

# YHA AUSTRALIA YEAR IN REVIEW

2019



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COVER: GRAMPPIANS ECO YHA WON "BEST ACCOMMODATION IN AUSTRALIA" AT THE 2019 AUSTRALIA & NEW ZEALAND ADVENTURE TOURISM AWARDS  
INSIDE COVER: LIGHT RAIL OPENED IN SYDNEY – WITH A STOP RIGHT OUTSIDE SYDNEY CENTRAL YHA

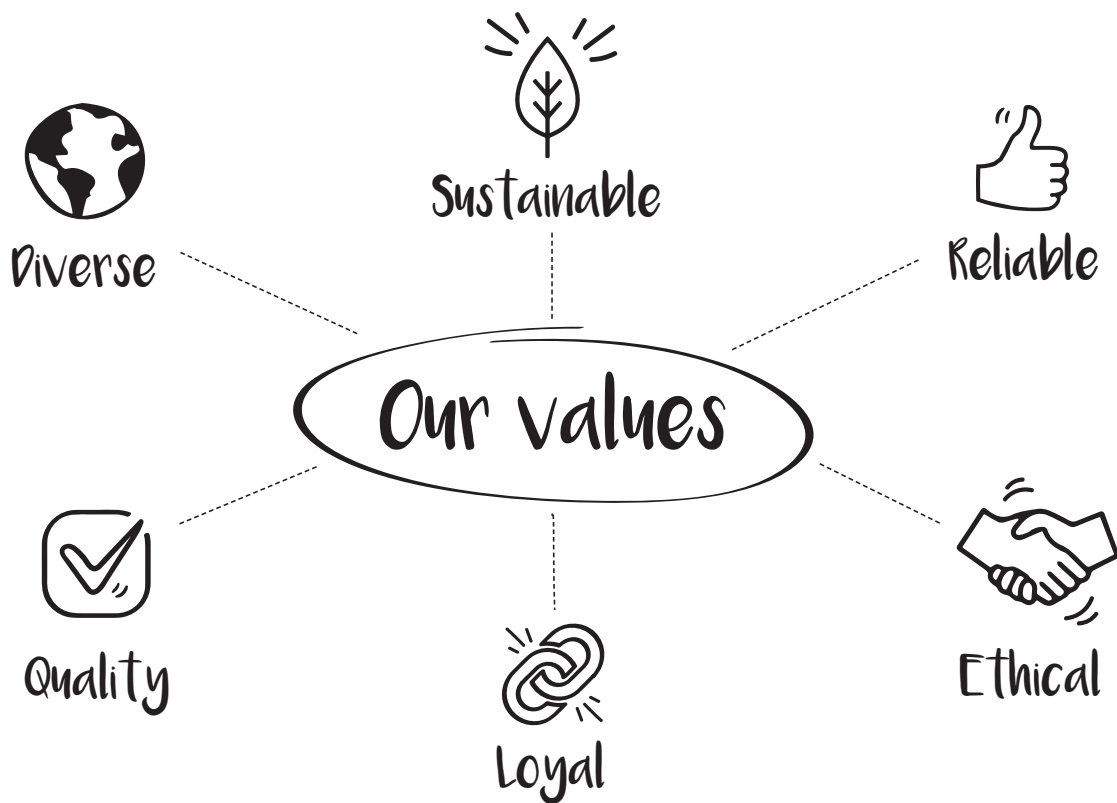
# OUR BRAND



YHA is a not-for-profit, membership based organisation, with the mission to provide opportunity for all, but especially young people, for education by personal development, fostering friendship and bringing about a better understanding of others and the world around them.

## THE HOUSE AND TREE SYMBOL

The house and tree originates from the first Hostelling International signs in Europe in 1934. The three messages used in the green Australian logo are the tree representing the environment, the house representing shelter and the open door representing just that, a welcoming open door.



## YHA IN AUSTRALIA

The first youth hostel was established in Germany in 1909. In 1932 Hostelling International (HI) was formed and now has member associations in 60 countries that are operating more than 3,000 hostels. There are 69 hostels in Australia, in urban and regional areas.

The first YHA hostel in Australia was opened in 1939 in Warrandyte in Victoria. YHA hostels provide low cost short term accommodation for travellers. YHA hostels can be used by people, regardless of age, who are members of any of the Youth Hostels Associations throughout the world.



# INTRODUCTION

Dear Members & Friends

**In 2019, YHA Australia celebrated 80 years of providing a network of youth hostels across Australia. Our organisation was founded on the eve of World War II, in September 1939. To mark the anniversary, Directors, staff and members of YHA Bushwalking Victoria trekked to the site of the first hostel in Australia at Warrandyte (on the outskirts of Melbourne).**

From that original humble hostel, YHA has thrived and grown into a network of 69 unique places to stay across Australia, generating over 1.6 million overnight stays by guests from 180 countries last year.

In recognition of their high quality hospitality, several hostels were honoured at the 2019 Australia & New Zealand Adventure Tourism Awards, including Grampians Eco YHA winning 'Best Accommodation in Australia' (and Victoria); Hobart Central YHA winning for Tasmania, and Sydney Harbour YHA – located above Australia's largest urban archaeological site, dating back to the convict days – winning for NSW.

YHA continues to be proudly a not-for-profit organisation, owned by our members (who mostly become members by staying at the hostels). At year end, membership reached 402,815.

Financially, on a turnover of \$46.2 million, we recorded an operating deficit of \$6.1 million (2018 was a deficit of \$0.8 million). Earnings before interest, tax, depreciation and amortisation after adjusting for one-off disposals and impairments totalled \$6.1 million (2018: \$7.2 million). The results include some large non-cash expenses, including revaluation of derivative financial instruments totalling \$1.2 million (2018: \$0.3 million) and impairment of one hostel and of land for development of \$1.3 million (2018: Nil). Depreciation and amortisation expenses increased due to the adoption of AASB 16 Leases, which recognises amortisation of leased assets of \$1.2 million (2018: Nil). The normalised result was a deficit of \$4.6 million (\$2.4 million normalised deficit in 2018).



L TO R: EUAN PRENTICE (CHAIR) AND JULIAN LEDGER (CEO)

During the year we welcomed two new Directors to the Board – Brigita Bezjak and Tammy Marshall – whilst former Directors Matt McNeil and Rob McGuirk were respectively re-elected and re-appointed, joining five continuing Directors.

Together with the management team, our Board participated in a two-day Strategic Planning Conference held in Byron Bay – staying at the recently extended Byron Bay YHA, which has proved particularly popular with our guests. The strategic focus was on the opportunities and challenges for YHA to grow whilst still carrying out our mission of 'education through travel' into 2020 and beyond.

Thanks go to our Directors, staff, members and industry partners for their support over the past year.

Julian Ledger  
CEO

Euan Prentice  
Chair

# OUR HIGHLIGHTS



## Hostel staff, managers and Directors participated in a Strategic Planning Conference

### AWARDS

YHA honoured at the 2019 Australia & New Zealand Adventure Tourism Awards winning 'Best Accommodation' in the State for Sydney Harbour YHA (New South Wales), Hobart Central YHA (Tasmania) and Grampians Eco YHA (Victoria) – which also won the 'Best Accommodation in Australia' award.

### 80TH ANNIVERSARY

Celebrations to mark the organisation's founding in 1939 with a range of events including a bushwalk to the site of the first youth hostel in Australia (at Warrandyte, Victoria).

### MEMBERSHIP

Growth to 402,815 members under 'Simple Affordable Membership' model.

### STRATEGIC PLANNING

Conference held in Byron Bay to set YHA's strategy for 2020-2022.

## OUR HIGHLIGHTS

CONTINUED

### YHA ACCOMMODATION

An average of 4,374 people accommodated across Australia each night

Total number of overnight stays of 1,596,509 (1,633,532 in 2018) across the country

Growth in Food & Beverage revenue at key hostels including Sydney Central YHA, Sydney Harbour YHA, Melbourne Central YHA and Brisbane City YHA

Revenue increased over the prior year with improved results from Brisbane and Western Australian hostels, and stronger income from Byron Bay YHA (due to first full year of building extension) however overall lower average bed rates achieved due to competition in a flat market for international visitors

### FINANCE

Total operating turnover of \$46.2M (\$47.4M in 2018 or before one-off adjustments \$45.7M)

Earnings before interest, taxation, depreciation and amortisation (EBITDA) after adjustment for one-off disposals and impairments was \$5.99M (\$8.79M in 2018 or \$7.25M before one-off disposal of property)

Consolidated deficit after tax of \$6.07M (2018 deficit of \$0.82M) including some larger non-cash expenses, including revaluation of derivative financial instruments totalling \$1.25M (2018: \$0.33M) and impairment of one hostel and of land for development of \$1.27M (2018: Nil). Depreciation and amortisation expenses increased due to the adoption of AASB 16 Leases, which recognises amortisation of leased assets of \$1.21M (2018: Nil).

Normalised result of deficit of \$4.65M (\$2.03M normalised deficit in 2018)

### MARKETING AND DIGITAL

Further growth in hostel usage by Australian groups through direct marketing

Uptake of the YHA app, particularly to book regional hostels

Bronze award for YHA's Year in Review in the 2019 Australasian Reporting Awards

Extensive coverage in media, including social media through hosting 'influencer' events

### GOVERNANCE

The Board operated with nine Directors (including three appointed) and three sub committees, with meetings taking place in Melbourne and Sydney

Chair, Euan Prentice, re-elected to the role, and Tracey Powell elected as Vice Chair

Amendment to YHA's By-law to enable a simpler first past-the-post voting system for Director elections

# OUR HOSTELS

## ACCOMMODATION

### SOURCES OF GUESTS

In 2019 international visitors made up 71% of hostel guests including those on tourist visas, and Working Holiday Makers from over forty countries. The number of guests from Argentina, Chile, France, Italy, Japan, South Korea and the UK grew, however, there was a decline in those from other parts of Europe, New Zealand and China. Domestic travellers make up the remaining 29% of guests and the number of Australian guests fell over the year, mainly due a decrease in domestic usage in Sydney, Melbourne, Darwin and regional Queensland.

### RESULTS

In 2019, a total of 1,596,509 overnight stays were recorded at hostels around Australia, which was 3% less than the year before. An increasing proportion of these were booked online via mobile devices and the YHA App.

### HOSTEL NETWORK

In addition to hostels in key location that are owned and/or operated by YHA, the network includes properties that are either associates, or run under leases or Managed Service Agreements. During the year Alice Springs YHA (in the NT) and Coffs Harbour YHA (in NSW) – both properties owned by YHA – successfully transitioned to Managed Service Agreements.

Three associate hostels left the network during the year: in Townsville (Queensland) – as the owners changed their business model; in Western Australia, Kununurra YHA left after twenty years (to be converted to long stay accommodation), and in Broome, after fifteen years as a YHA, the Kimberley Klub ceased operating as a hostel when the owners decided to donate the property to the Lions Eye Institute to facilitate the establishment of a Northwest Hub to improve Indigenous Australian eye health outcomes. It was replaced in the network with a new centrally-located associate in Broome – Kimberley Travellers Lodge – which re-opened after 12 months of the owners fully refurbishing and rebuilding the property.

