respectively. Tish Nyar and Peter Tudehope filled the vacant accommodation positions.

Transactions with Key Management Personnel

The key management personnel compensation included in employee benefits expense was:

Short Term Employee Benefits

Salary and Wages	380,000	471,560	380,000	471,560
Superannuation	30,000	30,000	30,000	30,000
	<u>410,000</u>	<u>501,560</u>	<u>410,000</u>	<u>501,560</u>

The following key management personnel were officeholders in the Association's subsidiary companies referred to in note 2 (f); Scott Leach, Lynette Humphreys, Colin Waller, Kim Maloney and the Chief Executive Officer. No remuneration was received for the holding of an office in a subsidiary company.

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
 ABN 64 243 628 807
 AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2016**

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
17 RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO PROFIT / (LOSS) AFTER INCOME TAX				
Profit / (Loss) for the Year	802,690	(887,962)	734,892	(887,962)
<i>Non-Cash Flows and Non-Operating Items in Operating Profit:</i>				
Depreciation	423,704	432,448	423,704	432,448
(Profit) / Loss on Disposal of Non-Current Assets	(1,380)	9,191	(1,380)	9,191
<i>Changes in Assets and Liabilities:</i>				
Decrease / (Increase) in Receivables	158,175	(274,548)	225,974	(274,548)
Decrease in Inventory	-	3,483	-	3,483
Decrease in Other Assets	22,560	204,183	22,559	204,185
(Decrease) / Increase in Payables and Income in Advance	(65,930)	360,159	(65,930)	360,159
Increase in Provisions	109,946	47,413	109,946	47,413
NET CASH PROVIDED / (USED IN) BY OPERATING ACTIVITIES	<u>1,449,765</u>	<u>(105,633)</u>	<u>1,449,765</u>	<u>(105,631)</u>

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$

18 FINANCIAL INSTRUMENTS

Capital Management

The Association and its Controlled Entities manage its capital to ensure it is able to continue as going concerns. The capital structure consists of cash and bank balances, investments and equity (comprising retained earnings). The Reporting Unit is not subject to any externally imposed capital requirements.

Categories of Financial Instruments

Financial Assets:

Held to Maturity Investments	11,300,000	9,800,000	6,500,023	5,000,023
Loans and Receivables	619,044	777,220	3,704,711	3,930,686
	<u>11,919,044</u>	<u>10,577,220</u>	<u>10,204,734</u>	<u>8,930,709</u>

Financial Liabilities:

Trade and Other Payables	<u>4,128,008</u>	<u>4,193,938</u>	<u>4,128,008</u>	<u>4,193,938</u>
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Market Risk

Market risk includes interest rate risk. The Association has limited exposure to interest rate risk on its fixed and variable rate financial instruments. Term deposits have maturity dates between one and four months after reporting date. The Reporting Unit has no exposure to currency risk.

Credit Risk

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

Cash at Bank and Term Deposits (excluding Petty Cash)	8,272,009	6,879,841	8,272,009	6,879,841
Receivables	619,044	777,220	3,704,712	3,930,686
Investments	4,800,000	4,800,000	23	23
	<u>13,691,053</u>	<u>12,457,061</u>	<u>11,976,744</u>	<u>10,810,550</u>

Cash at bank and term deposits are held with St. George Bank and the Committee of Management has therefore limited any credit risk.

The Reporting Unit considers trade receivable recoverable in full and no provision is required.

The Association has a debt owing from a Controlled Entity which is recoverable and this amount is eliminated on consolidation.

Investments in subsidiaries are carried at cost which in the opinion of the Committee of Management equates to or is less than their fair value.

In the opinion of the Committee of Management, AHA Holdings does not have any significance influence over HEM and therefore has resolved not to equity account for this investment. The investment is recorded at cost which in the opinion of the Committee of Management is below its fair value which is based on audited accounts for HEM for the year ended 30 June 2016.

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

18 FINANCIAL INSTRUMENTS (Continued)

Liquidity Risk

The Reporting Unit has no external bank borrowings. Its short term liabilities are represented by trade and other payables as outlined in note 13. The Reporting Unit has the ability to pay all its short term debts as they fall due.

19 NOTICE PURSUANT TO SECTION 272 FAIR WORK (REGISTERED ORGANISATION) ACT 2009 ("RO ACT")

In accordance with the requirements of the *RO Act*, the attention of members is drawn to the provisions of *Subsections (1) to (3) of Section 272*, which reads as follows:

"Information to be provided to members or General Manager of the Fair Work Commission:

1. A member of a reporting unit, or the General Manager, 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.
2. 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.
3. A Reporting Unit must comply with an application made under *Subsection (1)*."

20 EVENTS SUBSEQUENT TO REPORTING PERIOD

No matters or circumstances have arisen since 31 December 2016 that have significantly affected or may significantly affect in subsequent financial years:

1. The operations of the Reporting Unit;
2. The results of those operations; or
3. The state of affairs of the Reporting Unit.

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES**

OPERATING REPORT

The Committee of Management presents its report on the Australian Hotels Association (NSW) ("the Association") and its Controlled Entities (together referred to as the 'Reporting Unit') for the financial year ended 31 December 2016.

Principal Activities

The nature of the operations of the Association is that of an Industrial Association comprising and representing members of the hotel industry.

The consolidated net profit increased by \$1,690,652 to a net profit of \$802,690. This was due to:

- Receiving a dividend of \$67,800 from Hospitality Employers Mutual Limited (2015: nil); and
- Incurring minimal costs relating to the Hotel Advertising Campaign (2015: \$1,708,090).

Resignation from Membership

Under *Section 174 of the Fair Work (Registered Organisations) Act 2009*, a member may resign from membership by written notice addressed and delivered to a person designated for the purpose in the rules of the Association.

Committee of Management

No member of the Committee of Management is a) a trustee of a superannuation entity or exempt public sector superannuation scheme or b) a director of a company that is trustee of a superannuation entity or exempt public sector superannuation scheme.

Members

The number of members of the Association at 31 December 2016 was 1,774.

Number of employees

At 31 December 2016, the Association had 24 full time equivalent employees.

Names of Committee of Management

The names of the Committee of Management are disclosed in note 16.

Signed on behalf of the Committee of Management


Scott Leach
Member of Committee


Colin Waller
Member of Committee

Dated at Sydney: 21.02.17

AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES

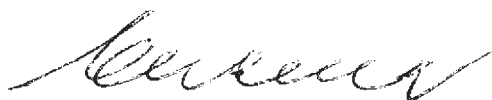
CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

I, Colin Waller, being the Accounting Officer of the Australian Hotels Association (NSW) (“the Association”) and its Controlled Entities (together referred to as the “Reporting Unit”) certify:

- a) the documents lodged herewith are copies of the full report for the Reporting Unit for the period ended 31 December 2016 referred to in *Section 268 of the Fair Work (Registered Organisations) Act 2009*;
- b) the full report was presented to a meeting of the Committee of Management of the Reporting Unit on 21 February 2017 in accordance with *Section 266 of the Fair Work (Registered Organisations) Act 2009*; and
- c) the full report will be provided to members of the Reporting Unit on 4 April 2017.

I also certify:

- a) the number of members of the Association at 31 December 2016 was 1,774;
- b) The accompanying consolidated financial statements show a true and fair view of the financial affairs of the Reporting Unit at 31 December 2016;
- c) 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;
- d) 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;
- e) 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;
- f) 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
- g) The register of members of the Association was maintained in accordance with the Regulations under the *Industrial Relations Act 1996 (NSW)*.



Colin Waller
Accounting Officer

Dated at Sydney:

21st February 2017

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES**

COMMITTEE OF MANAGEMENT STATEMENT

On 21 February 2017, the Committee of Management of the Australian Hotels Association (NSW) (“the Association”) and its Controlled Entities (together referred to as the “Reporting Unit”) passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 31 December 2016:

The Committee of Management declares that in its opinion:

- a) the financial statements and notes comply with the Australian Accounting Standards;
- b) the financial statements and notes comply with the reporting guidelines of the General Manager;
- c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Reporting Unit for the financial year to which they relate;
- 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 to which the GPFR relates and since the end of that year:
 - meetings of the Committee of Management were held in accordance with the rules of the Association including the rules of a Branch concerned; and
 - the financial affairs of the Reporting Unit have been managed in accordance with the rules of the Association including the rules of a Branch concerned; and
 - the financial records of the Reporting Unit have been kept and maintained in accordance with the *Fair Work (Registered Organisations) Act 2009* (“RO Act”); and
 - where the Association consists of two or more Reporting Units, the financial records of the Reporting Unit have been kept, as far as practicable, in a consistent manner with each of the other Reporting Units of the Association; and
 - where information has been sought in any request by a member of the Reporting Unit or the General Manager duly made under *Section 272 of the RO Act* has been provided to the member or the General Manager; and
 - where any order for inspection of financial records has been made by the Fair Work Commission under *Section 273 of the RO Act*, there has been compliance.
- f) the Reporting Unit has not derived revenue from undertaking recovery of wages activity during the reporting period; or
- g) where the Reporting Unit has derived revenue from undertaking recovery of wages activity:
 - the financial report on recovery of wages activity has been fairly and accurately prepared in accordance with the requirements of the reporting guidelines of the General Manager; and
 - the Committee of Management instructed the Auditor to include in the scope of the audit required under *Subsection 257(1) of the RO Act* all recovery of wages activity by the Reporting Unit from which revenues had been derived for the financial year in respect of such activity; and

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES**

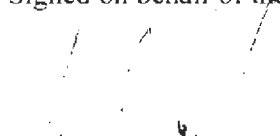
COMMITTEE OF MANAGEMENT STATEMENT (CONTINUED)

- no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from monies recovered from employers on behalf of workers other than reported in the financial report on recovery of wages activity and the notes to the financial statements; and
- that prior to engaging in any recovery of wages activity, the Association has disclosed to members by way of a written policy all fees to be charged or reimbursement of expenses required for recovery of wages activity, and any likely request for donations or other contributions in acting for a worker in recovery of wages activity; and
- no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from monies recovered from employers on behalf of workers until distributions of recovered money were made to the workers.

We also certify:

- a) Meetings of the Committee of Management were held in accordance with the Rules of the Association;
- b) During the financial year to which the consolidated 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; and
- c) 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 preceding the financial year to which these consolidated 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)*.

Signed on behalf of the Committee of Management


Scott Leach
Member of Committee


Colin Waller
Member of Committee

Dated at Sydney: 21.2.17

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES**

Opinion

We have audited the consolidated financial report of the Australian Hotels Association (NSW) ("the Association") and its Controlled Entities (together referred to as the "Reporting Unit") for the financial year ended 31 December 2016, consisting of the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity, Recovery of Wages Activity, Notes to the Consolidated Financial Statements, Operating Report, Certificate by Prescribed Accounting Officer and the Committee of Management Statement.