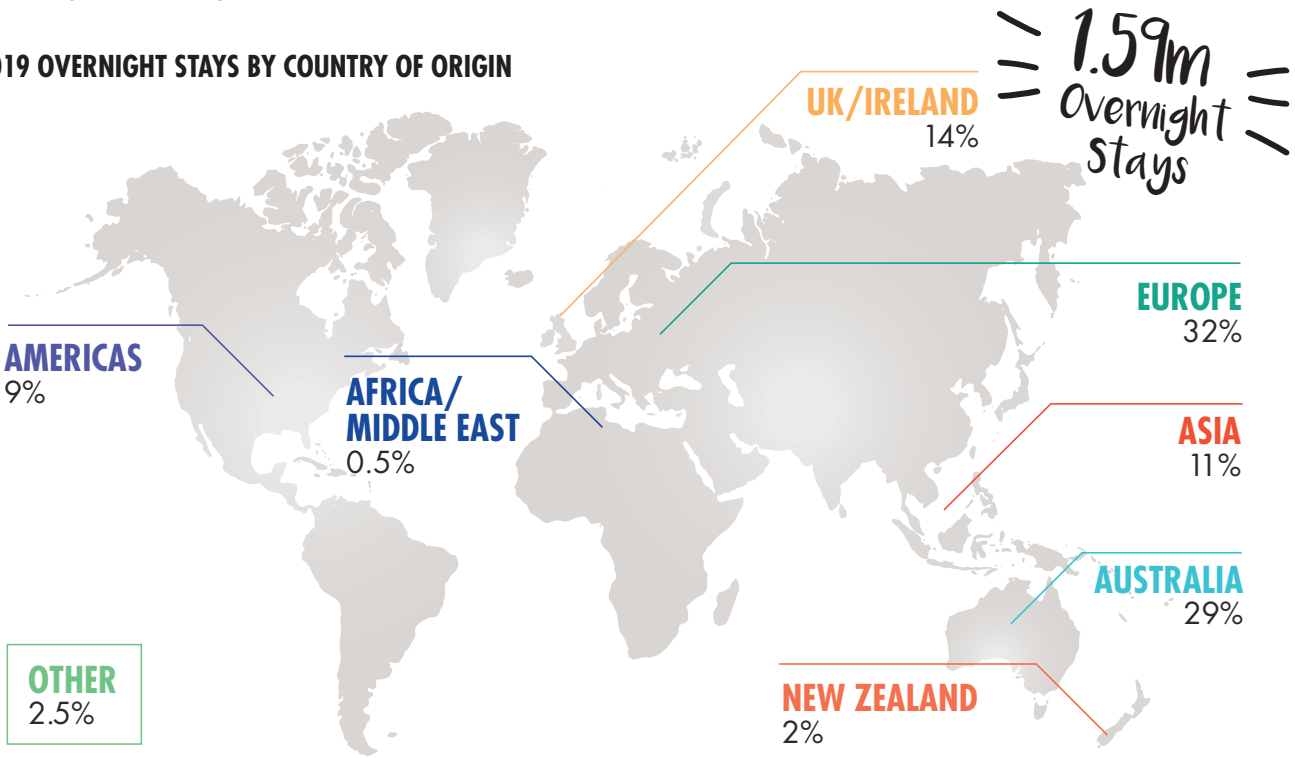
### GROUPS

Groups account for 11% of total usage, made up mainly of Australian educational, cultural and sporting groups on excursions but also increasingly international student groups. Smaller regional hostels are also promoted through the Rent-a-YHA scheme offering exclusive usage.

### HOSTEL MANAGERS' CONFERENCE

A successful Hostel Managers' Conference was held in Canberra in May, with 97 delegates from forty-eight hostels and regional offices. A highlight of the event was presentations from the operators of four small regional hostels that showcased the passion they bring to welcoming guests to their hostels and towns.

## 2019 OVERNIGHT STAYS BY COUNTRY OF ORIGIN



## REGIONAL MEETINGS

Regional meetings took place to strengthen relations between hostel managers in various parts of the network. Meetings were held in Sydney (for hostel managers from Sydney and southern NSW); Newcastle (NSW mid-north coast); Stradbroke Island (northern NSW & southern Queensland); Apollo Bay (Victoria and South Australia), Magnetic Island (northern Queensland) and Fremantle (Western Australia). These meetings covered topics such as membership, marketing, and online booking channels.

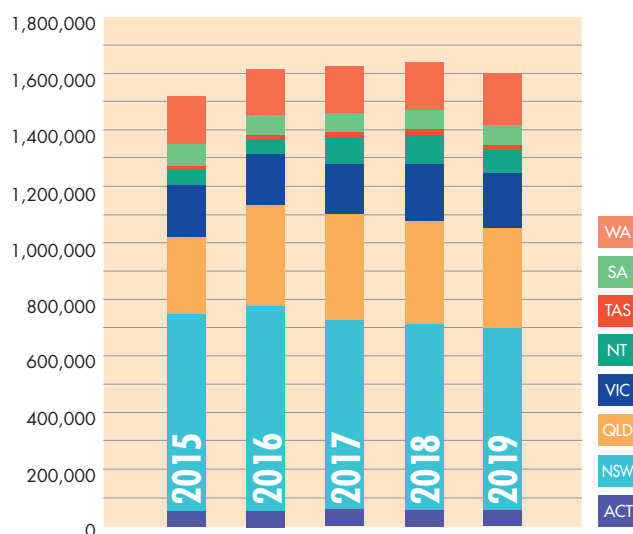
## QUALITY

YHA has rigorous systems in place to assure quality, ranging from customer ratings on yha.com.au to internal and external assessments. The minimum standards for YHA hostels in Australia provide ongoing quality assurance for guests. YHA also runs a mystery shopper program, generating valuable feedback from visits throughout the network. Additionally, Hostelling International (HI) – which is based in the UK – coordinates a program known as HI Quality (HI-Q) and all major hostels in Australia are certified under this scheme.

## YHA TRAVEL & TOURS

YHA Travel and Tours is an online and over the counter tour booking service for current and future guests. Strategically selected Australian products and experiences from trusted industry partners are made bookable through a web-based tour desk management system that provides YHA staff with the information and tools required to provide a comprehensive booking service.

## TOTAL OVERNIGHTS BY STATE/TERRITORY



Whilst members can make travel bookings via yha.com.au, the majority of travel and tours are sold face to face with reception and travel staff providing a valuable service to hostel guests, generating revenue, and further connecting the YHA network through the sale of eNights.

In 2019, Queensland accounted for 38% of YHA Travel and Tours sales, followed by NSW with 33%, with Cairns Central YHA the top selling hostel, reflecting the range of tours available in this region and the customer and sales focussed team. In total, more than 18,000 experiences were sold generating just under \$4 million of sales, on which YHA makes commission.

## HOSTEL STATISTICS

### Number of hostels on 31 December

Operated and/or owned

2019

2018

2017

Associates

32

37

32

39

43

**Total** (includes all of YHA Australia)

69

71

75

### Number of beds on 31 December

Operated and/or owned

5,126

5,126

5,080

Associates

2,610

2,825

3,245

**Total** (includes all of YHA Australia)

7,736

7,951

8,325

### Number of overnights on 31 December

Operated and/or owned

1,127,532

1,094,419

1,070,344

Associates

468,977

539,133

550,435

**Total** (includes all of YHA Australia)

1,596,509

1,633,552

1,620,779

### Overnights

Australian

467,149

519,531

498,254

International From HI countries

1,099,513

1,085,035

1,091,248

From non HI countries

29,846

28,986

31,277

**Total** (includes all of YHA Australia)

1,596,509

1,633,552

1,620,779

### Ratios – permanent only

Beds per hostel

112

112

111

Avg overnights per hostel

23,138

23,008

21,610

Avg overnights per bed

206

205

195



# DEVELOPMENT

## DEVELOPMENT PLAN

YHA has a Hostel Development Plan to provide strategic direction regarding property acquisition, disposal and development, reviewed annually.

As a major city, including for tourism, Melbourne is a high priority for YHA to expand capacity. There are currently two properties - Melbourne Central YHA in the centre, and Melbourne Metro YHA in North Melbourne (which was sold in 2018 and is currently leased back, while a more central location is being sought to replace it).

## SYDNEY HARBOUR YHA

Under the terms of its lease with the NSW government, for each guest, YHA contributes to a Sinking Fund. Accumulated funds reached \$0.5M, with some being used during the year for conservation of the on-site early colonial era archaeology. As the property has now been operating for a decade, a review will be undertaken of the potential to accommodate more school groups onsite, and to enhance the facilities for education and interpretation at The Big Dig Archaeology Education Centre.

## RAILWAY SQUARE YHA, SYDNEY

YHA has entered into an agreement with technology company, Atlassian, regarding potential re-development of Railway Square YHA (the current hostel is located in the historic 'Inwards Parcels Shed' that forms part of the Central Station Precinct). In partnership with the NSW Government, a major urban renewal project is planned, including a proposal to incorporate a new, larger YHA hostel in a building to be situated above the current 'Shed' (which will be Atlassian's Australian Headquarters.) The project is being reviewed by NSW government planning authorities, with a decision anticipated later in 2020. Construction would then commence the following year, with a view to opening the new property in late 2024.

## SUSTAINABLE HOSTELS FUND

YHA operates a Sustainable Hostels Fund, to which guests can voluntarily donate \$1 per booking as part of the yha.com.au booking process. Fifty six percent of guests booking on YHA's website contributed to the fund in 2019, raising \$50,412 to be used for a variety of sustainability projects at hostels, matched dollar-for-dollar by YHA. From mid-December 2019, donations were re-directed to bushfire rescue/relief organisations.

**\$50,412**  
raised from guests for  
Sustainable Hostels Fund

## SMALL HOSTELS DEVELOPMENT FUND

YHA also has a Small Hostels Development Fund to contribute to the development of smaller, regional hostels (of less than 100 beds) throughout regional Australia.

## SUSTAINABILITY

One of YHA's core values is to be environmentally friendly, and a range of sustainability measures were rolled out at hostels across Australia during the year. Solar photovoltaic arrays were installed at Magnetic Island YHA, with the installation 50% funded by YHA's Sustainable Hostels Fund. LED lighting upgrades also continued at a number of properties to increase energy efficiency, and further projects are in the pipeline. YHA staff were invited to pitch for funding for sustainability projects at their hostels and there was enthusiastic participation with eleven proposals received from nine locations. Four projects were funded by the YES! (YHA Environment and Sustainability) grant, including the installation of water saving taps, toilet cistern upgrades, a recycling station and monthly Indigenous Heritage tours.

Melbourne Metro YHA also took on the challenge to educate their guests about the damage caused to the environment by single use plastic bottles, through striking visual displays and videos.

## SOCIAL RESPONSIBILITY

YHA places emphasis on being socially, as well as environmentally, responsible. Under the YHA Enterprise Agreement, staff are encouraged to participate in hostel-run community and environmental activities. Projects throughout the year included collecting rubbish as a team for 'Clean-Up Australia Day' and participating in Earth Hour by turning the lights out and organising special activities for guests.



ECO-FRIENDLY BAMBOO ROOM KEYS WERE TRIALLED AT RAILWAY SQUARE YHA



SYDNEY HARBOUR YHA CELEBRATED 10 YEARS SINCE OPENING WITH A STAFF REUNION

# OUR INNOVATION

## OUR MEMBERS

October 2019 marked two years since the introduction of YHA's new "Simple Affordable Membership" model.

The underlying principle of the structure is to include all, and especially young, members from both Australia and overseas, with membership provided to all guests upon check-in at YHAs across Australia. Members continue to enjoy all benefits of membership, including access to 4,000 YHA and Hostelling International hostels around the world. This structure ensures that YHA is a thriving not-for-profit, membership-based organisation that is sustainable and relevant to future generations.

Take-up of membership continued to increase in line with projections, and at the end of 2019 there were 402,815 members, a growth of 54% over 2018. With memberships issued to international members valid for two years from their first stay, the first of these expired at the beginning of October 2019. As a result of these expiries, membership growth will slow down.

With Hostelling International determining the global standard of eMemberships, the electronic version of YHA Australia's membership is now most popular: as a down-loadable version for Apple and Android mobile devices via [yha.com.au](http://yha.com.au), on the YHA booking App, or as a PDF. Membership continues to be available in paper form, too. As part of YHA's commitment to environmental sustainability, plastic cards were discontinued during the year.

**402,815**  
YHA Australia members

## yHA Online

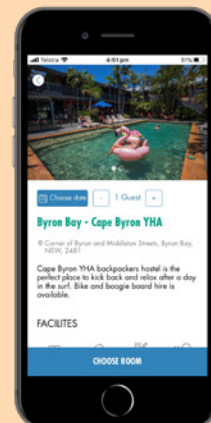
During the year, [yha.com.au](http://yha.com.au) increased traffic 15% to 2.3 million sessions. The website generated total revenues of more than \$15 million through hostel bookings, membership, 'travel deals' and ePack multi-night vouchers sales.

A wide range of improvements to the website were implemented to enhance customer experience and booking conversions, including Flexible, Standard and low non-refundable hostel rates, new "Specials" functionality, a range of mobile enhancements, website and content personalisation and preparations for marketing automation. In addition, bookings via hostel Facebook pages were enabled and YHA's members are now able to sign up to Hostelling International newsletters and promotions via [yha.com.au](http://yha.com.au).

**379,000**  
overnights booked on  
[yha.com.au](http://yha.com.au)

## YHA APP

Approximately 20,000 YHA guests now travel with the YHA app downloaded on their smart phones, and it is the optimum channel for loyal guests to source the best price, through App-only specials. The App is also a "one stop shop" for hostel activities and discounts. Generating close to \$1 million of revenue in its first year and being the most popular channel for repeat bookings, the App covers the complete guest life cycle, including the phases of Research, Booking, Arriving, Staying, Rating and Onward Travelling.



## DIGITAL

### TECHNOLOGY

The tourism sector's growing dependency on costly Online Travel Agents continues to be an issue, with YHA not immune from this trend.

While online revenue marginally decreased during the year, yha.com.au remains amongst the most successful of youth hostel organisation websites globally. Ongoing investment is required to ensure that YHA can continue its digital transformation and retain a high degree of independence. YHA continues to operate a mobile and desktop-friendly website in four languages (English, Chinese, Japanese and Korean) and has taken further steps to increase efficiencies of the property management and reservation systems, business intelligence and yield management tools. YHA's App achieved record downloads during 2019, particularly from younger guests.

### PRIVACY AND DATA SECURITY

A key focus during the year remained on data collection and storage, data integrity, and cyber security.

YHA's systems and processes are built in compliance with the Australian Privacy Act (1988) and the Privacy Principles as well as the European Union General Data Protection Regulation (GDPR) that covers EU residents (many of whom are YHA's guests, travelling in Australia).

From a cybersecurity point of view, YHA maintains a rigorous monitoring and patching program, and compliance with the Australian Mandatory Data Breach Notification scheme, as well as having a comprehensive incident response plan in place.

YHA is committed to maintaining a Data Privacy framework that builds trust in the YHA brand, benefits customers in being in control of their personal information, ensuring compliance, and minimising cybersecurity risks.



## MARKETING

### MARKETING PLAN

YHA's marketing efforts include a mix of above and below the line campaigns and activities, to build the brand and target relevant audiences.

### ENGAGEMENT

YHA uses a range of tools to communicate with customers, including electronic newsletters, digital screens in hostels and social media.

### INTERNATIONAL COLLABORATION

Close collaboration takes place with sister organisations from Hostelling International (HI). A Pacific Rim Marketing Group, comprising of HI USA, HI Canada, YHA New Zealand and YHA Australia, convenes regularly, to pool resources and expertise, and plan joint research and campaigns.

### PARTNERS

YHA works with a large range of partners including tourism bodies, travel agents and tour operators. YHA's accommodation is sold via specialised agents overseas, and also included in Working Holiday Maker arrival packages.

### EVENTS

YHA is active throughout the year in promoting to potential guests at a range of events, including attending over thirty 'O' week (orientation) events on university campuses throughout Australia.

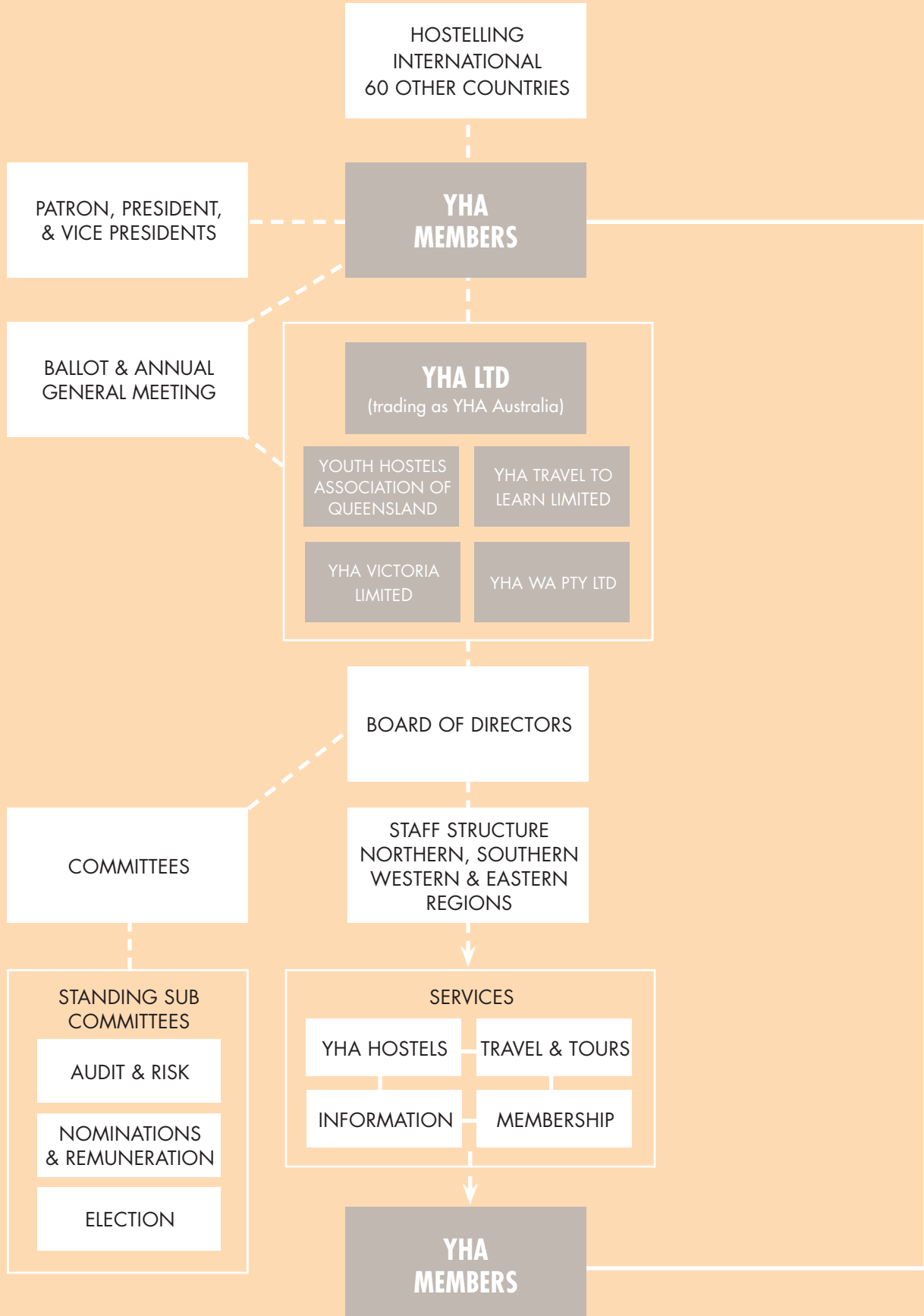
### MEDIA

YHA is pro-active on social media, including generating unique content for YouTube, Instagram and Facebook. Liaison with traditional media and influencers also takes place throughout the year, with a range of Australian and international print, broadcast and social media. A highlight of the year, resulting in extensive positive coverage, was an event hosted for social media "influencers" at Sydney Harbour YHA for the "Lights On" of the Vivid festival (centred on promoting #YHAOZ).

AN EVENT WAS HELD AT BRISBANE CITY YHA TO MARK THE 1 MILLIONTH OVERNIGHT STAY, WITH A GUEST FROM THE UK CROWNED 'QUEEN OF THE BACKPACKERS'

# ORGANISATIONAL STRUCTURE

AT 31 DECEMBER 2019



# OUR FUTURE

## OUR STRATEGY

Following YHA’s Strategic Planning Conference held in Byron Bay in June, a new 2020-2022 Strategic Plan was adopted in November 2019. Built on five key themes, the Strategic Plan outlines a wide range of goals, strategies and annual initiatives, all centring on ‘Customer Experience’.

The plan’s title, Innovating for authentic connection and growth, reflects YHA’s desire to continuously come up with new and better ways to make member’s stays as attractive as possible, to enable them to meet with people to connect, and so to help develop a more open, tolerant and connected world.

The new Strategic Plan aims at harnessing and enhancing YHA’s culture of inventiveness to meet the challenges of the future. Ensuring ‘Customer Experience’ is the focus of YHA’s efforts will be a key goal of YHA’s new Innovation Hub. The goal of the program is not merely to focus on new technology or disruptive business models, it is to take YHA’s customers’ experiences to new levels.

The Plan will formalise YHA’s innovation practices across the organisation to focus on strategic challenges, support collaborative development of solutions and measure the value delivered to members.

YHA operates in a fast-paced environment, and no more so than in 2020. The Strategic Plan is designed to undergo an annual mid-year review to ensure it stays relevant and focused, and addresses changing dynamics and trends in customer expectations and the Australian tourism market. In 2020 the review of the Plan will address re-building from the impact of the coronavirus (COVID-19) pandemic.

### KEY THEMES OF YHA’S 2020 – 2022 STRATEGIC PLAN



To be recognised as Australia’s no.1 social purpose travel organisation



An efficient, environmentally sustainable business that is meaningful and inspiring



Living our vision and values to maximise employee engagement and potential



Optimising services to enrich guests’ experiences and interactions with each other and their surrounds



Building meaningful human connections throughout our members’ travel journeys and beyond

## OUTLOOK

### OUR FUTURE

Tourism into Australia has grown to close to 10 million per annum, whilst there are a similar number of outbound trips by Australians. Visitation slowed in 2019, and in particular the Working Holiday Maker visa scheme contracted sharply. Then at year end, the widespread bushfires across Australia created much damage and a major shock to the travel sector, and attracted worldwide media coverage. This was compounded and soon overshadowed by the emergence of coronavirus (COVID-19) in early 2020.

YHA's overall patronage is two thirds international and one third Australian. Whilst the backpackers as a type of traveller have consistently been resilient, the large international share has long been recognised as a risk by the management and Board of Directors. This has prompted initiatives to build hostel usage by Australians, including individuals, families and groups.

Europeans still make up the biggest international group. The growth in Chinese visitors to Australia has seen that market make up 4% of overall hostel guests with Japanese and South Koreans also important. Overall it can be said that the usage of YHA's hostels is more diverse than in the past, being made up of many nationalities and without 'too many eggs in any one basket'.

At the time of writing, coronavirus (COVID-19) has developed into an unprecedented crisis. In the early stages were travel restrictions, event cancellations and reductions in airline capacity. These were followed by a halt to all tourism, with almost the only travel being people returning home. Tourism businesses, including YHA, were the first to be affected. YHA focused on the quality of its hostels in supporting guests' and staff well-being, and made compliance with government health requirements the first priority. YHA has been obliged to reduce costs, close most hostels and stand down staff in a situation of great uncertainty regarding how long it will take for the crisis to be brought under control. A limited number of city hostels have remained open for residential guests, providing longer term accommodation on a non-sharing basis. The Board and management have met regularly to develop strategies to remove costs and negotiate a financial funding bridge to enable the organisation to emerge from the crisis in the best possible condition.