In our opinion, the accompanying financial report of the Reporting Unit:

- (a) (i) satisfactory accounting records were kept by the Reporting Unit 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 Reporting Unit; and
- (ii) the consolidated financial report is in accordance with Australian Accounting Standards and the provisions of the *Fair Work (Registered Organisations) Act 2009* and the *Industrial Relations Act 1996 (NSW)*, so as to give a true and fair view of:-
 - a) the state of affairs of the Reporting Unit as at 31 December 2016; and
 - b) the performance of the Reporting Unit for the year ended on that date; and
- (b) 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.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Association in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES (CONTINUED)**

Information Other than the Financial Report and Auditor's Report Thereon

The Committee of Management ("the Committee") is responsible for the other information. The other information comprises the information included in the Association's annual report for the year ended 31 December 2016, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

The Financial Report and Committee of Management Responsibility

The Committee is responsible for the preparation and true and fair presentation of the consolidated financial report in accordance with Australian Accounting Standards, the *Fair Work (Registered Organisations) Act 2009* and the *Industrial Relations Act 1996 (NSW)* and for such internal control as the Committee determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Committee is responsible for assessing the Reporting Unit's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee either intends to liquidate the Reporting Unit or to cease operations, or have no realistic alternative but to do so.

The Committee is responsible for overseeing the Reporting Unit's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES (CONTINUED)**

Auditor's Responsibilities for the Audit of the Financial Report (Continued)

- Obtain an understanding of internal control relevant to the audit 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 Reporting Unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee.
- Conclude on the appropriateness of the Committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Reporting Unit to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with the Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

V J Ryan & Co.

V J RYAN & CO
Chartered Accountants

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

P G Crawford

Peter Gerard Crawford
Partner


Dated at Sydney: *21.2.2017*

V·J·RYAN
& CO
CHARTERED ACCOUNTANTS
A.B.N. 55 704 784 107

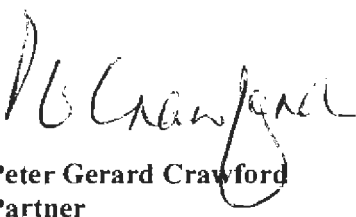
**COMPILATION REPORT TO THE MEMBERS OF
AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES**

The additional financial data presented on pages 36 and 37 is in accordance with the books and records of the Australian Hotels Association (NSW) ("the Association") and its Controlled Entities ("the Reporting Unit") which have been subjected to the auditing procedures applied in our audit for the financial year ended 31 December 2016. 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 Reporting Unit) 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: 21.2.2017

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES**

**PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Consolidation	
	2016	2015
	\$	\$
INCOME		
Advertising Commissions	682,133	718,696
Dividend Received	67,800	-
Interest Income	181,532	182,554
Keno Commission	863,949	799,555
Legal Cost Recovery (Copyright Claim)	-	18,101
Membership Activities	2,414,115	2,533,851
Membership Subscriptions	4,338,926	4,426,717
Profit on Disposal of Non-Current Assets	1,380	-
	<u>8,549,835</u>	<u>8,679,474</u>
EXPENDITURE		
Accommodation Division	404,910	376,856
Accounting and Consulting Fees	9,631	23,175
Administration	2,980	1,017
Advertising and Staff Hire	1,379	2,327
Annual Leave	6,955	(9,718)
Annual Report	1,535	18,269
Auditor's Remuneration	42,000	42,000
Bank and Credit Card Charges	22,386	23,999
Capitation and Affiliation Fees	151,844	158,824
Cleaning and Laundry	61,821	56,535
Computer and Development Costs	90,140	92,346
Delegates	228,494	155,257
Depreciation	423,704	432,448
Donations	193,838	87,238
Electricity	44,685	42,755
Executive Administration	394,818	396,686
Executive and Committee of Management	115,689	93,612
Flowers and Plant Hire	8,957	8,369
Fringe Benefits Tax	18,363	24,000
Gaming Department (Including CMS Joint Venture)	152,044	512,761
Hotel Advertising Campaign	54,446	1,708,090
Hotel News	214,226	307,463
Industrial and Membership	160,448	145,892
Industry Development	57,716	6,945
Insurance	66,401	70,817
Legal Fees	100,245	152,038
Liquor, Policing & Research	31,614	21,982
Long Service Leave	56,627	54,010
Loss on Disposal of Non-Current Assets	-	9,191
Marketing	859,221	870,052

This statement has not been audited.

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES**

**PROFIT AND LOSS STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Consolidation	
	2016	2015
	\$	\$
EXPENDITURE (Continued)		
Membership	151,574	157,007
National Executive and Board Meetings	17,391	17,138
National Office Costs	163,185	138,030
Parking Levy	35,388	39,392
Payroll Preparation	4,444	4,446
Payroll Tax	130,990	138,750
President's Allowance	60,000	60,000
Printing and Stationery	5,661	6,128
Provision for Doubtful Debts Movement	-	(63,152)
Public Relations	63,264	54,728
Rates, Taxes and Strata Levies	73,342	68,625
Regional Meetings	18,199	18,554
Repairs and Maintenance	54,304	51,275
Salaries and Wages	2,664,987	2,646,757
Security	365	365
Sponsorship	10,000	600
Staff Amenities	9,507	14,317
Sundry	1,556	4,212
Superannuation	264,780	256,679
Telephone	25,955	35,433
Training Department	12,349	30,282
Travel	2,787	2,634
	<u>7,747,145</u>	<u>9,567,436</u>
Profit / (Loss) for the Year	<u>802,690</u>	<u>(887,962)</u>

This statement has not been audited.



**AUSTRALIAN HOTELS ASSOCIATION
NSW BRANCH
(ABN 64 243 628 807)**

OPERATING REPORT

This operating report covers the results of those activities that were provided for the financial year which ended on 31 December 2016.

1. Principal activities of the Branch

(a) The Branch operates as the New South Wales Branch of the Australian Hotels Association, an organisation of employers registered under the *Fair Work (Registered Organisations) Act 2009* (Cth).

(b) The Branch works closely with the Australian Hotels Association NSW, an organisation of employers registered under the *Industrial Relations Act 1996* (NSW) which is the state registered counterpart of the Branch ("the State Organisation").

(c) The officers of the Branch are also the officers of the State Organisation pursuant to Section 239 of the *Industrial Relations Act 1996* (NSW) and Rule 32A of the Rules of the State Organisation.

(d) The principal activities of the Branch, as conducted through the Council and the Executive Committee of the Branch 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. Specific examples include:
 - Representation of members interest in the Fair Work Commission's four year review of modern awards and award matters generally;
 - Representation of members interests in the Annual Wage Review;
 - Representation of members interests to Local Government Authorities relating to the gazetting of local public holidays;
 - Representation of members before the Fair Work Commission in a variety of matters including: collective bargaining, unfair dismissals and general protections applications;
 - Representation of members in industrial matters before other courts and tribunals;
 - Provision of online tools housing fact sheets, wage rates, template contracts of employment and template policy and procedure documents; and



- Delivery of onsite and online seminars relating to compliance with federal workplace laws and relevant state legislation.
- Media and Communications to members and to the broader community via media releases in support of campaigns and targeted publications including national & state magazines. Examples of specific activities include:
 - Liaising with members on a daily basis concerning local and state media;
 - crisis management for members where media is involved; and
 - Liaising with media on a daily basis.
- Provision of information to members providing up to date material relevant to eligible venues including:
 - Changes in State and Federal legislation;
 - Work health and safety alerts; and
 - Licensing legislation.

(e) There have been no significant changes in the principle activities of the Branch in the financial year ending 31 December 2016.

2. Financial activities of the Branch

There were no financial activities of the Branch for the financial year which on ended on 31 December 2016.

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

N/A

5. Number of members recorded on the register of members

The number of members recorded on the register of members as at 31 December 2016 was 1774.

6. Number of employees

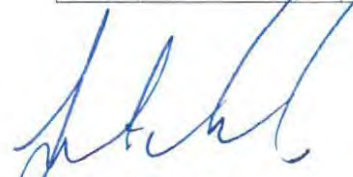
The Branch did not have any employees in the reporting period. By arrangement with the State Organisation employees of the State Organisation provide services to the Branch in respect of its operations and activity as required from time to time.

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



For the period of 1 January 2016 to 31 December 2016 the Branch's Committee of Management comprised of the following persons:

Name	Position	Period
Scott Leach	President	1 January 2016 to 31 December 2016
Lynette Humphreys	Senior Vice-President (General Division)	1 January 2016 to 31 December 2016
Peter Tudehope	Senior Vice-President (Accommodation Division)	12 April 2016 to 31 December 2016
Kim Maloney	Vice President	1 January 2016 to 31 December 2016
Colin Waller	Secretary/Treasurer	1 January 2016 to 31 December 2016
Tish Nyar	Member representing the Accommodation Division	12 April 2016 to 31 December 2016
Desmond Kennedy	Country Member representing the General Division	1 January 2016 to 31 December 2016
Rolly De With	Country Member representing the General Division	1 January 2016 to 31 December 2016
Joanne Blair	Country Member representing the General Division	1 January 2016 to 31 December 2016
Colin Parras	Metropolitan Member representing the General Division	1 January 2016 to 12 April 2016
Daniel Brady	Metropolitan Member representing the General Division	1 January 2016 to 12 April 2016
Phillip Webster	Metropolitan Member representing the General Division	1 January 2016 to 31 December 2016
Peter Harris	Metropolitan Member representing the General Division	12 April 2016 to 31 December 2016
Robert Lees	Metropolitan Member representing the General Division	12 April 2016 to 31 December 2016


**SCOTT LEACH
PRESIDENT**

21 February 2017

"C"

AHA
NSW

AUSTRALIAN HOTELS
ASSOCIATION
NEW SOUTH WALES

ANNUAL REPORT 2016

WINNERS 2016

AHA
NSW
Awards
FOR EXCELLENCE
2016

BEST TRADITIONAL HOTEL BAR

WINNER: Union Hotel North Sydney

BEST COCKTAIL/LOUNGE BAR

WINNER: Henry Deane, Hotel Palisade Sydney

BEST SPECIALITY/EMERGING BAR

JOINT WINNERS: Bar Florian Port Macquarie
Huxley's Caringbah

BEST DRAUGHT BEER QUALITY

WINNER: The Oaks Neutral Bay

BEST INNOVATIVE WINE LIST

WINNER: The Dolphin Hotel Surry Hills

BEST RETAIL LIQUOR OUTLET

WINNER: Harrigans Irish Pub & Accommodation Pokolbin

BEST FAMILY FRIENDLY HOTEL

WINNER: Moonee Beach Tavern Moonee Beach

BEST OUTDOOR EXPERIENCE

WINNER: Koorungal Hotel Wagga Wagga
Highly Commended
Kingscliff Beach Hotel Kingscliff

BEST ROOFTOP BAR

WINNER: The Glenmore The Rocks

BEST INNOVATIVE REFURBISHMENT

WINNER: Rose of Australia Erskineville
Highly Commended
Sydney Junction Hotel Hamilton

BEST NEW/REDEVELOPED HOTEL - COUNTRY

JOINT WINNERS: Gregory Hills Hotel Gregory Hills, Narellan Hotel Narellan

BEST NEW/REDEVELOPED HOTEL - CITY

WINNER: Crows Nest Hotel Crows Nest
HEART OF THE COMMUNITY AWARD
WINNER: The George Tavern Green Hills

BEST PROMOTIONAL CONCEPT

WINNER: The Morrisons Bar & Oyster Room Sydney

BEST SOCIAL MEDIA ACTIVITY

WINNER: Watsons Bay Boutique Hotel Watsons Bay

BEST RESTAURANT - COUNTRY

WINNER: Graze At The Willow Tree Inn Willow Tree
Highly Commended
Sprout Dining, The Crown and Anchor Hotel Newcastle

BEST RESTAURANT - CITY

WINNER: Charing Cross Hotel Waverley

BEST FINE DINING (MAJORITY OF MAINS \$35+)

WINNER: Bistro Moncur, Woollahra Hotel Woollahra

BEST CASUAL DINING VENUE

COUNTRY - NORTHERN
WINNER: Syndey Junction Hotel Hamilton

Highly Commended
The Lucky Hotel Newcastle

COUNTRY - SOUTHERN

WINNER: Coniston Hotel Coniston

COUNTRY - WESTERN

WINNER: Oriental Hotel Mudgee

CITY - CBD

WINNER: Cruise Bar Circular Quay

CITY - EASTERN

WINNER: The Sheaf Double Bay

CITY - SOUTHERN

WINNER: Taren Point Hotel Taren Point
Highly Commended
Ugly Pizza Caringbah

CITY - WESTERN

JOINT WINNERS: Rose of Australia Erskineville, Town Hall Hotel Balmain

CITY - NORTHERN

WINNER: Hunters Hill Hotel Hunters Hill

BEST STEAK VENUE

WINNER: The Sackville Hotel Rozelle

BEST BURGER VENUE

WINNER: Bayview Hotel Gladesville
Highly Commended
Goodtime Burgers, The Eastern Bondi Junction

BEST CHEAP EAT MEAL UNDER \$15

WINNER: Village Green Hotel Grafton

BEST LIVE MUSIC

WINNER: Hotel Steyne Manly

BEST NIGHTCLUB/NIGHTLIFE VENUE

WINNER: Proud Mary's, The Sunken Monkey Hotel Erina

BEST SPORTS BAR

WINNER: Agincourt Hotel Haymarket
Highly Commended
Northies Hotel Cronulla

BEST GAMING VENUE - COUNTRY

WINNER: Gregory Hills Hotel Gregory Hills

BEST GAMING VENUE - CITY

WINNER: El Cortez Hotel Canley Heights

BEST PUB TAB - COUNTRY

WINNER: Central Hotel Shellharbour

BEST PUB TAB - CITY

WINNER: Blue Cattle Dog Hotel St Clair
Highly Commended
Hunters Hill Hotel Hunters Hill for Business

BEST KENO VENUE

WINNER: Central Hotel Shellharbour

BEST PUB STYLE ACCOMMODATION

TRADITIONAL/STANDARD EXPERIENCE

WINNER: Prince of Wales Hotel Gulgong

DELUXE OVERNIGHT EXPERIENCE

WINNER: Caves Beachside Hotel Caves Beach

INDUSTRY RISING STAR

WINNER: Matt Clifton, Donnys Manly

BARTENDER OF THE YEAR

WINNER: Kurtis Bosley, Woollahra Hotel Woollahra

CHEF OF THE YEAR - COUNTRY

WINNER: Cheryl Pavey, Town Green Inn Port Macquarie

CHEF OF THE YEAR - CITY

WINNER: Sam Bennett, Cricketers Arms Hotel Balmain

SINGLE HOTEL OPERATOR OF THE YEAR

WINNER: Oriental Hotel, Mudgee Des Kennedy

GROUP HOTEL OPERATOR OF THE YEAR

WINNER: Public House Management Group

HOTEL OF THE YEAR - COUNTRY

WINNER: The Sunken Monkey Hotel Erina

HOTEL OF THE YEAR - CITY

WINNER: Watson's Bay Boutique Hotel Watsons Bay

ANNUAL REPORT 2016

CONTENTS

- 5 From the President
- 6 From the Chief Executive Officer
- 8 From the Secretary Treasurer
- 9 Financial Report for the year ended 31 December 2016

AHA NSW EXECUTIVE MEMBERS 2016

As at 1 December 2016

PRESIDENT

Scott Leach

SENIOR VICE-PRESIDENT (GENERAL)

Lynette Humphreys

SENIOR VICE-PRESIDENT (ACCOMMODATION)

Peter Tudehope

VICE-PRESIDENT

Kim Maloney

SECRETARY/TREASURER

Colin Waller

ACCOMMODATION REP

Tish Nyar

GENERAL DIVISION REP (COUNTRY)

Joanne Blair

Desmond Kennedy

Rolly De With

GENERAL DIVISION REP (METRO)

Robert Lees

Peter Harris

Phillip Webster

AHA NSW STATE COUNCIL 2016

As at 1 December 2016

METROPOLITAN:

Bankstown - Vacant
Blacktown & District - Danielle Maree Hilton
Central Coast - Peter Robert Harris
City Central - John Franks
City Central - Kim Maloney
City Central - John Lucas
East Central - Carolyn Kelly
East Central - Chris Thomas
Eastern Suburbs - Vacant
Eastern Suburbs - Robert Ellis Lees
Fairfield - Liverpool - Phillip Webster
Leichhardt - Glebe - William Gregory Bliss Ryan
Leichhardt - Glebe - Paul McGirr
Manly - Warringah - Sean King
Near West & Blue Mtns - Colin Parras
Near West & Blue Mtns - Glendon John Stanford
Newtown - Craig Allan Coote
Newtown - Scott Leach
North Sydney - Peter Calligeros
Northern Suburbs - Vacant
Parramatta - Ross Colosimo
South Sydney - Trevor Walker
South Sydney - David John Coppleson
St George / Sutherland - Lynette Humphreys
Western Suburbs - Patrick Gallagher

COUNTRY:

Albury & District - Daniel William Burke
Barrier - Dean Trengove
Canobolas - Philip Tudor
Castlereagh/Barwon - Erik Valdis Ozols
Chifley - Andrew Rendall
Clarence River - Gordon Leslie Masters
Far North Coast - Gavin Brown
Far South Coast - David Creary
Goulburn & District - Patrick Burke
Hastings/Manning - Adam Nixon
Illawarra - Michael Thomas Dennis
Lachlan - James Robert Clyburn
Macarthur/Sthn Highlands - Thomas A Porter
Mid North Coast - Timothy Smith
Mudgee - Des Kennedy
Murray - Peter John Pretscherer
New England - Todd Kelsall
Newcastle - Gabrielle Mary McCabe
Newcastle - Rolly De With
Newcastle - Michael John Starkey
Orana - Joanne Blair
Outback - Daniel McGirr
Riverina - Jason Torresan
Snowy Mtns - Virginia Merle Webster
South Coast - Colin Waller
South West Slopes - Garry Cummins
Tamworth & District - Rob Broomham
Upper Hunter Valley - Greg Smith
Wagga & District - John McRedmond
Wagga & District - David Scott Barnhill Jnr

ACCOMMODATION:

Tish Nyar
Peter Tudehope

PRINCIPAL



DIAMOND



Proud Partner of AHA NSW for over 20 Years



PLATINUM



GOLD



SILVER



BRONZE



THE YEAR IN REVIEW

SCOTT LEACH, AHA NSW PRESIDENT

For those members with enough time on their hands to read the annual report every year it will come as no surprise the last 12 months has seen politics turn on its head in NSW.

When annual report time comes around I am constantly talking of political change and this year is no different - in fact the last three months have seen a seismic change on the political scene in NSW.

Vanished from the scene is Premier Mike Baird – once the most popular premier in the nation – and NSW has a new leader in Gladys Berejiklian. The state's first female Liberal Premier heads a Cabinet with several new faces. Many portfolios have also switched hands – I congratulate our new Minister Paul Toole and look forward to working with him in coming months on issues relating to our industry. I also offer my congratulations to the new Premier and the new Deputy Premier John Barilaro.

There have been some major victories for the industry over recent months.

The long-awaited Three Strikes reform, taking strikes off the "bricks and mortar" of venues and placing them on individuals, is one of the most important reforms in recent years – bringing certainty back to business. The reversion of takeaway alcohol sales to 11.00pm across NSW and small steps forward in loosening the lockout by half an hour for approved live entertainment venues in Sydney CBD and Kings Cross are also important. On the Federal level we have recently seen a move on Sunday and public holiday penalty rates that, while it may not have delivered everything we wanted, is an important first step in the right direction by the Fair Work Commission.

There is no doubt these decisions have come during extremely volatile times politically.

About 30% of people now prefer to vote for anyone but the two major parties at the federal level.

And the story is not much different at the state level.

Adapting to change right across the spectrum is what the Association does best.

And with politics in a state of flux at many levels there has never been a more important time for the industry to have a united professional body ready to present its case.

Recently we saw the Barnett Government wiped out in Western Australia and in the next 12 months alone we will see elections in Queensland, South Australia and Tasmania – the following year it will be the turn of NSW and another Federal election.

It is an important time for hoteliers to remember that what unites us is much stronger than any perceived differences that can divide us.

Decisions, as I have mentioned before, are made by those who turn up.



Our industry battles the ever constant growth of regulation and compliance. Hotel operators can be frustrated by the overwhelming, un-coordinated approach of ever increasing numbers of local, state and federal agencies. It sometimes appears no aspect of our business is without the scrutiny of someone, often driven by methodology or philosophy rather than an appetite for a common-sense outcome.

Now, perhaps more than at any other time in our recent history, it is imperative that industry speaks with one voice to ensure fairness, justice and common sense prevails.

Hoteliers are remarkable people capable of extraordinary things. They are not to be under-estimated. They are to be respected for their drive and determination in business, compassion for their communities and wisdom in human endeavour.

We are an Association that is proud of our members and the way in which these businesses are interwoven into local communities.

People don't often stop to say what a good job publicans' are doing for their communities. Despite sometimes drowning in red tape and changing regulation they have resilience, determination and the ability to stay positive – and above all adapt.

The last 12 months have again shown what the industry can do when we put our mind to it. The Hotels Have Hearts event in Sydney raised about \$619,000 for the homeless at their gala dinner in May 2016 – a new record for this bi-annual event which has done so much for so many. Down in the Illawarra the local Hotels Have Hearts raised a record-breaking \$160,000 for two special needs schools in October 2016. And the list goes on right across NSW to the tune of \$25 million raised annually for our communities.

Every day – in so many ways – hotels are working to make their communities better places.

Finally, I would like to take this opportunity to thank the AHA NSW Chief Executive Officer John Whelan and his team for their support through the year, in particular my Executive Assistant Jessica Hannaford for her efforts.

I would also like to thank all members for their advice and encouragement throughout the year, in particular the members of the Executive. I would also like to pay tribute to my wife Clare and mother and business partner Elissa – thank you both for your support.

I look forward to working with you all in the coming year.

THE YEAR IN REVIEW

JOHN WHELAN, AHA NSW CEO

The last year has seen a huge shift at the highest levels of politics here in NSW, with the last months of 2016 and the first weeks of 2017 bringing us a new Premier in Gladys Berejiklian, a new Deputy Premier in John Barilaro, a new Treasurer in Dominic Perrottet and a new Minister in Bathurst MP Paul Toole.

The coming year is sure to be a pivotal one for both the new Premier and the NSW Opposition leader Luke Foley as they prepare their teams for the next state election in March 2019.

It will also be another important year for AHA NSW as we continue to deliver for our members across a range of areas including liquor and policing, media and communications, membership, gaming, legal and industrial affairs, Tourism Accommodation Australia and partnership and events.