### THE YHA NETWORK

In recent years YHA has consolidated the hostel network through the acquisition of former associate hostels in the key locations of Newcastle and Byron Bay (Cape Byron YHA), as well re-developing YHA's second hostel in Byron Bay (Byron Bay YHA) to provide a total of 330 beds in this very popular location. These projects were made possible through the ongoing success of the hostel network, and in particular the high occupancy and strong returns at the four Sydney hostels. However, whilst hotels in that city enjoyed the same success over many years, this led to a stronger pipeline of new hotel developments with a number opening in 2018-19. In addition, unregulated holiday letting increased supply of accommodation dramatically. The consequence in 2019 was a fall in hotel occupancy and average rates, and there was a flow-on effect to the hostel sector. Even before the set-backs of 2020, it was expected that this trend would continue from 2020-2022, with further hotels opening, and for demand to take some time to catch up. However, there is not expected to be many new hostels opening, as due to the high price of land and buildings, developers find them less attractive investments than other uses, such as residential. Subsequent to the coronavirus (COVID-19) crisis, it is expected that the landscape will have changed in many ways, with some travel agency, accommodation and tour operator businesses not in a position to re-open.

### RAILWAY SQUARE YHA, SYDNEY

Subject to planning approval of the project, Sydney's Railway Square YHA will close in the first half of 2021, and then re-open as a very different and bigger property in 2024. YHA has been proud over the years to have delivered some very substantial urban properties including the Perth City, Brisbane City, Adelaide Central, Melbourne Central, Sydney Central and Sydney Harbour YHAs. Each is remarkable in its own way. The proposed new development at Railway Square is also ground-breaking, and in providing something both large and quite different, will extend the boundaries of what constitutes YHA hostel accommodation in the 21st Century. The building aims to be the first in what is to become a youthful innovation and technology precinct for the city, with excellent transport links. YHA's contribution is the existing land and buildings, with a new building proposed to be constructed by a development partner, with whom YHA has shared values – including a strong focus on sustainability.



IN 2019, YHA CELEBRATED 80 YEARS SINCE FOUNDING IN AUSTRALIA, IN 1939, WITH A GATHERING AT THIS SITE OF THE FIRST YOUTH HOSTEL HERE – AT WARRANTYTE IN VICTORIA

## IMPLEMENTING YHA'S STRATEGIC PLAN

What is fundamentally different about hostels as a type of accommodation is not just that they offer great value, but that they are an environment where people of all backgrounds and nationalities meet. YHA's new Strategic Plan focuses on the objective of authentic connection as the cornerstone of the experience of staying in hostels. Whilst the coronavirus (COVID-19) pandemic has brought social distancing and travel restrictions, it is expected that emerging from it, people will be hungry to again both travel and engage with others – and what better way than to stay in hostels? The pandemic's impact on the economy and employment may also result in greater numbers looking for the great value for money offered by YHA's hostels.

## YHA TRAVELLERS' COMMUNITY

In 2017 YHA made a fundamental change to its membership system, recognising that the way younger people engage with organisations has changed

from previous generations. The notion of an annual membership, with renewal based on upfront fees, has been replaced by more fluent participation in communities which meets needs at the time. Thus a student becomes a backpacker during term breaks, or during a gap in study, or between study and work. The opportunity for YHA, with hostels having reduced barriers to entry, is to engage with the traveller at times when they are away from home, in meeting their needs not just for accommodation, but to participate in a community of travellers.

## CHANGE OF LEADERSHIP

In 2020 YHA's long standing CEO, Julian Ledger, retires. A warm welcome is extended to his successor, Paul McGrath, who joins YHA in April. He brings a track record of leadership roles in the airline, travel and tourism sectors, and 25 years' experience in leading teams to deliver operational excellence.

# OUR PEOPLE

## HUMAN RESOURCES

At 31 December 2019

### WORKFORCE PROFILE

At year end, YHA employed over 350 people in Australia, from over fifty nations, and with a median age of 30 – creating a rich cultural diversity of employees who relate well to YHA’s customers.

YHA has a strong sense of community with staff working well together and supporting several local charities, fund-raising and awareness-raising events. In 2019, these included:

- Starlight Super Swim (supporting seriously ill children and families)
- Autism Awareness Day
- ‘September’ (supporting people with cerebral palsy)
- The Henley on Todd Regatta (raising funds for the McGrath foundation)
- Donating push bikes to Sydney Asylum Seekers Centre
- Spring Clean the City
- Participation in the Hostelling International (HI) ‘Sleep for Peace’ Day
- Rotary Peacebuilding Conference
- Australia’s Biggest Morning Tea (Cancer Council fundraiser)
- Clean up Australia Day
- Neverest (supporting the Australian Himalayan Foundation)
- RUOK Day
- Partnering with the Port Phillip EcoCentre
- Staff blood donations to the Australian Red Cross
- Participation in Earth Hour & supporting action on climate change
- Fundraising for organisations including Lifeline, the RSPCA, Cisuara Learning, and bushfire relief
- Educating guests about single-use plastics through the Water Bottle Project.



### TRAINING & DEVELOPMENT

YHA continued to implement the organisation’s Workforce Development Plan, which sets out how to achieve the organisation’s strategic and financial objectives through efficient utilisation of human resource capacity.

Training and staff development are important components of YHA’s recruitment and retention, with both in-house and external training provided. YHA conducts an induction program for new staff and provides ongoing training in sales and customer service, property management and customer database systems, safety, staff management, and Business Planning courses tailored specifically for the organisation. YHA ensures that all senior hostel staff are ‘Provide First Aid’ certified, and Mental Health First Aid training is also provided for Hostel Managers and Deputies. YHA also supports its staff in gaining further qualifications relating to the business, by contributing up to 50% of tuition fees for approved courses.

YHA encourages exchanges between hostels, and during the year exchanges took place involving staff from several hostels across the country. YHA also sent a staff member from Cape Byron YHA to represent Australia at Hostelling International’s World Youth Rally in Korea, an event which creates an educational platform for participants from around the world to learn to respect each other’s culture, and come up with ways to protect the environment through teamwork and collaboration.

### ONLINE INFORMATION & TRAINING

YHA provides staff with opportunities for online training through its Learning Management System, called Trainee. This platform provides staff with access to a suite of engaging interactive modules, facilitates registering for in-person training, and allows for complete training records to be attached to a staff member’s profile. ‘Trainee’ has proved a valuable tool in disseminating key information to staff as well as automating and streamlining the organisations’ training processes.

YHA’s intranet, ‘Egor’, represents a valuable channel of communication for all staff across the national organisation, attracting record levels of engagement throughout 2019. ‘Egor’ also provides an interactive

A DOVE-SHAPED NECKLACE, HAND-CRAFTED IN ITALY, TRAVELLED THE WORLD IN A HOSTELLING INTERNATIONAL ‘SLEEP FOR PEACE’ FUNDRAISING EFFORT. L-R: JULIAN LEDGER, CEO & HI PRESIDENT, ROB MCGUIRK



hub for YHA resources, giving staff from every corner of the country access to consistent documentation and information. The intranet contains manuals, policies, guides and information sheets to assist hostel staff in their everyday work as well as company news.

On a global level, Hostelling International (HI) provides an intranet, Workplace by Facebook, providing a platform for collaboration with colleagues across the international network.

### RECOGNISING STAFF

YHA has traditionally recognised and rewarded performance through an 'Employee of the Month' scheme. YHA's 2019 'Employee of the Year' prize was awarded to Jeff Kung, Duty Manager at Brisbane City YHA, for being an exceptionally committed, reliable, and hardworking member of the Brisbane City YHA team.

Several staff were recognised during the year for their long-standing service at YHA, including Domenic Pimpinella, Western Region Manager (20 years), Charlene Butler, Hobart Central YHA (15 years), Manisha Manandhar, Melbourne Central YHA (15 years), Ranko Radovanovic, Melbourne Metro YHA (15 years), Dean Grasselli, Railway Square YHA (15 years), Hetty Liu, Accountant (15 years), Irene Tanoto, Assistant Accountant (15 years), Roger Wileman, Alice Springs YHA (10 years), Stephen Lynch, CFO (10 years), Edberth Valente, IT Coordinator (10 years), Flora Kyprianou, Adelaide Central YHA (10 years), Alison Frappell, Sydney Harbour YHA (10 years), Moi Sae-Tang, Sydney Harbour YHA (10 years), Ian Medina, Sydney Harbour YHA (10 years), Amy Li, Sydney Harbour YHA (10 years), Hayley Martinez, Sydney Central YHA (10 years), Chaiya Klaitin, Sydney Central YHA (10 years), Lili Deng,

Canberra City YHA (10 years), Miranda Brouwer, Byron Bay YHA (10 years), Jurgen Plautz, Cairns Central YHA (10 years), and Sylvia Della Vedova, Railway Square YHA (10 years).

### ENTERPRISE AGREEMENT

YHA hostel staff are employed under the YHA Enterprise Agreement 2015.

### EQUAL EMPLOYMENT OPPORTUNITY

YHA is committed to the principles of Equal Employment Opportunity (EEO) and each year submits a report to the Workplace Gender Equality Agency (WGEA). YHA continues to promote an inclusive and positive workplace environment, including training to prevent discrimination and harassment, and EEO is an integral part of training for new employees.

### WORKPLACE HEALTH & SAFETY

Safety is an important issue for YHA, and the organisation has a good record with workplace safety and injury management. Workplace health and safety best practice means that YHA and its employees are all responsible and accountable. The YHA Workplace Health & Safety Consultative Group consists of representatives from hostels and administration offices across the network, and meets four times each year to review, discuss, and provide advice to management on how to best manage workplace health and safety within the organisation.

### WELLBEING

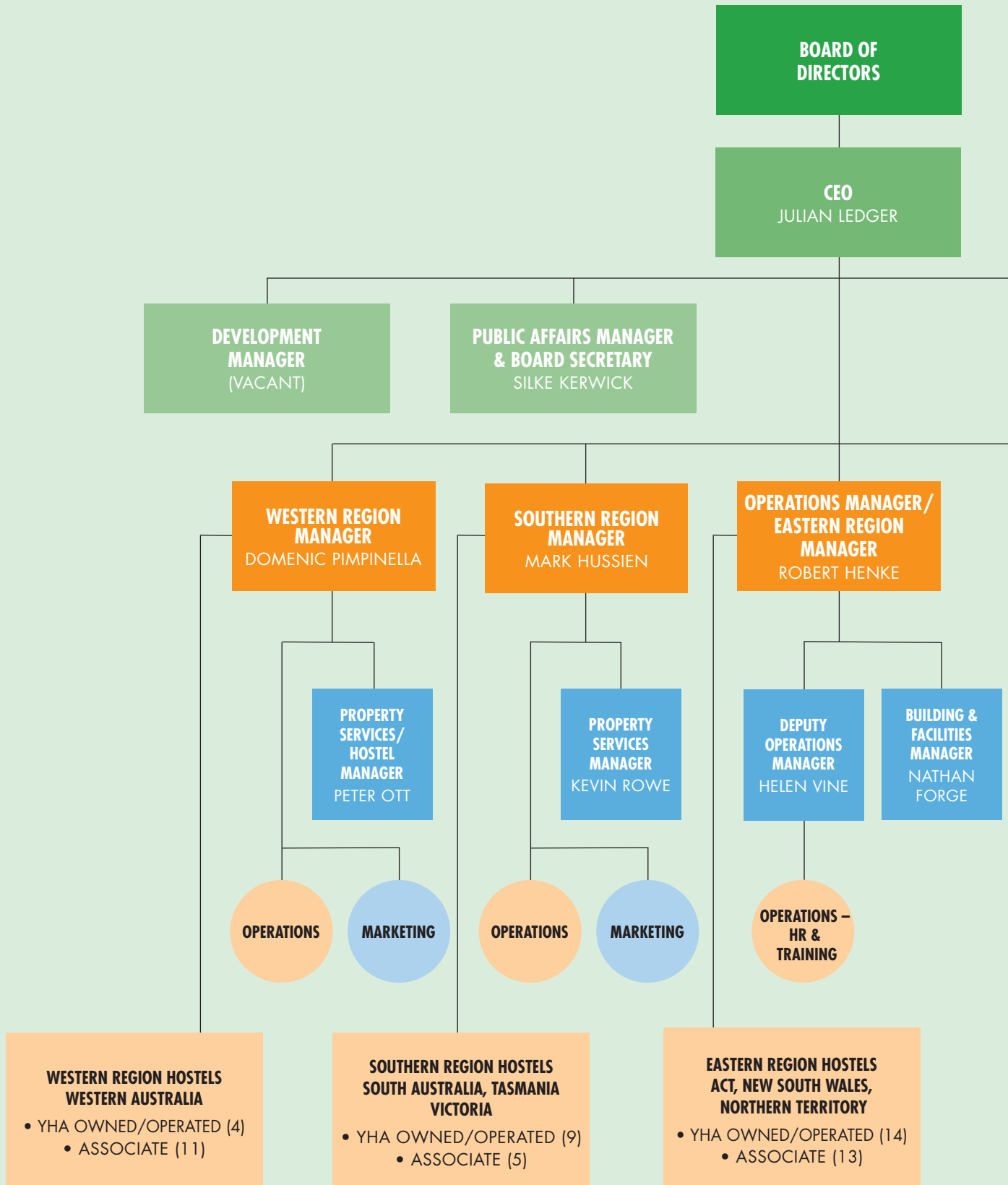
As part of its commitment to its people, flu vaccinations are offered to staff as a preventative measure, and Personal Protective Equipment (PPE) is provided as required for frontline staff.