LIQUOR AND POLICING

The last days of the Baird Government finally saw the welcome delivery of liquor reform for our industry. The move followed recommendations from last year's lengthy review by retired High Court judge the Hon. Ian Callinan, QC into the Government's own 2014 liquor law changes.

The Government has taken action to make the legislation fairer in key areas. In particular, taking Three Strikes off the "bricks and mortar" of premises and placing them on individuals was a major step forward. It will have a positive impact – giving financial institutions certainty and putting hotels on a level playing field with clubs for the first time - whilst retaining safeguards. It's a common-sense step that has been a long time coming.

The reversion of alcohol takeaway sales back to 11.00pm was another step in the right direction – this move has been welcomed by members, particularly those in regional NSW. In addition, changes to the Additional Sanctions Scheme for selling alcohol to minors were positive, giving decision making power to the Independent Liquor and Gaming Authority (ILGA).

The reforms have also seen an extra half hour added to trading for venues providing live entertainment in the lockout zones in Kings Cross and the Sydney CBD. The lockout has been pushed back from 1.30am to 2.00am for approved live music venues, with last drinks in those venues now at 3.30am – another step in the right direction.

We look forward in coming months to the liquor reform legislation passing Parliament and helping restore a level of certainty to our industry.

2016 was a big year in the liquor licensing space - changes to the regulatory framework early in the year saw the office of Liquor,



Gaming and Racing and Independent Liquor and Gaming Authority staff merged into one entity – Liquor and Gaming NSW.

The last year also saw the Association participate in a range of State Government reviews including Small Bars, Identification Scanning in Kings Cross, multiple reviews of the Three Strikes legislation and, most notably, the afore-mentioned Callinan Review.

Importantly, AHA NSW also continues to be involved in policing, working and advisory groups including Robbery and Serious Crime and the Business Advisory Group on Places of Mass Gatherings – for the ANZ Counter Terrorism Committee.

SMOKING

In September, the Government re-made the Smoke Free Environment Regulation 2016, a largely unchanged version of the previous regulation, which defines outdoor and unenclosed spaces where smoking is permitted (the 75% v 25% rule), as well as details on pedestrian access points and enforcement powers.

Following six months of stakeholder engagement by consultants engaged by NSW Health, the Regulatory Impact Statement prepared by the consultancy recommended the status quo remain, providing further clarity for business.

MEDIA AND COMMUNICATIONS

The Association's media and communications team have spent the past year assisting members with a range of media issues and enquiries right across Sydney and regional NSW.

The record-breaking 2016 Awards for Excellence again proved a major success with media outlets with dozens of stories appearing in publications across NSW featuring finalists and winners from the industry's night of nights.

The "new look" Hotel News was launched in March 2016 to an overwhelmingly positive reaction from members with a complete new look for the industry staple.

MEMBERSHIP

On the membership front, during 2016 AHA NSW held 46 Sub-Branch meetings across the state. At several of these meetings throughout the year members were briefed by senior AHA NSW staff and executive members – including myself and AHA NSW President Scott Leach.

During the year we also held a number of events for members, including local race days, charity golf days and other events.

We look forward to continuing our support for these events in conjunction with the local AHA NSW sub-branches over the next 12 months.

The Association continues to provide members with the online multi venue self-exclusion (MVSE). The feature of the system is that it covers both hotels and clubs - an Australian first.

LEGAL AND INDUSTRIAL AFFAIRS

The Association's Legal and Industrial Affairs Team dedicated much of 2016 to representing the industry before the Fair Work Commission as part of the Review of Modern Awards.

The recent decision regarding penalty rates was a step in the right direction and I was particularly pleased with the Commission's assessment of the hospitality employer's evidence.

TOURISM ACCOMMODATION AUSTRALIA NSW

TAA NSW has had a busy year on many fronts representing members in the accommodation sector.

The sector is facing significant shortages in both skilled and unskilled labour. TAA worked together with industry to campaign against the increase in the backpacker tax with the tax reducing from 32.5% to 19% and achieved a range of concessions that improved the flexibility of the working holiday maker visa.

Other key areas include:

- Growth and investment in regional markets -TAA has been active in undertaking research and meeting with government to highlight the poor performance of accommodation in regional NSW.

- Online travel agencies and abuse of market power – TAA has taken issue with the anti-competitive activities of OTAs that constrain a hotel's ability to establish a responsive price point and to reduce opportunities for hotels to transact with their clientele.
- Liquor licensing exemptions - TAA was successful in obtaining an exemption from the late trading risk fee for tourism accommodation provided they satisfy specific criteria.
- TAA NSW Awards for Excellence - The Awards for Excellence were held in July at the newly opened Four Points by Sheraton. There were more than 600 attendees including leaders in the accommodation industry, key tourism CEO's and political representatives.
- Research reports – TAA has continued to produce its monthly research report. The report covers the demand and supply picture in Sydney and Greater Sydney, leisure and business events, the impact of any crisis and the economic factors that impact on Occupancies, ADR and RevPAR for each month. TAA NSW also published the 15th Annual Hotel Salary Survey, which is a valuable tool for benchmarking your wages with the industry. In 2016, 103 hotels participated in the Salary Survey in NSW.

Finally, I would like to thank all members for your efforts on behalf of this great industry over the last year. In particular, I would like to thank AHA NSW President Scott Leach, who also became National AHA President late last year, and his hardworking executive team. I would also like to thank AHA NSW staff for the hard work they do providing a range of quality services to our members.



MEMBER: 2016 SURPLUS/ SERVICES/STRATEGY/ SUCCESSION



COLIN WALLER – AHA NSW SECRETARY/TREASURER

After a planned deficit in 2015 due to the branding campaign “What’s Your Local?” and the HEM dividend foregone, the member surplus was \$802,000 in 2016.

The total operational income was down by \$130,000 due to delays in renegotiating a major stakeholder agreement. Hence a sum of \$200,000 for six months was not recognised as sponsorship income. There were no other significant income variations.

Total operational expenditure saw a decrease of almost \$1.82 million - 2016 \$7.74 million against 2015 \$9.56 million due to the expenditure of \$1.7 million on the branding campaign in 2015. All other 2016 expenditure was in line with the 2016 budget and 2015 figures.

The Current Assets increased from \$7.71 million to \$8.92 million (an increase of \$1.21 million) due to cash derived from the surplus during the year and additional subscriptions received in advance.

The Non-current Assets decreased from \$11.24 million to \$10.87 million (\$370,000) due to asset depreciation.

The Current Liabilities increased from \$4.61 million to \$4.65 million (\$40,000) - mainly due to more 2016 subscription payments received in advance compared to previous year.

The Non-Current Liabilities increased from \$144,000 to \$149,000 (\$5000) which represents movements in staff leave provisions.

The Association is in a strong financial position and is compliant with all Going Concern and Governance Principles. Your Association Executive and Council is currently developing and considering investment and yield strategies in line with member services and long term benefits.

The total Members Equity may be summarised as follows:

AHA – NSW Accounts Consolidated - Page 2 Financial Report	\$15,001,210
This does not include;	
Revaluation – 131 Macquarie St property – refer note 11 Page 20	\$ 3,582,000
Current Equity in HEM Investment if equity accounting was used – note 12 Page 21	\$ 2,475,000
Equity in AHA National Association – NSW = 32.25% of \$1,568,077	\$ 505,705
TOTAL	\$21,563,915

Hence with over \$21 million in equity based capital – our Association is in a strong position to defend the many regulatory laws and their “unintended consequences” imposed on our industry.

Now is the time to review AHA structure and adequately compensate those officers from the president to delegates and members who unselfishly give honorary time to the governance, welfare and the future directions of our Association.

It is also time to review all member services to ensure they represent the new models our members are developing in retail and simply being the “local”. “The local” changes include: the visitor economy, events, accommodation, beverage and food offerings, entertainment, wagering and gaming facilities.

I would like to thank all members for supporting their Association and the HEM product. My appreciation also goes to the Council, Executive and President Scott Leach along with the finance team ably led by Prabhu, Michelle, Santosh and Julie for their support and expertise. Without this team the Treasurer’s role would be untenable.

“The Association is in a strong financial position and is compliant with all going concern and governance principles.”

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES**

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**



**AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Basis of Consolidation

The Australian Hotels Association (NSW) ("the Association") is the ultimate parent company. The consolidated financial statements include the financial statements of the Association together with its wholly owned subsidiaries being Australian Hospitality Insurance Services Pty Limited, AHA (NSW) Business Portal Pty Limited, Australian Hotels Association (NSW) Holdings Pty Limited, Hotel Technologies NSW Pty Limited and Hotel Technologies Finance Pty Limited (together referred to as the 'Reporting Unit').

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.

All intra group transactions, balances, income and expenses are eliminated in full on consolidation.

(g) Revenue Recognition

Revenue is recognised to the extent that it is probable that the accrued benefits will flow to the Reporting Unit. The following specific recognition criteria also apply before revenue is recognised:

- Subscription revenue from general division members is recognised on a receipt basis and is allocated to the relevant period;
- Dividends are brought to account when received; and
- Other subscription revenue, advertising revenue, commission, interest received and other sundry revenues are recognised on an accrual basis.

(h) Taxation

The Association is exempt from income tax under *Section 50-15 of the Income Tax Assessment Act 2007*; however the Association still has obligations for Fringe Benefits Tax and Goods and Services Tax.

The Controlled Entities are not exempt from income tax.

AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Special Note Concerning Basis of Financial Statements

- (i) The financial statements herein are a consolidation of the financial affairs of the following entities:
- a) The Australian Hotels Association (NSW), an organisation of employers registered under the *Industrial Relations Act 1996 (NSW)* (herein referred to as “the State Organisation”); and
 - b) certain entities which are wholly owned subsidiaries of the State Organisation, as referred to in note 2 (f) hereof.
- (ii) There is also a special relationship between the State Organisation and the Australian Hotels Association, NSW Branch, being a branch of an organisation of employers by the name “Australian Hotels Association” registered under the *Fair Work (Registered Organisations) Act 2009*.
- (iii) The Australian Hotels Association NSW Branch (“the Federal Branch”) is the counterpart branch of the federally registered Australian Hotels Association (“AHA”) to the State Organisation, and the membership and officers of the Federal Branch are the same as the membership and officers of the State Organisation.
- (iv) By reason of arrangements that exist between the State Organisation and the Federal Branch, the Federal Branch does not require its members to pay membership fees to the Federal Branch on condition that any capitation fees, levies, contributions or other amounts required to be paid by the Federal Branch to the National Office of the AHA are paid to that Office by the State Organisation on behalf of the Federal Branch (See Rule 9 of the Rules of the Federal Branch).
- (v) All other assets (including real property) and liabilities including those held by the Controlled Entities referred to in note 2 (f) hereof are assets and liabilities of the State Organisation.
- (vi) As a consequence of the foregoing arrangements the Federal Branch does not currently and has not had in the reporting period any financial activities separate to those of the State Organisation, all such activities of the Federal Branch being encompassed within the financial affairs of the State Organisation as contemplated by *Section 269 of the Fair Work (Registered Organisations) Act 2009*.
- (vii) These financial statements reflect the arrangements between the Federal Branch and the State Organisation as referred to above by way of an explanation at note 15 concerning related party transactions.

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) 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.

(k) Cash and Cash Equivalents

Cash and cash equivalents in the Consolidated Statement of Financial Position is recognised at its nominal amount and comprises cash on hand and at bank together with short-term deposits with a maturity of six months or less.

(l) Trade and Other Receivables

The collectability of debts is assessed at the reporting date and specific provision is made for any doubtful debts. The policy is to provide for all debtors greater than 90 days.

(m) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost as indicated, less accumulated depreciation.

Strata Units

Strata units are shown at cost less subsequent depreciation. The Association has adopted the cost model of *AASB 116 Property, Plant and Equipment*.

Plant, Equipment and Motor Vehicles

These assets are measured on the cost basis and are therefore carried at cost less accumulated depreciation.

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

- Strata Units – 40 years straight line
- Strata Unit Renovations – 10 to 15 years straight line
- Plant and Equipment – 5 to 15 years straight line
- Motor Vehicles – 4 to 5 years diminishing value

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

AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Investments

The Association accounts for its investments in subsidiaries at cost, which in the opinion of the Committee of Management equates to or is less than their fair value.

As outlined in note 12, a Controlled Entity owns 25% of the ordinary share capital of Hospitality Employers Mutual Limited (“HEM”). In the opinion of the Committee of Management, the Controlled Entity does not have any significance influence over HEM and therefore has resolved not to equity account for this investment. The investment is recorded at cost which in the opinion of the Committee of Management is less than its fair value.

(o) 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.

At the reporting date, the Committee of Management does not consider any asset impaired.

(p) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received during the reporting period that remain unpaid at the end of the reporting period.

(q) Interest Bearing Loans and Borrowings

All loans and borrowings are recognised at their principal amount including transaction costs attributable to their issue. The Reporting Unit has no interest bearing loans at the reporting date.

(r) 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)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) 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 Reporting Unit has a present obligation to pay resulting from employees' services provided up to the reporting date.

- Liabilities for short term employee benefits (such as wages, salaries, annual and long service leave) which are expected to be settled within 12 months of the end of the reporting period are measured at their nominal amounts. The provision has been calculated at current wage and salary rates including related on-costs. Sick leave is expensed as incurred.
- Other long term employee benefits which are expected to be settled beyond twelve months are measured as the present value of the estimated future cash out flows to be made in respect of services provided by employees up to the reporting date.
- 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.

(t) Leases

Leases of assets, where substantially all the risks and rewards 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, recognising an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Association will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

The Reporting Unit has no finance or operating leases at the reporting date.

(u) 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 Consolidated Statement of Financial Position.

AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Critical Accounting Estimates and Judgments

The Committee of Management evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Reporting Unit. Estimates and underlying assumptions are reviewed on an ongoing basis.

Key Sources of Estimation Uncertainty

- Useful lives of Property, Plant and Equipment – the Committee of Management reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the current year, the Committee of Management determined that the useful lives of assets do not require amendment.
- Valuation of Strata Units – as outlined in note 11 this asset is carried at cost. The Committee of Management obtained an independent valuation on 8 January 2016 to determine the asset's fair value. The fair value of this asset has not been brought to account in the 2016 financial year. The Committee of Management believes if the Association was able to join the other strata owners and have levels 15 & 16 rezoned to residential usage and the applicable development consents were granted, the fair value in their opinion is significantly higher than the carrying amount.
- Valuation of Investments – as outlined in note 12 these assets are carried at cost. The Committee of Management has determined based on evidence at hand the carrying amount of these assets is below its fair value.
- Provision for Doubtful Debts – The Reporting Unit reviews all trade debtors at each reporting date and makes a specific provision for all debtors greater than 90 days. At the reporting date there was no provision required as no debts were due past 90 days.

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Financial Instruments

Financial assets and financial liabilities are recognised when the Reporting Unit becomes a party to the contractual provisions of the instrument.

Financial Assets

They are classified into the following specific categories:

Fair Value Through Profit or Loss ("FVTPL")

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Reporting Unit manages and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

The Reporting Unit has no financial assets held at FVTPL.

Held-to-Maturity Investments ("HTM")

Term deposits (as outlined in note 7) and investments (as outlined in note 12) with fixed or determinable payments and fixed maturity dates that the Association or Controlled Entities have the positive intent and ability to hold to maturity are classified as HTM investments. HTM investments are measured at cost.

Available for Sale Investments ("AFS")

The Reporting Unit has no AFS investments.

Loans and Receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost less any impairment.

Impairment of Financial Assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

The Committee of Management have determined no financial asset is impaired.

AUSTRALIAN HOTELS ASSOCIATION (NSW)
 ABN 64 243 628 807
 AND ITS CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2016

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Financial Instruments (Continued)

Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'. They are classified into the following specific categories:

Fair Value Through Profit or Loss ("FVTPL")

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Reporting Unit manages and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

The Reporting Unit has no financial liabilities held at FVTPL.

Other Financial Liabilities

Other financial liabilities are measured at amortised cost.

Derivative Financial Instruments

No derivative financial instruments are used by the Reporting Unit.

(y) Going Concern

The Reporting Unit is not reliant on financial support from an entity to continue as a going concern.

AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
3 REVENUE				
Advertising Commissions	682,133	718,696	-	-
Dividend Received	67,800	-	-	-
Gain on Disposal of Non-Current Assets	1,380	-	1,380	-
Interest Income	181,532	182,554	181,532	182,554
Keno Commissions	863,949	799,555	863,949	799,555
Legal Cost Recovery (Copyright Claim)	-	18,101	-	18,101
Membership Activities	2,414,115	2,533,851	3,096,250	3,252,547
Membership Subscriptions	4,338,926	4,426,717	4,338,926	4,426,717
	<u>8,549,835</u>	<u>8,679,474</u>	<u>8,482,037</u>	<u>8,679,474</u>
(a) Capitation Fees included in Membership Subscriptions (*)	<u>151,544</u>	<u>158,524</u>	<u>151,544</u>	<u>158,524</u>
(b) Levies (*)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(c) Grants or Donations (*)				
Grants	-	-	-	-
Donations	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

* - Mandatory disclosure required by the Reporting Guidelines of Fair Work Commission. Item to remain even if Nil.

AUSTRALIAN HOTELS ASSOCIATION (NSW)
 ABN 64 243 628 807
 AND ITS CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2016

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
4 EXPENSES				
(a) Salaries and Wages				
Total Employee Benefits Expense				
Annual Leave	6,955	(9,718)	6,955	(9,718)
Fringe Benefits Tax	18,363	24,000	18,363	24,000
Long Service Leave	56,627	54,010	56,627	54,010
Payroll Tax	130,990	138,750	130,990	138,750
Salary and Wages	2,664,986	2,646,757	2,664,986	2,646,757
Superannuation	264,780	256,679	264,780	256,679
	<u>3,142,701</u>	<u>3,110,478</u>	<u>3,142,701</u>	<u>3,110,478</u>
Breakdown of Salaries and Wages and Superannuation Expenses:				
Holder of Office (*)				
Salary and Wages	380,000	471,560	380,000	471,560
Superannuation	30,000	30,000	30,000	30,000
	<u>410,000</u>	<u>501,560</u>	<u>410,000</u>	<u>501,560</u>
Employees Other Than Holders of Office (*)				
Salary and Wages	2,284,986	2,175,197	2,284,986	2,175,197
Superannuation	234,780	226,679	234,780	226,679
	<u>2,519,766</u>	<u>2,401,876</u>	<u>2,519,766</u>	<u>2,401,876</u>

* - Mandatory disclosure required by the Reporting Guidelines of Fair Work Commission. Item to remain even if Nil.

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES**

CONTENTS	PAGE
Consolidated Statement of Profit or Loss and Other Comprehensive Income	1
Consolidated Statement of Financial Position	2
Consolidated Statement of Cash Flows	3
Consolidated Statement of Changes in Equity	4
Recovery of Wages Activity	5
Notes to the Consolidated Financial Statements	6 – 27
Operating Report	28
Certificate by Prescribed Designated Officer	29
Committee of Management Statement	30 – 31
Independent Auditor's Report to the Members	32 – 34
Compilation Report to the Members	35
Profit and Loss Statement	36 – 37

AUSTRALIAN HOTELS ASSOCIATION (NSW)
 ABN 64 243 628 807
 AND ITS CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2016

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
4 EXPENSES (Continued)				
(b) Capitation Fees (*)				
Australian Hotels Association (National Office)	151,544	158,524	151,544	158,524
(c) Affiliation Fees (*)				
Australian Hotels Association (National Office)	300	300	300	300
(d) Grants or Donations (*)				
Grants:				
Total paid \$1,000 or less	-	-	-	-
Total paid greater than \$1,000	-	-	-	-
	-	-	-	-
Donations:				
Total paid \$1,000 or less	1,097	18,375	1,097	18,375
Total paid greater than \$1,000	192,741	68,863	192,741	68,863
	193,838	87,238	193,838	87,238
(e) Legal Fees (*)				
Legal Fees	100,245	152,038	100,245	152,038
(f) Other Expenses (*)				
Penalties – via <i>RO Act</i>	-	-	-	-

* - Mandatory disclosure required by the Reporting Guidelines of Fair Work Commission. Item to remain even if Nil.

5 AUDITOR'S REMUNERATION

Amounts received or due and receivable by V J Ryan & Co for:				
Audit of the Financial Statements – Association	42,000	42,000	42,000	42,000
Other Services – Association	5,492	70,295	5,492	70,295
Other Services – Controlled Entities	450	450	-	-
	47,942	112,745	47,492	112,295

6 INCOME TAX EXPENSE

No provision has been made for income tax on the results of the Association as they are exempted from income tax under *Section 50-15 of the Income Tax Assessment Act 1997*.

The Controlled Entities have no taxable income for the 2016 financial year.

AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
7 CASH AND CASH EQUIVALENTS				
CURRENT				
Cash on Hand	2,999	2,999	2,999	2,999
Term Deposits	6,500,000	5,000,000	6,500,000	5,000,000
Cash at Bank	1,772,009	1,879,841	1,772,009	1,879,841
	<u>8,275,008</u>	<u>6,882,840</u>	<u>8,275,008</u>	<u>6,882,840</u>
8 TRADE AND OTHER RECEIVABLES				
CURRENT				
Receivable From Other Reporting Units (*)	-	-	-	-
Australian Hotels Association (NSW) Holdings Pty Limited	-	-	3,217,033	3,202,051
Trade Debtors	619,044	777,220	487,679	728,635
	<u>619,044</u>	<u>777,220</u>	<u>3,704,712</u>	<u>3,930,686</u>
* - Mandatory disclosure required by the Reporting Guidelines of Fair Work Commission. Item to remain even if Nil.				
9 INVENTORY				
CURRENT				
Promotion Items – At Cost	1,742	1,742	1,742	1,742
10 OTHER ASSETS				
CURRENT				
Prepayments	33,395	55,954	33,395	55,954
11 PROPERTY, PLANT & EQUIPMENT				
NON-CURRENT				
Strata Units – At Cost	7,762,585	7,762,585	7,762,585	7,762,585
Accumulated Depreciation	(1,844,318)	(1,536,242)	(1,844,318)	(1,536,242)
	<u>5,918,267</u>	<u>6,226,343</u>	<u>5,918,267</u>	<u>6,226,343</u>
Plant and Equipment – At Cost	649,359	616,645	649,359	616,645
Accumulated Depreciation	(595,984)	(503,634)	(595,984)	(503,634)
	<u>53,375</u>	<u>113,011</u>	<u>53,375</u>	<u>113,011</u>
Motor Vehicles – At Cost	164,008	162,403	164,008	162,403
Accumulated Depreciation	(59,571)	(60,951)	(59,571)	(60,951)
	<u>104,437</u>	<u>101,452</u>	<u>104,437</u>	<u>101,452</u>
Total	<u>6,076,079</u>	<u>6,440,806</u>	<u>6,076,079</u>	<u>6,440,806</u>

AUSTRALIAN HOTELS ASSOCIATION (NSW)
 ABN 64 243 628 807
 AND ITS CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2016

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
11 PROPERTY, PLANT & EQUIPMENT (Continued)				
Reconciliations				
Reconciliations of the carrying amount for each class of property, plant and equipment are set out below:				
<u>Strata Units</u>				
Carrying Amount at Beginning of Year	6,226,343	6,534,417	6,226,343	6,534,417
Depreciation	(308,076)	(308,074)	(308,076)	(308,074)
	<u>5,918,267</u>	<u>6,226,343</u>	<u>5,918,267</u>	<u>6,226,343</u>
<u>Plant & Equipment</u>				
Carrying Amount at Beginning of Year	113,011	194,601	113,011	194,601
Additions	32,741	16,172	32,741	16,172
Depreciation	(92,377)	(97,762)	(92,377)	(97,762)
	<u>53,375</u>	<u>113,011</u>	<u>53,375</u>	<u>113,011</u>
<u>Motor Vehicles</u>				
Carrying Amount at Beginning of Year	101,452	106,103	101,452	106,103
Additions	34,429	66,334	34,429	66,334
Disposals	(8,174)	(44,373)	(8,174)	(44,373)
Depreciation	(23,270)	(26,612)	(23,270)	(26,612)
	<u>104,437</u>	<u>101,452</u>	<u>104,437</u>	<u>101,452</u>

Valuation

The Strata Units of Levels 15 & 16, 131 Macquarie Street, Sydney were independently valued on 8 January 2016. The valuation carried out by Mr Christopher Bateman Registered Valuer number 029855 and Mr Mal Cameron Registered Valuer number 035146 assessed the market value on an individual lot sale basis at \$9,500,000 (ex GST). The valuation has not been reflected in the consolidated financial statements as the Association continues to adopt the cost model of *AASB 116 Property, Plant and Equipment*.

The Committee of Management believes if the Association was able to join the other strata owners and have Levels 15 & 16 rezoned to residential usage and the applicable development consents were granted, the fair value in their opinion is significantly higher than the carrying amount.

AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
12 INVESTMENTS				
NON-CURRENT				
Shares in Hospitality Employers Mutual Limited – At Cost	4,800,000	4,800,000	-	-
Shares in Subsidiary Companies – At Cost	-	-	23	23
	<u>4,800,000</u>	<u>4,800,000</u>	<u>23</u>	<u>23</u>

Australian Hotels Association (NSW) Holdings Pty Limited (“AHA Holdings”) is a wholly owned subsidiary of the Association. Employers Mutual Limited (“EML”) holds 50% of the ordinary share capital of Hospitality Employers Mutual Limited (“HEM”) with the remaining shareholding split equally between AHA Holdings – 25% and Clubs (NSW) – 25%.

In the opinion of the Committee of Management, a prudent valuation accounting policy as indicated in note 2 (n) is to value this investment at cost.

In the opinion of the Committee of Management, AHA Holdings does not have any significant influence over HEM and therefore has resolved not to equity account for this investment. The investment is recorded at cost which in the opinion of the Committee of Management is less than its fair value.

13 TRADE AND OTHER PAYABLES

CURRENT

Payable to Other Reporting Units (*)	-	-	-	-
Trade Creditors and Accruals	518,345	874,413	518,345	874,413
Legal Accrual (*)	-	42,258	-	42,258
GST Payable	288,481	252,239	288,481	252,239
Subscriptions in Advance	2,806,685	2,508,290	2,806,685	2,508,290
Income in Advance	514,497	516,738	514,497	516,738
	<u>4,128,008</u>	<u>4,193,938</u>	<u>4,128,008</u>	<u>4,193,938</u>

* - Mandatory disclosure required by the Reporting Guidelines of Fair Work Commission. Item to remain even if Nil.

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
14 PROVISIONS				
CURRENT				
Employee Entitlements	526,773	421,883	526,773	421,883
NON-CURRENT				
Employee Entitlements	149,277	144,221	149,277	144,221
 Holders of Office (*)				
Annual Leave	28,627	19,779	28,627	19,779
Long Service Leave	56,886	44,564	56,886	44,564
	85,513	64,343	85,513	64,343
Employees Other Than Holders of Office (*)				
Annual Leave	308,893	264,422	308,893	264,422
Long Service Leave	281,644	237,339	281,644	237,339
	590,537	501,761	590,537	501,761

* - Mandatory disclosure required by the Reporting Guidelines of Fair Work Commission. Item to remain even if Nil.

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

15 RELATED PARTY TRANSACTIONS

Executive Members and Councillors Related Parties

Executive Members and Councillors are officeholders of the Association.

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 (inclusive of GST) together with a reimbursement of actual incidental expenses. Members of the Council are entitled to a reimbursement of actual incidental expenses. Officeholders have provided goods and services to the Association on normal commercial terms and are entitled to the payment of outgoings made on their behalf.

The President, Scott Leach was paid an allowance of \$60,000 in the financial year (2015: \$60,000) by way of compensation for costs incurred.

Other Related Parties

Payment of the sum of \$151,844 (2015: \$158,824) by the Association to the AHA, constituting satisfaction of the obligation of the Federal Branch for the reporting period to the AHA pursuant to Rule 12 of the Rules of the AHA (see also Rule 9 of the Rules of the Federal Branch).

Further payments were made by the Association to the AHA for National Office Costs of \$163,185 (2015: \$138,030).

AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$

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	Rolly De With	Colin Parras	Lynette Humphreys
Kim Maloney	Colin Waller	Phillip Webster	Dan Brady
Des Kennedy	Joanne Blair	Robert Lees	Peter Harris
Tish Nyar	Peter Tudehope		

Dan Brady and Colin Parras were replaced by Robert Lees and Peter Harris respectively. Tish Nyar and Peter Tudehope filled the vacant accommodation positions.

Transactions with Key Management Personnel

The key management personnel compensation included in employee benefits expense was:

Short Term Employee Benefits

Salary and Wages	380,000	471,560	380,000	471,560
Superannuation	30,000	30,000	30,000	30,000
	<u>410,000</u>	<u>501,560</u>	<u>410,000</u>	<u>501,560</u>

The following key management personnel were officeholders in the Association's subsidiary companies referred to in note 2 (f); Scott Leach, Lynette Humphreys, Colin Waller, Kim Maloney and the Chief Executive Officer. No remuneration was received for the holding of an office in a subsidiary company.

AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
17 RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO PROFIT / (LOSS) AFTER INCOME TAX				
Profit / (Loss) for the Year	802,690	(887,962)	734,892	(887,962)
<i>Non-Cash Flows and Non-Operating Items in Operating Profit:</i>				
Depreciation	423,704	432,448	423,704	432,448
(Profit) / Loss on Disposal of Non-Current Assets	(1,380)	9,191	(1,380)	9,191
<i>Changes in Assets and Liabilities:</i>				
Decrease / (Increase) in Receivables	158,175	(274,548)	225,974	(274,548)
Decrease in Inventory	-	3,483	-	3,483
Decrease in Other Assets	22,560	204,183	22,559	204,185
(Decrease) / Increase in Payables and Income in Advance	(65,930)	360,159	(65,930)	360,159
Increase in Provisions	109,946	47,413	109,946	47,413
NET CASH PROVIDED / (USED IN) BY OPERATING ACTIVITIES	<u>1,449,765</u>	<u>(105,633)</u>	<u>1,449,765</u>	<u>(105,631)</u>

AUSTRALIAN HOTELS ASSOCIATION (NSW)
 ABN 64 243 628 807
 AND ITS CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2016

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$

18 FINANCIAL INSTRUMENTS

Capital Management

The Association and its Controlled Entities manage its capital to ensure it is able to continue as going concerns. The capital structure consists of cash and bank balances, investments and equity (comprising retained earnings). The Reporting Unit is not subject to any externally imposed capital requirements.

Categories of Financial Instruments

Financial Assets:

Held to Maturity Investments	11,300,000	9,800,000	6,500,023	5,000,023
Loans and Receivables	619,044	777,220	3,704,711	3,930,686
	<u>11,919,044</u>	<u>10,577,220</u>	<u>10,204,734</u>	<u>8,930,709</u>

Financial Liabilities:

Trade and Other Payables	<u>4,128,008</u>	<u>4,193,938</u>	<u>4,128,008</u>	<u>4,193,938</u>
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Market Risk

Market risk includes interest rate risk. The Association has limited exposure to interest rate risk on its fixed and variable rate financial instruments. Term deposits have maturity dates between one and four months after reporting date. The Reporting Unit has no exposure to currency risk.

Credit Risk

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

Cash at Bank and Term Deposits (excluding Petty Cash)	8,272,009	6,879,841	8,272,009	6,879,841
Receivables	619,044	777,220	3,704,712	3,930,686
Investments	<u>4,800,000</u>	<u>4,800,000</u>	<u>23</u>	<u>23</u>
	<u>13,691,053</u>	<u>12,457,061</u>	<u>11,976,744</u>	<u>10,810,550</u>

Cash at bank and term deposits are held with St. George Bank and the Committee of Management has therefore limited any credit risk.

The Reporting Unit considers trade receivable recoverable in full and no provision is required.

The Association has a debt owing from a Controlled Entity which is recoverable and this amount is eliminated on consolidation.

Investments in subsidiaries are carried at cost which in the opinion of the Committee of Management equates to or is less than their fair value.

In the opinion of the Committee of Management, AHA Holdings does not have any significance influence over HEM and therefore has resolved not to equity account for this investment. The investment is recorded at cost which in the opinion of the Committee of Management is below its fair value which is based on audited accounts for HEM for the year ended 30 June 2016.

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

18 FINANCIAL INSTRUMENTS (Continued)

Liquidity Risk

The Reporting Unit has no external bank borrowings. Its short term liabilities are represented by trade and other payables as outlined in note 13. The Reporting Unit has the ability to pay all its short term debts as they fall due.

19 NOTICE PURSUANT TO SECTION 272 FAIR WORK (REGISTERED ORGANISATION) ACT 2009 ("RO ACT")

In accordance with the requirements of the *RO Act*, the attention of members is drawn to the provisions of *Subsections (1) to (3) of Section 272*, which reads as follows:

"Information to be provided to members or General Manager of the Fair Work Commission:

1. A member of a reporting unit, or the General Manager, 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.
2. 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.
3. A Reporting Unit must comply with an application made under *Subsection (1)*."

20 EVENTS SUBSEQUENT TO REPORTING PERIOD

No matters or circumstances have arisen since 31 December 2016 that have significantly affected or may significantly affect in subsequent financial years:

1. The operations of the Reporting Unit;
2. The results of those operations; or
3. The state of affairs of the Reporting Unit.