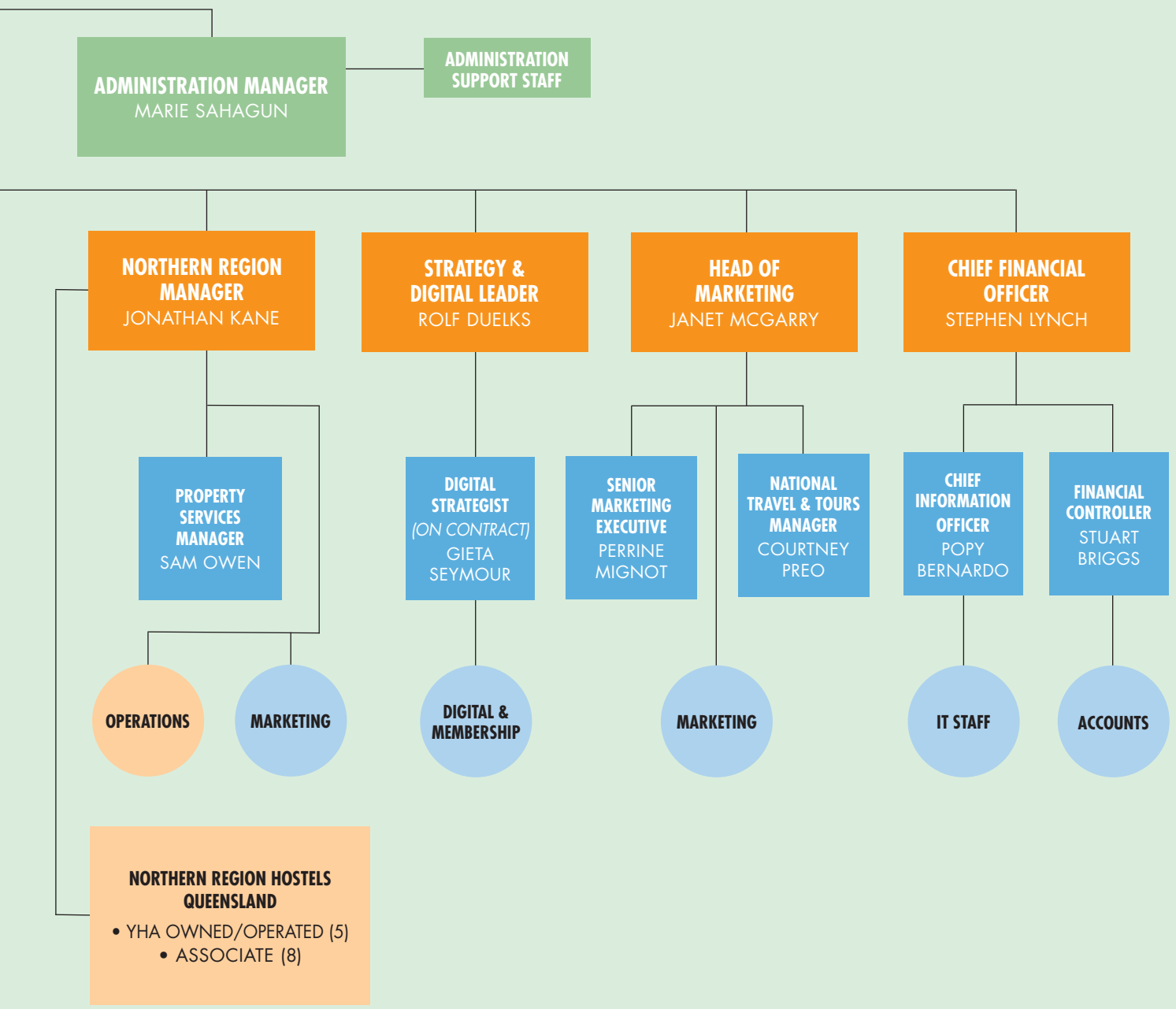


YHA WON FOUR AWARDS AT THE ADVENTURE TOURISM AWARDS 2019, INCLUDING BEST ACCOMMODATION IN AUSTRALIA FOR GRAMPIANS ECO YHA

# STAFF STRUCTURE

AT 31 MARCH 2020





# OUR GOVERNANCE

## GOVERNANCE

### DIRECTORY OF THE ORGANISATION

at 31 December 2019

#### PATRON

Vacant

#### PRESIDENT

James Tomkins, OAM

#### VICE PRESIDENTS

Leonie Clark

Helen Harms

Dr Tasha Prabhakar

Cameron Quinten

Ray Temperley

David Wardle

Jim Whitehead

Alex Zilkens

#### HONORARY LIFE MEMBERS

Ms E Lyle OAM

Mr W King

Mr T Blunden

Mr J Cras

Mr B Hansford

Mr D Wardle

Mr H Andrew

Mr J Bowles

Mr J Whitehead

Mr K Grey

Ms G Grey

Mr I Newson

Mr A Schmidt

Ms W Bell

Mr R Ousley

Mr J Hamilton

Ms C Davis

### THE BOARD OF DIRECTORS

The Board of Directors is the governing body of the organisation, and is made up of ordinary adult or Life members. The primary focus of the Board is the long-term health and prosperity of YHA, accomplished by:

- setting strategic direction;
- overseeing development of the network;
- ensuring that appropriate risk management and people management systems are in place; and
- enshrining YHA's mission and core values in all aspects of the organisation's activities.

The Board approves and delegates the implementation of strategic objectives, plans and budgets to the CEO, who is appointed by, and accountable to, the Board. The CEO is responsible for day to day management of the business, subject to policies and procedures determined by the Board, and is supported by an experienced and stable management team – an organisational structure is included in this report.

### BOARD COMMITTEES

The Board has established three Committees to assist in the execution of its duties and responsibilities, and to allow detailed consideration of complex issues. The Board Committees are, the Audit & Risk Committee; the Nominations & Remuneration Committee, and the Election Committee. Each Committee has a charter that outlines its role and composition, and each Committee provides regular reports to the Board.

### AUDIT & RISK COMMITTEE

The purpose of the Audit & Risk Committee is to assist the Board in fulfilling its responsibilities regarding financial reporting, risk management, compliance with laws and regulations and ensuring the independence of the external auditor.

### NOMINATIONS & REMUNERATION COMMITTEE

The objectives of the Nominations & Remuneration Committee include ensuring that the Board is skills based, shows diversity and is made up of Directors with a range of expertise and experience. In addition, YHA is committed to continuing education and training for Directors.

## ELECTION COMMITTEE

The Election Committee is responsible for managing the Directors' interview process and familiarisation program, to ensure that candidates for the Board demonstrate the essential and desirable criteria required; understand their obligations under the Corporations Act, and are aware of their fiduciary, strategic and risk management responsibilities.

## DIRECTORS' REMUNERATION

Remuneration for Directors is fixed at an aggregate amount of \$150,000 in any one year. Policies are in place to govern distribution of the remuneration pool amongst the Directors, and the reimbursement of direct expenses to attend meetings.

## BOARD MEETINGS

The Board of Directors met seven times between January and December 2019, including via five face-to-face meetings held in Sydney and Melbourne, and via two audio-visual conferencing meetings. In addition, the Audit & Risk Committee held six meetings, the Nominations and Remuneration Committee held five meetings, and the Election Committee held two meetings.

## BOARD MEMBERS

For most of the year, the Board was made up of nine Directors, with each Director normally serving a three-year term before deciding whether to nominate again (subject to term limits), with up to a third of the Board potentially changing each year. Directors have travelled extensively within Australia and overseas, and continue to use the YHA network on their travels. The composition of the Board embraces diversity – by skills, experience, age and gender. The Directors' Report on page 23 sets out their qualifications and experience.

## HOSTELLING INTERNATIONAL

YHA is highly committed to contributing to the global Hostelling International (HI) network and its development. As the only organisation in the global network recording over a million overnight stays from international guests each year, the Australian team is well placed to share expertise, innovation and provide leadership. Long-standing YHA Ltd Director, Rob McGuirk, currently serves as the President of Hostelling International (having been elected in October 2018 at the HI Conference for a two-year term). HI is a UK-based not-for-profit organisation, and a federation of national youth hostel associations in more than 60 countries with 3,000 affiliated hostels around the world.

## SUCCESSION PLANNING

In mid-2019, YHA's CEO, Julian Ledger, advised the Board of his intention to retire in 12 months. The Board had previously adopted a Succession Planning Policy, recognising that CEO selection is one of its most important tasks. The policy delegated responsibility for the CEO recruitment process to the organisation's four office bearers, being the Chair, Vice Chair and Chairs of the two main standing sub-committees. The Chair of the Nominations & Remuneration Committee, Bronwyn Dallow, was elected to Chair the CEO Succession Working Group. Amongst its tasks was developing selection criteria for choosing a recruitment agency; going ahead with that appointment; and reviewing the position description, job specification and advertisement. The group was pleased that the agency received a considerable number of high calibre applications, from both internal and external candidates. An update on the process was provided to all staff in early 2020.



YHA LTD BOARD OF DIRECTORS, 2019-20 (L TO R): BRIGITA BEZJAK, TAMMY MARSHALL, ROSS MCDUGALL, SIMON SPICER, ROB MCGUIRK, MATT MCNEIL, BRONWYN DALLOW, EUAN PRENTICE (CHAIR), JULIAN LEDGER (CEO), TRACEY POWELL

# OUR RELATIONSHIPS

The following is a summary of the organisation's relations with government.

## COMMONWEALTH GOVERNMENT

YHA Ltd is a not for profit company limited by guarantee under the Corporations Act 2001 and trading as YHA Australia.

YHA Ltd is not recognised as a charity and is not exempt from Federal taxes such as Income Tax, Goods and Service Tax (GST) or Fringe Benefits Tax. Donations to YHA are not tax deductible for personal income tax.

YHA hostel employees are covered by an Enterprise Agreement under the Fair Work Act 2009 and the National Employment Standards.

## STATE, TERRITORY & LOCAL GOVERNMENTS

YHA receives concessions granted by the NSW Government, including exemptions from some Stamp Duties, Payroll Tax and Land Tax. YHA receives exemption from Land Tax in Queensland and South Australia and a concession on Land Tax in Victoria.

City of Sydney has granted an exemption on Council rates at Sydney Harbour YHA and The Big Dig Archaeology Education Centre.