AUSTRALIAN HOTELS ASSOCIATION (NSW)
 ABN 64 243 628 807
 AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
 OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Consolidated		Parent	
		2016	2015	2016	2015
		\$	\$	\$	\$
REVENUE					
Membership Subscriptions (*)		4,338,926	4,426,717	4,338,926	4,426,717
Gain on Disposal of Non-Current Assets		1,380	-	1,380	-
Other Revenue		4,209,529	4,252,757	4,141,731	4,252,757
	3	8,549,835	8,679,474	8,482,037	8,679,474
EXPENDITURE					
Administrative, Member and Other Expenses		(4,124,494)	(3,927,022)	(4,124,494)	(3,927,022)
Loss on Disposal of Non-Current Assets		-	(9,191)	-	(9,191)
Employee Benefits Expense	4(a)	(3,142,701)	(3,110,478)	(3,142,701)	(3,110,478)
Profit Before Hotel Advertising Campaign, CMS Joint Venture Expense, Depreciation and Income Tax Expense		1,282,640	1,632,783	1,214,842	1,632,783
Hotel Advertising Campaign		(54,446)	(1,708,090)	(54,446)	(1,708,090)
CMS Joint Venture Expense		(1,800)	(380,207)	(1,800)	(380,207)
Depreciation		(423,704)	(432,448)	(423,704)	(432,448)
Profit / (Loss) Before Income Tax Expense		802,690	(887,962)	734,892	(887,962)
Income Tax Expense	6	-	-	-	-
PROFIT / NET (LOSS) FOR THE YEAR		802,690	(887,962)	734,892	(887,962)
OTHER COMPREHENSIVE INCOME					
Items that may be Reclassified Subsequently to Profit or Loss		-	-	-	-
Items that will not be Reclassified Subsequently to Profit or Loss		-	-	-	-
TOTAL COMPREHENSIVE INCOME / (EXPENSE) FOR THE YEAR		802,690	(887,962)	734,892	(887,962)

* - Mandatory disclosure required by the Reporting Guidelines of Fair Work Commission. Item to remain even if Nil.

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to the financial statements.

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES**

OPERATING REPORT

The Committee of Management presents its report on the Australian Hotels Association (NSW) ("the Association") and its Controlled Entities (together referred to as the 'Reporting Unit') for the financial year ended 31 December 2016.

Principal Activities

The nature of the operations of the Association is that of an Industrial Association comprising and representing members of the hotel industry.

The consolidated net profit increased by \$1,690,652 to a net profit of \$802,690. This was due to:

- Receiving a dividend of \$67,800 from Hospitality Employers Mutual Limited (2015: nil); and
- Incurring minimal costs relating to the Hotel Advertising Campaign (2015: \$1,708,090).

Resignation from Membership

Under *Section 174 of the Fair Work (Registered Organisations) Act 2009*, a member may resign from membership by written notice addressed and delivered to a person designated for the purpose in the rules of the Association.

Committee of Management

No member of the Committee of Management is a) a trustee of a superannuation entity or exempt public sector superannuation scheme or b) a director of a company that is trustee of a superannuation entity or exempt public sector superannuation scheme.

Members

The number of members of the Association at 31 December 2016 was 1,774.

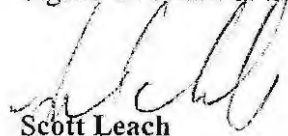
Number of employees


At 31 December 2016, the Association had 24 full time equivalent employees.

Names of Committee of Management

The names of the Committee of Management are disclosed in note 16.

Signed on behalf of the Committee of Management


Scott Leach
Member of Committee


Colin Waller
Member of Committee

Dated at Sydney: 21.02.17

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES**

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

I, Colin Waller, being the Accounting Officer of the Australian Hotels Association (NSW) ("the Association") and its Controlled Entities (together referred to as the "Reporting Unit") certify:

- a) the documents lodged herewith are copies of the full report for the Reporting Unit for the period ended 31 December 2016 referred to in *Section 268 of the Fair Work (Registered Organisations) Act 2009*;
- b) the full report was presented to a meeting of the Committee of Management of the Reporting Unit on 21 February 2017 in accordance with *Section 266 of the Fair Work (Registered Organisations) Act 2009*; and
- c) the full report will be provided to members of the Reporting Unit on 4 April 2017.

I also certify:

- a) the number of members of the Association at 31 December 2016 was 1,774;
- b) The accompanying consolidated financial statements show a true and fair view of the financial affairs of the Reporting Unit at 31 December 2016;
- c) 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;
- d) 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;
- e) 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;
- f) 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
- g) The register of members of the Association was maintained in accordance with the Regulations under the *Industrial Relations Act 1996 (NSW)*.



**Colin Waller
Accounting Officer**

Dated at Sydney:

21st February 2017

AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES

COMMITTEE OF MANAGEMENT STATEMENT

On 21 February 2017, the Committee of Management of the Australian Hotels Association (NSW) (“the Association”) and its Controlled Entities (together referred to as the “Reporting Unit”) passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 31 December 2016:

The Committee of Management declares that in its opinion:

- a) the financial statements and notes comply with the Australian Accounting Standards;
- b) the financial statements and notes comply with the reporting guidelines of the General Manager;
- c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Reporting Unit for the financial year to which they relate;
- 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 to which the GPFR relates and since the end of that year:
 - meetings of the Committee of Management were held in accordance with the rules of the Association including the rules of a Branch concerned; and
 - the financial affairs of the Reporting Unit have been managed in accordance with the rules of the Association including the rules of a Branch concerned; and
 - the financial records of the Reporting Unit have been kept and maintained in accordance with the *Fair Work (Registered Organisations) Act 2009* (“RO Act”); and
 - where the Association consists of two or more Reporting Units, the financial records of the Reporting Unit have been kept, as far as practicable, in a consistent manner with each of the other Reporting Units of the Association; and
 - where information has been sought in any request by a member of the Reporting Unit or the General Manager duly made under *Section 272 of the RO Act* has been provided to the member or the General Manager; and
 - where any order for inspection of financial records has been made by the Fair Work Commission under *Section 273 of the RO Act*, there has been compliance.
- f) the Reporting Unit has not derived revenue from undertaking recovery of wages activity during the reporting period; or
- g) where the Reporting Unit has derived revenue from undertaking recovery of wages activity:
 - the financial report on recovery of wages activity has been fairly and accurately prepared in accordance with the requirements of the reporting guidelines of the General Manager; and
 - the Committee of Management instructed the Auditor to include in the scope of the audit required under *Subsection 257(1) of the RO Act* all recovery of wages activity by the Reporting Unit from which revenues had been derived for the financial year in respect of such activity; and

AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES

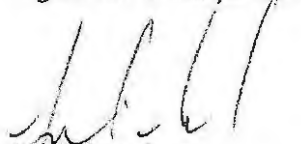
COMMITTEE OF MANAGEMENT STATEMENT (CONTINUED)


- no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from monies recovered from employers on behalf of workers other than reported in the financial report on recovery of wages activity and the notes to the financial statements; and
- that prior to engaging in any recovery of wages activity, the Association has disclosed to members by way of a written policy all fees to be charged or reimbursement of expenses required for recovery of wages activity, and any likely request for donations or other contributions in acting for a worker in recovery of wages activity; and
- no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from monies recovered from employers on behalf of workers until distributions of recovered money were made to the workers.

We also certify:

- a) Meetings of the Committee of Management were held in accordance with the Rules of the Association;
- b) During the financial year to which the consolidated 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; and
- c) 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 preceding the financial year to which these consolidated 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)*.

Signed on behalf of the Committee of Management


Scott Leach
 Member of Committee


Colin Waller
 Member of Committee

Dated at Sydney: 21.2.17



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES**

Opinion

We have audited the consolidated financial report of the Australian Hotels Association (NSW) ("the Association") and its Controlled Entities (together referred to as the "Reporting Unit") for the financial year ended 31 December 2016, consisting of the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity, Recovery of Wages Activity, Notes to the Consolidated Financial Statements, Operating Report, Certificate by Prescribed Accounting Officer and the Committee of Management Statement.

In our opinion, the accompanying financial report of the Reporting Unit:

- (a) (i) satisfactory accounting records were kept by the Reporting Unit 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 Reporting Unit; and
- (ii) the consolidated financial report is in accordance with Australian Accounting Standards and the provisions of the *Fair Work (Registered Organisations) Act 2009* and the *Industrial Relations Act 1996 (NSW)*, so as to give a true and fair view of:-
 - a) the state of affairs of the Reporting Unit as at 31 December 2016; and
 - b) the performance of the Reporting Unit for the year ended on that date; and
- (b) 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.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Association in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES (CONTINUED)**

Information Other than the Financial Report and Auditor's Report Thereon

The Committee of Management ("the Committee") is responsible for the other information. The other information comprises the information included in the Association's annual report for the year ended 31 December 2016, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

The Financial Report and Committee of Management Responsibility

The Committee is responsible for the preparation and true and fair presentation of the consolidated financial report in accordance with Australian Accounting Standards, the *Fair Work (Registered Organisations) Act 2009* and the *Industrial Relations Act 1996 (NSW)* and for such internal control as the Committee determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Committee is responsible for assessing the Reporting Unit's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee either intends to liquidate the Reporting Unit or to cease operations, or have no realistic alternative but to do so.

The Committee is responsible for overseeing the Reporting Unit's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES (CONTINUED)**

Auditor's Responsibilities for the Audit of the Financial Report (Continued)

- Obtain an understanding of internal control relevant to the audit 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 Reporting Unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee.
- Conclude on the appropriateness of the Committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Reporting Unit to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with the Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

V J Ryan & Co.

V J RYAN & CO
Chartered Accountants

Level 5
255 George Street
SYDNEY NSW 2000

P G Crawford

Peter Gerard Crawford
Partner

Dated at Sydney: *21.2.2017*

VJR
**V·J·RYAN
 & CO**
 CHARTERED ACCOUNTANTS
 A.B.N. 55 704 784 107

**COMPILATION REPORT TO THE MEMBERS OF
 AUSTRALIAN HOTELS ASSOCIATION (NSW)
 ABN 64 243 628 807
 AND ITS CONTROLLED ENTITIES**

The additional financial data presented on pages 36 and 37 is in accordance with the books and records of the Australian Hotels Association (NSW) ("the Association") and its Controlled Entities ("the Reporting Unit") which have been subjected to the auditing procedures applied in our audit for the financial year ended 31 December 2016. 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 Reporting Unit) in respect of such data, including any errors or omissions however caused.