YHA leases land from the Department of Natural Resources, Mines & Energy in Queensland; the WA Department of Planning, Lands and Heritage; and the Tasmanian Government Parks & Wildlife Service, and leases property from the SA Department of Environment, Water & Natural Resources.

Throughout the course of the year, YHA ensured that national, state and local governments were kept informed of its role and activities.

YHA has maintained its contacts with a wide range of non-government groups including regional tourism bodies and recreational and environmental organisations.

## INDUSTRY REPRESENTATION

NSW Backpacker Operators' Association (BOA) is an industry body representing almost 100 organisations in the backpacking sector, including publishers, accommodation providers, travel agents and transport and tour operators. This group acts as a communication and advocacy body for the industry in NSW. The Sydney Central YHA Hostel Manager is the Secretary of BOA.

Adventure Queensland (AQ) is an industry organisation for the backpacker and adventure sector in that state.

The National Travel and Tours Manager serves on the Committee of AQ.

The Deputy Manager of Melbourne Central YHA, and YHA's Southern Region Operations Assistant, are both on the Executive Committee of Adventure Tourism Victoria (ATV).

The Backpacker Youth Tourism Advisory Panel (BYTAP) provides leadership for industry representations to government on youth tourism, including marketing and development, traveller safety, raising accommodation standards and liberalisation of visas. YHA is represented through the CEO on this Panel.

The CEO is also a member of the Tourism Visa Advisory Group of the Department of Home Affairs. Additionally, YHA liaises with various consulates in Australia, to ensure provision of accurate information to Working Holiday Makers from foreign nations.

## YHA is a member of the following organisations:

Adelaide West End Association	Glebe Chamber of Commerce
Adventure Queensland	Hostelling International
Adventure Tourism Victoria	Museums Australia
AHK German Australian Chamber of Industry & Commerce	Nature Conservation Council of NSW
Associations Forum Pty Ltd	National Capital Attractions Inc (NCAA)
Australian Conservation Foundation	National Parks Association of NSW
Australian Federation of Employers & Industries	National Trust of Australia (NSW)
Australian Institute of Company Directors	Newcastle City Tourist Association
Australian Society of Association Executives	NSW Business Chamber
Australian Society of Travel Writers	Queensland Tourism Industry Council (QTIC)
Australian Tourism Export Council (ATEC)	South Australian Tourism Industry Council
Backpacker Operators Association of NSW (BOA)	Study Cairns Australia
Backpacker Youth Tourism Advisory Panel (BYTAP)	Study Gold Coast
Blue Mountains Accommodation and Tourism Association	The Rocks Chamber of Commerce
Brisbane Backpacker and Adventure Association	Tourism & Transport Forum (TTF) Australia
Brisbane Marketing	Tourism Noosa
Byron Visitors Centre	Tourism Snowy Mountains
National Capital Attractions Association	Tourism Tropical North Queensland (TTNQ)
Central Australia Tourism Information Association (CATIA)	Tourism Whitsundays
Coffs Tourism	Victorian Employers' Chamber of Commerce & Industry (VECCI)
Destination Gold Coast	Victorian Tourism Industry Council (VTIC)
Ecotourism Australia Ltd	Wilderness Society
	Women in Tourism (WIT)
	WYSE Travel Confederation
	Young Tourism Network (Victoria)

# FIVE YEAR COMPARISON

YHA LTD

	2019	2018	%	2017	2016	2015
	\$	\$	Change	\$	\$	\$
Before disposal / impairment of fixed assets						
Total revenue	46,199,110	45,787,155	0.9	44,253,571	44,685,152	42,943,067
Total expenses	50,849,481	48,141,246	(5.6)	46,898,888	43,219,190	41,003,197
Surplus / (Deficit) before disposal of assets	(4,650,371)	(2,354,091)	97.5	(2,645,317)	1,465,962	1,939,870
One off gains - integration or disposal of fixed assets	–	1,572,053		15,158,576	619,583	–
(Loss) on disposal of assets	(149,305)	(31,767)		(43,709)	(72,762)	(56,897)
(Impairment) expense	(1,268,868)	–		–	–	(900,000)
Income tax expense	–	(4,918)		(1,248,569)	(4,138)	–
Surplus / (deficit) after tax	(6,068,544)	(818,723)		11,220,981	2,008,645	982,973
Total assets	152,955,588	151,002,918	1.3	161,370,767	131,584,921	123,971,750
Total borrowing	89,143,848	88,237,000	1.0	96,237,000	80,000,000	75,000,000
Total equity	46,213,150	52,851,694	(12.6)	53,100,417	41,879,436	39,870,791
Gearing (note A)	0.66	0.63	5.3	0.64	0.66	0.65
Capital expenditure	2,755,307	4,794,032	(42.5)	20,144,617	14,060,227	2,837,441
Earnings before interest tax depreciation & amortisation (note B)	7,396,993	7,252,588	2.0	7,053,847	9,773,461	9,920,677
Interest cover (note B)	1.76	2.05	(14.1)	2.11	2.95	2.86
Loan to value ratio (note C)	37.0%	36.5%	(0.5)	50.1%	43.3%	40.9%
Number of members (note D)	402,815	260,558	54.6	158,258	35,262	36,664
Number of hostels (note E)	69	71	(2.8)	75	57	59
Number of employees (note F)	237	237	–	233	225	234
Turnover per employee (note G)	194,933	193,195	0.9	189,929	198,601	183,517

Note A: Based on current and non-current borrowings as a percentage of total borrowings and total accumulated funds

Note B: Based on operating surplus before interest charges, depreciation, amortisation and in 2015-2020 adjusted for gain on disposal, merging or integration and impairment expense. This calculation is not the same as the bank ICR which includes an FF&E deduction of 4% of hostel income.

Note C: Includes WA and Tasmania Hostels for 2017

Note D: Includes all Australian and international existing and new members/guests who stayed in 2017; (prior years exclude international members)

Note E: Includes staff operated, leased and associate hostels

Note F: Full time and part time equivalent to full time employees employed by YHA.

Note G: Total revenue divided by the number of employees

# YHA LTD ANNUAL REPORT

YEAR ENDING 31 DECEMBER 2019  
ABN 94 008 387 791

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# DIRECTORS' REPORT

The Directors present their report, together with the financial statements, of the consolidated entity (referred to hereafter as the 'consolidated entity' or 'group') consisting of YHA Ltd (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the year ended 31 December 2019.

## 1. THE NAMES AND OTHER INFORMATION OF THE DIRECTORS OF THE COMPANY IN OFFICE

The names, qualifications and experience of the Directors in office at any time during or since the end of the financial year are as follows:

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

NAME	QUALIFICATIONS	EXPERIENCE	RESPONSIBILITIES	ELECTED
Brigita Bridget Bezjak	B.App.Sci (Speech Pathology), Dip Bus (Governance)	YHA member since 1999. Health professional.		April 2019 to April 2022
Bronwyn Teresse Dallow	M.International Management, Grad Dip Business, MAICD	YHA member since 2011. General Manager, business chamber.	Chair of Nominations & Remuneration Committee from April 2019. Chair of Election Committee from April to September 2019.	April 2017 to April 2020
Tammy Lea Marshall	BBus, Graduate Diploma in Business Administration, MBA, GAICD	YHA member since 2019. Managing Director / owner of Management Consulting business.		Appointed 13 June 2019 to April 2021
Ross Peter McDougall	BA, LLB, GAICD	YHA member since 2012. Solicitor.		April 2017 to April 2020
Robert Anthony McGuirk	BA, LLB, F Fin, GAICD	YHA member since 1990. Continuing member of YHA Victoria Board, held roles of Chair & Vice Chair. Former Chair of YHA Ltd. Current Hostelling International President (since October 2018) and former Vice President. Lawyer, Property Manager, IT Consultant.		Elected term expired 13 April 2019. Appointed from 13 April 2019 to April 2021
Matthew Craig McNeil	BArch (Hons), GAICD	YHA member since 1988. Architect and educator.		Elected term expired April 2019. Re-elected April 2019 to April 2022
Tracey Michelle Powell	BBus, GAICD	YHA member since 2000. Former member of YHA South Australia Board, held role of Chair. Director and Principal of Business & Marketing Consultancy.	Vice Chair from April 2019, Chair of Nominations & Remuneration Committee to April 2019. Chair of Election Committee to April 2019 and from September 2019.	April 2018 to April 2021
Euan Gordon Prentice	BCom, A Fin	YHA member since 2009. Owner of capital markets research business.	Chair.	April 2018 to April 2021
Simon Paul Spicer	BEc, CA, GAICD	YHA member since 2018. Finance and Strategy Consultant.	Chair of Audit & Risk Committee from April 2019.	Appointed 1 September 2018 to April 2020
Leonie Isabelle Clark	BCom, CPA, GIA (Cert), GAICD	YHA member since 2000. Former Treasurer YHA Queensland and Vice Chair of YHA Ltd. Finance and HR manager.	Chair of Audit & Risk Committee to April 2019.	Term ended April 2019
Michael James McPhail	BSc (Hons), GAICD	YHA member since 2011. Former Vice Chair. Former Vice Chair of YHA WA Inc. Management consultant.	Vice Chair to April 2019.	Appointed 1 September 2017 to April 2019

## COMPANY SECRETARY

Julian Ledger has held the role of Company Secretary since 23 April 2003 and Stephen Lynch was also appointed as Company Secretary on 23 September 2009.

# DIRECTORS' REPORT

CONTINUED

## 2. MEETINGS OF DIRECTORS

The following table sets out the Board and Committee meetings held during the year and the number attended by each Director where applicable. The Committees are: Audit and Risk, Nominations and Remuneration and Election Committee.

DIRECTOR	BOARD OF DIRECTOR MEETINGS		COMMITTEE MEETINGS	
	NUMBER HELD / ELIGIBLE TO ATTEND	NUMBER ATTENDED	NUMBER HELD / ELIGIBLE TO ATTEND	NUMBER ATTENDED
Brigita Bridget Bezjak	5	5	4	4
Bronwyn Teresse Dallow	7	6	8	7
Tammy Marshall	3	3	2	2
Ross Peter McDougall	7	7	6	6
Robert Anthony McGuirk	7	6	5	4
Matthew Craig McNeil	7	6	5	5
Tracey Michelle Powell	7	6	8	7
Euan Gordon Prentice	7	7	4	4
Simon Paul Spicer	7	7	6	6
Leonie Isabelle Clark	2	2	4	4
Michael James McPhail	2	2	1	1

The above meeting attendance is for YHA Ltd. Youth Hostels Association of Queensland (YHA Queensland) and YHA Victoria Limited both held 1 Board meeting. YHA WA Pty Ltd held 2 Board meetings during the year. These were held on the same days at the same time and location as the above meetings reported for YHA Ltd.

A company named YHA Travel to Learn Limited ACN 637 135 990 was registered as a company under the *Corporations Act 2001* on 30 October 2019, it is a company limited by guarantee and a public company with YHA Ltd as its sole member. The company has applied for registration with the Australian Charities and Not for Profits Commission and applied for deductible gift recipient status for its charitable purpose to enable opportunities for education through travel for those with limited means.

### 3. SHORT AND LONG TERM OBJECTIVES

The objects of the group are:

- a) represent the interests of the company and its Affiliated Entities internationally with Hostelling International and its Affiliated Entities;
- b) promote youth hostelling internationally, including fostering an appreciation of a range of cultural values;
- c) promote youth hostelling throughout Australia and its dependent territories, and to promote interstate and international friendship through the development of youth hostelling;
- d) provide educational opportunities in Australia for all people, but especially young people, to:
  - i) achieve personal development;
  - ii) foster friendship; and
  - iii) bring about a better understanding of others and the world around them;
- e) facilitate education by providing, operating and assisting others to provide and operate, hostels or similar accommodation in which there are no distinctions of race, nationality, colour, religion, gender, sexual orientation, class or political opinion;
- f) educate, by promoting and encouraging:
  - i) travel;
  - ii) healthy recreational activities;
  - iii) environmental awareness; and
  - iv) interstate and international friendships and understanding, particularly through the development and provision of facilities and services to assist travellers within and outside Australia;
- g) actively promote Australia as a prime holiday destination for the members of overseas organisations affiliated with Hostelling International; and
- h) provide information or advice to any government, company or any other organisation in relation to any of the foregoing.

### 4. STRATEGY FOR ACHIEVEING OBJECTIVES

- 1) To be the market leader in the provision of low cost, quality accommodation in Australia and at least maintain current market share.
- 2) To be the market leader in providing services to free independent travellers (FITs).
- 3) To be a dynamic market driven organisation responsive to change.
- 4) To develop the business and activities of YHA in accordance with the national and international aims and objectives of the organisation.
- 5) To achieve the most effective structure for YHA in Australia.
- 6) To provide an annual operating surplus to reinvest in the further growth and development of YHA services and resources.
- 7) To continue to exercise the organisation's social, cultural, economic, educational and environmental responsibilities as a major international membership organisation.
- 8) To continue to develop YHA's human resources as a means of achieving the above objectives.
- 9) To manage risk through selected strategies and regular review.

# DIRECTORS' REPORT

CONTINUED

## 5. PRINCIPAL ACTIVITIES

The principal activities of the group during the financial year were to provide secure, high quality, low cost accommodation to members in YHA hostels and, through affiliated organisations, enable access to such accommodation throughout the world. In addition, the company operates travel and tour desk services and food and beverage operations at some hostels. These activities are directed at achieving the specific objectives of the group.

## 6. OPERATING RESULTS

The consolidated deficit after tax for the financial year ended 31 December 2019 was \$6,068,544 (2018 deficit of \$818,723). The number of member overnights for the year were consistent with the prior year, although in Sydney the average bed rates were lower and margins tightened as wages increased more than inflation and average bed rate growth. The deficit included some larger non-cash expenses including the revaluation of derivative financial instruments \$1,246,551 (2018: \$329,305) and the impairment of one hostel and land of \$1,268,868 (2018: Nil). Depreciation and amortisation expense has increased due to the adoption of AASB 16 leases, which recognises amortisation of leased assets of \$1,208,601 (2018: Nil). Other expenses are lower than last year as rent paid for lease assets (\$1,261,288) is now reported as a cash outflow for repayment of lease liability and interest expense.

The group uses occupancy percentage or utilisation of the hostel beds as a measure of performance together with quality ratings from guests. The hostel bed occupancy in 2019 for operated hostels was 63.9% (2018 64.2%), ratings were in the desired range and several hostels achieved consistently high ratings.

## 7. REVIEW OF OPERATIONS

The annual report is prepared on a consolidated basis and includes the operations of YHA Ltd (hostel operations, membership, travel and tour sales), YHA Queensland (property owner), YHA Victoria Limited (dormant), YHA WA Pty Ltd (property owner) and YHA Travel to Learn Limited (YHA's charity).

Revenue increased over the prior year with some improved results from the Queensland and Western Australian hostels as well as stronger income from Byron Bay YHA. Lower average bed rates compared to prior year continued due to keen price competition in a flat market for international visitors including working holiday makers. Australian guest nights were higher than the previous year mostly from improvements in group stays. Development capital expenditure was lower for the year as cash flows eased off and YHA prepares for developments in Melbourne, Sydney and the Gold Coast. Two regional hostels at Alice Springs and Coffs Harbour changed to service contract operations.

## 8. DIVIDENDS

YHA Ltd is a not for profit company limited by guarantee and does not pay dividends. Every Member undertakes to contribute to the property of the company in the event of it being wound-up for payment of the debts and liabilities of the company, such amount as may be required, not exceeding \$1.

## 9. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Directors are not aware of any matter or circumstance not otherwise dealt with in this report or the financial report that has significantly or may significantly affect the operations of the group, the result of those operations or the state of affairs of the group for the year ended 31 December 2019.

## 10. SIGNIFICANT EVENTS SINCE THE END OF FINANCIAL YEAR

The Directors of the company are not aware of any matter or circumstance that has arisen since the end of the financial year which is likely to significantly affect the operations of the group, the results of those operations or state of affairs of the group in future financial years.

## 11. LIKELY DEVELOPMENTS

Likely developments in the operations of the group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the group.

## 12. DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The company has arranged a Directors' and Officers' Liability Insurance policy, which covers all the Directors and Officers of the company against certain liabilities they may incur in carrying out their duties for YHA Ltd. The terms of the policy prohibit disclosure of details of the amount of the insurance cover, the nature thereof and the premium paid.

## 13. ENVIRONMENTAL REPORTING

The group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or State or Territory.

## 14. PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of the Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

## 15. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 54.

## 16. ROUNDING OF AMOUNTS

The company is of a kind referred to in the ASIC Legislative Instrument 2016/191 relating to 'rounding off' of amounts in the Directors' Report. Amounts have been rounded off in accordance with the instrument to the nearest dollar.

Signed in accordance with a resolution of the Directors.



Euan Prentice  
Director  
22 February 2020



Simon Spicer  
Director  
22 February 2020

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	NOTE	2019 \$	2018 \$
<b>Revenue</b>			
Revenue	3	46,183,739	45,735,229
Interest revenue		15,371	51,926
Other income	3	–	1,572,053
		46,199,110	47,359,208
<b>Expenses</b>			
Employee benefits expense	4	(21,145,416)	(20,580,943)
Depreciation & amortisation expense	4	(7,081,720)	(5,702,458)
Impairment expense	10	(1,268,868)	–
Finance costs	4	(4,965,644)	(3,904,221)
Other expenses	4	(17,806,006)	(17,985,391)
		(52,267,654)	(48,173,013)
<b>(Deficit) before income tax</b>		<b>(6,068,544)</b>	<b>(813,805)</b>
Income tax (expense)	5	–	(4,918)
<b>(Deficit) after income tax</b>		<b>(6,068,544)</b>	<b>(818,723)</b>
Other comprehensive income		–	–
<b>Total Comprehensive Income</b>		<b>(6,068,544)</b>	<b>(818,723)</b>

The accompanying notes form part of these financial statements.

# STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	NOTE	2019 \$	2018 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	2,345,990	2,053,494
Trade and other receivables	7	751,638	635,274
Inventories	8	62,730	52,452
Other current assets	9	1,015,268	957,679
<b>Total Current Assets</b>		<b>4,175,626</b>	<b>3,698,899</b>
<b>Non-current Assets</b>			
Property, plant and equipment	10	140,374,141	144,733,694
Lease assets	11	6,013,580	–
Intangible assets	12	2,392,241	2,570,325
Total Non-current Assets		148,779,962	147,304,019
<b>TOTAL ASSETS</b>		<b>152,955,588</b>	<b>151,002,918</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	13	3,183,006	3,789,763
Lease liabilities	11	1,129,310	–
Borrowings	14	89,143,848	–
Derivative financial instruments	17	1,083,502	429,070
Provisions	15	2,266,436	2,164,376
Contract liabilities	16	3,293,199	3,045,129
<b>Total Current Liabilities</b>		<b>100,099,301</b>	<b>9,428,338</b>
<b>Non-current Liabilities</b>			
Trade and other payables	13	48,339	45,192
Lease liabilities	11	4,966,166	–
Borrowings	14	–	88,237,000
Derivative financial instruments	17	1,454,446	862,327
Provisions	15	174,186	148,367
<b>Total Non-current Liabilities</b>		<b>6,643,137</b>	<b>89,292,886</b>
<b>TOTAL LIABILITIES</b>		<b>106,742,438</b>	<b>98,721,224</b>
<b>NET ASSETS</b>		<b>46,213,150</b>	<b>52,281,694</b>
<b>EQUITY</b>			
Accumulated surplus		42,455,441	48,523,985
Revaluation reserve		3,757,709	3,757,709
<b>TOTAL EQUITY</b>		<b>46,213,150</b>	<b>52,281,694</b>

The accompanying notes form part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	REVALUATION RESERVE \$	ACCUMULATED SURPLUS \$	TOTAL EQUITY \$
<b>Balance at 1 January 2018</b>	3,757,709	49,342,708	53,100,417
Deficit after income tax	–	(818,723)	(818,723)
Other comprehensive income	–	–	–
<b>Balance at 31 December 2018</b>	3,757,709	48,523,985	52,281,694
Deficit after income tax	–	(6,068,544)	(6,068,544)
Other comprehensive income	–	–	–
<b>Balance at 31 December 2019</b>	3,757,709	42,455,441	46,213,150

The accompanying notes form part of these financial statements.



# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	NOTE	2019 \$	2018 \$
<b>Cash flows from operating activities</b>			
Receipts from members and customers		50,946,990	52,082,340
Other receipts		–	135,040
Payments to employees		(21,119,604)	(20,719,566)
Payments to suppliers		(22,969,889)	(25,022,497)
Income taxes paid		–	(1,253,487)
Interest received		15,371	51,926
Finance costs paid		(3,719,093)	(3,597,716)
<b>Net cash provided by operating activities</b>	23	3,153,775	1,676,040
<b>Cash flows from investing activities</b>			
Purchase of plant, equipment & software		(2,447,474)	(4,793,854)
Development of property		(307,833)	–
Proceeds from sale of property, plant & equipment		11,818	11,034,253
<b>Net cash (used in) / provided by investing activities</b>		(2,743,489)	6,240,399
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		482,305	2,000,000
(Repayment) of borrowings		–	(10,000,000)
Payments for the principal portion of lease liabilities		(1,024,638)	–
<b>Net cash (used in) financing activities</b>		(542,333)	(8,000,000)
<b>Net (decrease) in cash and cash equivalents</b>		(132,047)	(83,561)
<b>Cash and cash equivalents at the beginning of the year</b>		2,053,494	2,137,055
<b>Cash and cash equivalents at the end of the year</b>	6	1,921,447	2,053,494

The accompanying notes form part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

## NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with the Australian Accounting Standards – Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), as appropriate for Not-for-Profit orientated entities and the *Corporations Act 2001*.

The consolidated financial report of the group as at and for the year ended 31 December 2019 comprises YHA Ltd (the company) and its controlled entities which include Youth Hostels Association of Queensland, YHA Victoria Limited, YHA WA Pty Ltd (formerly YHA WA Inc) and YHA Travel to Learn Limited. YHA Ltd is a company limited by guarantee, incorporated and domiciled in Australia. The following is a summary of the material accounting policies adopted by YHA Ltd in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

The financial statements were authorised for issue by the Directors on 22 February 2020.

### **New, revised or amending Accounting Standards and Interpretations adopted**

The group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards and Interpretations that are not yet mandatory have not been early adopted. The following new accounting standards and interpretations are most relevant to the group:

- AASB 15: Revenue from Contracts with Customers
- AASB 1058: Income for Not-for-Profit Entities
- AASB 16: Leases

### **AASB 15 Revenue from Contracts with Customers**

AASB 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. AASB 15 supersedes a number of previous revenue standards, including AASB 118 Revenue, AASB 111 Construction Contracts and associated Interpretations.

The group has adopted AASB 15 for the year ended 31 December 2019. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

### **AASB 1058 – Income for Not-for-Profit Entities**

This applies to transactions of not-for-profit (NFP) entities where the consideration to acquire an asset is significantly less than fair value principally to enable the entity to further its objectives. AASB 1058 supersedes the previous requirements in AASB 1004 Contributions.

Under the new income recognition model, an NFP first considers whether AASB 15 applies to a transaction or part of a transaction. Where AASB 15 does apply to a transaction or part of a transaction, the NFP applies the general AASB 15 principles to determine the appropriate revenue recognition. When AASB 15 does not apply to a transaction or part of a transaction, the NFP then considers whether AASB 1058 applies.