V J Ryan & Co

V J RYAN & CO
 Chartered Accountants

Level 5
 255 George Street
 SYDNEY NSW 2000

P G Crawford

Peter Gerard Crawford
 Partner

Dated at Sydney: 21.2.2017

AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES

PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

	Consolidation	
	2016	2015
	\$	\$
INCOME		
Advertising Commissions	682,133	718,696
Dividend Received	67,800	-
Interest Income	181,532	182,554
Keno Commission	863,949	799,555
Legal Cost Recovery (Copyright Claim)	-	18,101
Membership Activities	2,414,115	2,533,851
Membership Subscriptions	4,338,926	4,426,717
Profit on Disposal of Non-Current Assets	1,380	-
	<u>8,549,835</u>	<u>8,679,474</u>
EXPENDITURE		
Accommodation Division	404,910	376,856
Accounting and Consulting Fees	9,631	23,175
Administration	2,980	1,017
Advertising and Staff Hire	1,379	2,327
Annual Leave	6,955	(9,718)
Annual Report	1,535	18,269
Auditor's Remuneration	42,000	42,000
Bank and Credit Card Charges	22,386	23,999
Capitation and Affiliation Fees	151,844	158,824
Cleaning and Laundry	61,821	56,535
Computer and Development Costs	90,140	92,346
Delegates	228,494	155,257
Depreciation	423,704	432,448
Donations	193,838	87,238
Electricity	44,685	42,755
Executive Administration	394,818	396,686
Executive and Committee of Management	115,689	93,612
Flowers and Plant Hire	8,957	8,369
Fringe Benefits Tax	18,363	24,000
Gaming Department (Including CMS Joint Venture)	152,044	512,761
Hotel Advertising Campaign	54,446	1,708,090
Hotel News	214,226	307,463
Industrial and Membership	160,448	145,892
Industry Development	57,716	6,945
Insurance	66,401	70,817
Legal Fees	100,245	152,038
Liquor, Policing & Research	31,614	21,982
Long Service Leave	56,627	54,010
Loss on Disposal of Non-Current Assets	-	9,191
Marketing	859,221	870,052

This statement has not been audited.

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES**

**PROFIT AND LOSS STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Consolidation	
	2016	2015
	\$	\$
EXPENDITURE (Continued)		
Membership	151,574	157,007
National Executive and Board Meetings	17,391	17,138
National Office Costs	163,185	138,030
Parking Levy	35,388	39,392
Payroll Preparation	4,444	4,446
Payroll Tax	130,990	138,750
President's Allowance	60,000	60,000
Printing and Stationery	5,661	6,128
Provision for Doubtful Debts Movement	-	(63,152)
Public Relations	63,264	54,728
Rates, Taxes and Strata Levies	73,342	68,625
Regional Meetings	18,199	18,554
Repairs and Maintenance	54,304	51,275
Salaries and Wages	2,664,987	2,646,757
Security	365	365
Sponsorship	10,000	600
Staff Amenities	9,507	14,317
Sundry	1,556	4,212
Superannuation	264,780	256,679
Telephone	25,955	35,433
Training Department	12,349	30,282
Travel	2,787	2,634
	<u>7,747,145</u>	<u>9,567,436</u>
Profit / (Loss) for the Year	<u>802,690</u>	<u>(887,962)</u>

This statement has not been audited.

AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	Consolidated		Parent	
		2016	2015	2016	2015
		\$	\$	\$	\$
CURRENT ASSETS					
Cash and Cash Equivalents	7	8,275,008	6,882,840	8,275,008	6,882,840
Trade and Other Receivables	8	619,044	777,220	3,704,712	3,930,686
Inventory	9	1,742	1,742	1,742	1,742
Other Assets	10	33,395	55,954	33,395	55,954
TOTAL CURRENT ASSETS		<u>8,929,189</u>	<u>7,717,756</u>	<u>12,014,857</u>	<u>10,871,222</u>
NON-CURRENT ASSETS					
Property, Plant and Equipment	11	6,076,079	6,440,806	6,076,079	6,440,806
Investments	12	4,800,000	4,800,000	23	23
TOTAL NON-CURRENT ASSETS		<u>10,876,079</u>	<u>11,240,806</u>	<u>6,076,102</u>	<u>6,440,829</u>
TOTAL ASSETS		<u>19,805,268</u>	<u>18,958,562</u>	<u>18,090,959</u>	<u>17,312,051</u>
CURRENT LIABILITIES					
Trade and Other Payables	13	4,128,008	4,193,938	4,128,008	4,193,938
Provisions	14	526,773	421,883	526,773	421,883
TOTAL CURRENT LIABILITES		<u>4,654,781</u>	<u>4,615,821</u>	<u>4,654,781</u>	<u>4,615,821</u>
NON-CURRENT LIABILITES					
Provisions	14	149,277	144,221	149,277	144,221
TOTAL NON-CURRENT LIABILITIES		<u>149,277</u>	<u>144,221</u>	<u>149,277</u>	<u>144,221</u>
TOTAL LIABILITIES		<u>4,804,058</u>	<u>4,760,042</u>	<u>4,804,058</u>	<u>4,760,042</u>
NET ASSETS		<u>15,001,210</u>	<u>14,198,520</u>	<u>13,286,901</u>	<u>12,552,009</u>
EQUITY					
Retained Earnings		<u>15,001,210</u>	<u>14,198,520</u>	<u>13,286,901</u>	<u>12,552,009</u>
TOTAL EQUITY		<u>15,001,210</u>	<u>14,198,520</u>	<u>13,286,901</u>	<u>12,552,009</u>

The Consolidated Statement of Financial Position is to be read in conjunction with the notes to the financial statements.

AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Consolidated		Parent	
		2016	2015	2016	2015
		\$	\$	\$	\$
Cash Flows from Operating Activities:					
Receipts from Members and Third Parties		8,525,100	8,222,372	8,525,100	8,222,372
Payment to Suppliers and Employees		(7,324,667)	(8,510,559)	(7,256,867)	(8,510,557)
Dividend Received		67,800	-	-	-
Interest Income		181,532	182,554	181,532	182,554
Net Cash Provided By / (Used In)					
Operating Activities	17	1,449,765	(105,633)	1,449,765	(105,631)
Cash Flows from Investing Activities					
Payment for Property, Plant and Equipment		(58,977)	(82,505)	(58,977)	(82,506)
Payment for Investments		-	-	-	(2)
Proceeds from Sale of Property, Plant and Equipment		1,380	35,181	1,380	35,182
Net Cash (Used In) Investing Activities		(57,597)	(47,324)	(57,597)	(47,326)
Cash Flows from Financing Activities					
Net Cash (Used in) Financing Activities		-	-	-	-
Net Increase / (Decrease) in Cash held		1,392,168	(152,957)	1,392,168	(152,957)
Cash and Cash Equivalents at Beginning of Financial Year		6,882,840	7,035,797	6,882,840	7,035,797
Cash and Cash Equivalents at End of Financial Year	7	8,275,008	6,882,840	8,275,008	6,882,840

The Consolidated Statement of Cash Flows is to be read in conjunction with the notes to the financial statements.

AUSTRALIAN HOTELS ASSOCIATION (NSW)
 ABN 64 243 628 807
 AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 DECEMBER 2016

	Retained Earnings \$	Total Equity \$
CONSOLIDATED		
At 1 January 2015	15,086,482	15,086,482
<i>Total Comprehensive Income for the Year</i>		
Net Loss for the Year	(887,962)	(887,962)
<i>Other Comprehensive Income</i>		
Other Comprehensive Income	-	-
At 31 December 2015	14,198,520	14,198,520
<i>Total Comprehensive Income for the Year</i>		
Net Profit for the Year	802,690	802,690
<i>Other Comprehensive Income</i>		
Other Comprehensive Income	-	-
At 31 December 2016	<u>15,001,210</u>	<u>15,001,210</u>
PARENT		
At 1 January 2015	13,439,971	13,439,971
<i>Total Comprehensive Income for the Year</i>		
Net Loss for the Year	(887,962)	(887,962)
<i>Other Comprehensive Income</i>		
Other Comprehensive Income	-	-
At 31 December 2015	12,552,009	12,552,009
<i>Total Comprehensive Income for the Year</i>		
Net Profit for the Year	734,892	734,892
<i>Other Comprehensive Income</i>		
Other Comprehensive Income	-	-
At 31 December 2016	<u>13,286,901</u>	<u>13,286,901</u>

The Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements.

AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES

RECOVERY OF WAGES ACTIVITY (*)
FOR THE YEAR ENDED 31 DECEMBER 2016

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
Cash Assets in Respect of Recovered Money At Beginning of Year	-	-	-	-
Receipts:				
Wages Recovered from Employers	-	-	-	-
Interest on Wages Recovered	-	-	-	-
	-	-	-	-
Payments:				
Deductions of Membership Amounts	-	-	-	-
Deductions of Donations to Accounts of the Reporting Unit or Another Reporting Unit	-	-	-	-
Deductions of Fees	-	-	-	-
Payments to Workers	-	-	-	-
	-	-	-	-
Cash Assets in Respect of Recovered Money At End of Year	-	-	-	-
Number of Workers in Respect of Recovered Money At End of Year	-	-	-	-

No revenue has been derived from undertaking recovery of wages during the reporting period (*).

*** - Mandatory disclosure required by the Reporting Guidelines of Fair Work Commission. Item to remain even if Nil.**

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1 CORPORATE INFORMATION

The consolidated financial report of the Australian Hotels Association (NSW) (“the Association”), and its Controlled Entities (together referred to as the ‘Reporting Unit’) for the year ended 31 December 2016 was authorised for issue in accordance with a Resolution of the Committee of Management on the date of authorisation of the Committee of Management Statement.

The Reporting Unit is incorporated in Australia. The nature of the operations is that of an Industrial Association comprising and representing members of the hotel industry.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that apply for the reporting period, the *Fair Work (Registered Organisation) Act 2009* (“RO Act”) and the *Industrial Relations Act 1996 (NSW)*. For the purpose of preparing the general purpose financial statements, the Association is a not-for-profit entity and the Controlled Entities are for-profit entities.

A statement of compliance with the International Financial Reporting Standards as issued by the International Accounting Standards Board cannot be made due to the Association applying not-for-profit specific requirements contained in the Australian Accounting Standards.

The consolidated financial statements, except for the cash flow information, have been prepared on an accrual basis. The consolidated financial statements have been prepared on the basis of historical cost, except where measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. The accounting policies have been consistently applied and except where there is a change in accounting policy, are consistent with those of the previous year. All amounts are presented in Australian dollars and have been rounded to the nearest dollar.

(b) Fair Value Measurement (“FVM”)

The Reporting Unit measures, where indicated, financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The FVM is based on the presumption the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of this, the most advantageous market for the asset or liability. In estimating the fair value of an asset or a liability, the Reporting Unit takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, with the exception of the investment in Hospitality Employers Mutual Limited which is valued at cost. Trade and other payables have been brought to account also at cost.

**AUSTRALIAN HOTELS ASSOCIATION (NSW)
ABN 64 243 628 807
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Fair Value Measurement ("FVM") (Continued)

For financial reporting purposes, FVMs are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the FVMs are observable and the significance of the inputs to the FVM in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Reporting Unit can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(c) Comparative Amounts

When required by Australian Accounting Standards, comparative amounts have been adjusted to conform to changes in presentation for the current financial year.

(d) Application of New Accounting Standards and Interpretations

In the current year, the Reporting Unit has applied a number of amendments to Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatorily effective for an accounting period that begins on or after 1 January 2016, and therefore relevant for the current year end.

(e) Future Australian Accounting Standard Requirements

The Reporting Unit has not adopted any Australian Accounting Standard earlier than the application date. At the date of authorisation of the financial statements, the significant Standards and Interpretations that were issued but not yet effective are as follows:

Standard	Effective for Annual Reporting Periods Beginning on or After	Expected to be Initially Applied in the Financial Year Ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	31 December 2018
AASB 15 'Revenue from Contracts with Customers'	1 January 2018	31 December 2018