The group has completed its analysis of the impacts of adoption and have concluded that there is no material change to the presentation, recognition, and measurement of revenue as a result of the transition to AASB 15 and AASB 1058.

## AASB 16 – Leases

This note explains the impact of the adoption of AASB 16 Leases on the group's financial statements.

The group has adopted AASB 16 Leases retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The new accounting policies are disclosed in note 1.

On adoption of AASB 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.65%.

YHA had no leases previously classified as finance leases and thus there is no adjustment relating to these types of leases.

### i) Practical expedients applied

In applying AASB 16 for the first time, the group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review, there were no onerous contracts as at 1 January 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying AASB 117 and Interpretation 4 Determining whether an Arrangement contains a Lease.

### ii) Measurement of lease liabilities

Operating lease commitments disclosed as at 31 December 2018	8,291,572
Discounted using the lessee's incremental borrowing rate of at the date of initial Application	(2,743,615)
(Less): short-term leases not recognised as a liability	(90,357)
Add/(less): adjustments as a result of a different treatment of extension and termination options	1,577,068
Add/(less): adjustments relating to changes in the index or rate affecting variable payments	(204,333)
<u>Lease liability recognised as at 1 January 2019</u>	<u>6,830,335</u>

Of which are:

Current lease liabilities	918,534
Non-current lease liabilities	5,911,801

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

## Basis of Preparation

### *Reporting Basis and Conventions*

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

### *Going concern*

Notwithstanding the group's net deficiency of current assets, the financial report has been prepared on a going concern basis. The Directors believe that the group is a going concern and is able to pay its debts as and when they fall due. This is supported by cashflow forecasts and bank facilities currently in place. The net deficiency of current assets has been affected by the group's classification of borrowings as current, which is required by accounting standards as the group did not meet its facility interest cover ratio financial covenant for the year ended 31 December 2019. This has been reported to the ANZ bank and no action requiring the borrowings to be repaid within the next 12 months has been confirmed.

## Accounting Policies

### Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 14-30 days.

The group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

### Property Plant & Equipment

Property, plant and equipment are brought to account at cost, less, where applicable, any accumulated depreciation and impairment losses. The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of its recoverable amount. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit or Loss and Other Comprehensive Income during the financial period in which they are incurred.

### Depreciation

Buildings, plant and equipment are depreciated on a straight line basis over the estimated useful life of the asset to the Company.

The estimated useful lives are:

Freehold Buildings	17 – 50 years
Leasehold Buildings	lesser of the term of the lease agreement and 40 years (except Thredbo where the carrying value is written down over 50 years.)
Plant and Equipment	3 – 8 years
Intangible assets	term of the lease if applicable

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Statement of Profit or Loss and Other Comprehensive Income.

## **Financial Instruments**

### *Recognition*

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below:

### *Receivables*

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost.

### *Financial Liabilities*

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments.

Derivative financial liabilities are recognised at the fair value of interest rate swaps and are calculated as the present value of the estimated future cash flows based on observable yield curves. Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedging criteria, they are classified as 'held for trading' for accounting purposes.

### *Impairment*

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

## **Impairment of Non-Financial Assets**

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the assets, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

## **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with maturity dates of six months or less and which are used in the cash management function on a day to day basis. The bank overdraft is excluded from cash because it is part of a term facility.

## **Leases**

Until 31 December 2018 leases in which a significant portion of the risks and rewards of ownership were not transferred to the group as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting AASB 16 leases.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

## **Lease assets**

A lease asset is recognised at the commencement date of a lease. The lease asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Lease assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The group has elected not to recognise a lease asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

## **Lease liabilities**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

## **Inventories**

Inventories are measured at the lower of cost and net realisable value, using the first in first out basis.

## **Intangibles**

### *Liquor Licence*

Liquor licence is tested annually for impairment and is carried at cost less accumulated impairment losses, if any.

### *Software*

Software is recorded at cost. Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between 3 and 5 years. It is assessed annually for impairment.

### *Goodwill*

Goodwill is initially recorded at the amount by which the purchase price for a business exceeds the fair value attributed to its net assets at date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

## **Revenue recognition**

*The group recognises revenue as follows:*

### **Revenue from contracts with customers**

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

### **Hostel Revenue**

The group's performance obligation is to provide accommodation and other goods and services to guests. Hostel revenue includes rooms or beds revenue and other sales such as food and beverage, which is recognised when the rooms or beds are occupied and food and beverages are sold.

### **Membership Revenue**

Membership Fees are payable on a guest's first stay with YHA in Australia and are either perpetual or expire after a term of 2 years or resignation. Membership Fees are recognised as revenue in the year that the Memberships are sold and are not refundable. Membership fees are also payable for Australians travelling overseas who have not yet stayed at a YHA hostel in Australia.

### **Travel and Tours Commission**

Travel and tours commission is the net commission earned by YHA as agent for selling a travel or tour product to customers and is recognised at the time of each product sale.

### **Interest**

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

### **Rent**

Rent revenue is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned. Any rent received in advance is recognised as deferred income.

### **Other revenue**

Other revenue is recognised when it is received or when the right to receive payment is established.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

## **Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

## **Goods and Services Tax (GST)**

Revenue, expenses and assets are recognised net of GST, except where GST incurred is not recoverable from the Australian Taxation Office. 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 in the Statement of Financial Position are shown inclusive of GST. Cash flows are presented in the Statement of Cash Flows on a gross basis and GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the Taxation Authority, are classified as operating cash flow.

## **Trade and other payables**

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

## **Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

## **Borrowing costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.



## **Business combinations**

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred. For each business combination, the non-controlling interest in the acquiree is measured at fair value. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred is recognised as goodwill.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

## **Principles of consolidation**

### *Subsidiaries*

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

### **Income tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax is recognised in profit or loss.

Due to the principle of mutual income, a significant portion of the receipts recognised as income represents amounts received from members and does not represent income of the consolidated entity for income tax purposes.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

## Employee benefits

### i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

### ii) Other long-term employee benefit obligations

The liabilities for long service leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

## Rounding of amounts

The company is of a kind referred to in the ASIC legislative Instrument 2016/191 relating to 'rounding off' of amounts in the financial report. Amounts have been rounded off in accordance with the instrument to the nearest dollar.

## Contract liabilities

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

## NOTE 2 – CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### Allowance for expected credit losses

The allowance for expected credit losses assessment in relation to trade receivables requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include historical collection rates.

### **Estimation of useful lives of assets**

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of property prices, technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives of assets are less than previously estimated or technically obsolete. Non-strategic assets that have been abandoned or sold will be written off or written down.

### **Impairment of non-financial assets other than goodwill and other indefinite life intangible assets**

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs to sell or value-in-use calculations, which incorporate a number of key estimates and assumptions.

### **Goodwill and other indefinite life intangible assets**

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy earlier stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

### **Deferred Tax Assets**

#### *Recovery of tax losses*

The consolidated entity does not regard it as appropriate to recognise in its financial statements any possible future income tax benefit arising from tax losses and other timing differences as there is no probability of recovery of these benefits.

### **Lease term**

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

### **Incremental borrowing rate**

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

NOTE 3 – REVENUE FROM CONTRACTS WITH CUSTOMERS	2019	2018
Revenue with contracts with customers	\$	\$
Hostel	39,549,500	39,176,776
Catering	1,265,051	976,509
Travel & tours commission	653,940	667,898
Other hostel revenue	2,017,335	2,245,376
Sundry revenue	689,814	650,613
Revenue from contracts with customers	44,175,640	43,717,172
All revenue from contracts with customers is recognised at a point in time		
Other revenue		
Membership	581,234	606,180
Rent	1,426,865	1,411,877
Total other revenue	2,008,099	2,018,057
Total revenue	46,183,739	45,735,229
Other income		
Gain on disposal of property, plant & equipment	–	1,572,053
Other income	–	1,572,053
The 2018 gain on disposal of property was from the sale of Melbourne Metro YHA, the hostel was leased back for 5 years.		
NOTE 4 – EXPENSES		
Salaries and wages	18,123,380	17,585,493
Superannuation	1,833,057	1,779,228
Other benefits	1,188,979	1,216,222
Employee benefits	21,145,416	20,580,943
Depreciation of property plant & equipment	5,415,523	5,301,833
Amortisation of software	457,596	400,625
Amortisation of lease assets	1,208,601	–
Depreciation and amortisation	7,081,720	5,702,458
Borrowing costs	3,114	43,755
Bank interest	3,477,928	3,531,161
Affiliated interest	1,401	–
Lease liability interest	236,650	–
Fair value loss on interest rate swaps	1,246,551	329,305
Finance costs	4,965,644	3,904,221
Cost of goods sold	883,533	973,915
Loss on disposal of property, plant & equipment	149,305	31,767
Operating expenses	8,209,831	7,814,068
Administration, marketing and insurance	6,086,030	5,611,999
Property expenses	2,477,307	3,553,642
Other expenses	17,806,006	17,985,391

NOTE 5 – INCOME TAX	2019 \$	2018 \$
<b>a) Reconciliation of effective tax rate</b>		
Income tax expense using the domestic corporation tax rate of 27.5% (2018: 30%)	(1,668,849)	(245,617)
Add / (subtract) tax effect of:		
Income and expenses exempt under principle of mutuality	1,231,424	245,617
Recognition of previously unrecognised tax losses	–	–
Income tax losses not recognised as deferred tax asset	437,425	–
Assessable gain on disposal of property, plant and equipment	–	–
Income tax expense	–	–
<b>b) Principle of mutuality</b>		
The estimated amount of income subject to the mutuality principle is 95% (2018: 95%).		
<b>c) Unrecognised tax losses</b>		
The following tax losses from non-mutual income have not been brought to account as a deferred tax asset:		
YHA Ltd	13,829,596	11,919,071
YHA Queensland	2,864,546	2,541,771
YHA WA Pty Ltd	1,777,771	1,777,771
Tax losses	18,471,913	16,238,613
The consolidated entity does not regard it as appropriate to recognise in its financial statements any possible future income tax benefit arising from the aforementioned tax losses and other timing differences as there is no probability of recovery of this benefit.		
<b>NOTE 6 – CASH AND CASH EQUIVALENTS</b>		
Cash on hand	70,403	72,803
Cash at bank	2,241,128	1,920,339
Cash on deposit	34,459	60,352
	2,345,990	2,053,494
<b>a) Reconciliation to cash and cash equivalents at the end of the financial year</b>		
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:		
Balances as above	2,345,990	2,053,494
Bank overdraft (per note 14)	(424,543)	–
Balance as per statement of cash flows	1,921,447	2,053,494

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

NOTE 7 – TRADE & OTHER RECEIVABLES	2019	2018
	\$	\$
Trade receivables	751,638	635,274
	751,638	635,274
<b>NOTE 8 – INVENTORIES</b>		
Finished goods	62,730	52,452
	62,730	52,452
<b>NOTE 9 – OTHER ASSETS</b>		
<b>Current</b>		
Prepayments	1,015,268	957,679
	1,015,268	957,679
<b>NOTE 10 – PROPERTY, PLANT AND EQUIPMENT</b>		
<b>Freehold Land and Buildings</b>		
At cost	123,456,956	124,091,276
Less: Accumulated depreciation	(30,662,848)	(28,208,989)
	92,794,108	95,882,287
<b>Leasehold Land and Buildings</b>		
At cost	50,211,497	51,282,421
Less: Accumulated depreciation	(11,773,198)	(11,672,779)
	38,438,299	39,609,642
<b>Plant and Equipment</b>		
At cost	21,581,550	20,950,953
Less: Accumulated depreciation	(13,179,340)	(12,788,483)
	8,402,110	8,162,470
Work in progress – at cost	739,624	1,079,295
<b>Total Property, Plant and Equipment</b>	<b>140,374,141</b>	<b>144,733,694</b>

## NOTE 10 – PROPERTY, PLANT AND EQUIPMENT (CONT)

The following are movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	2019 \$	2018 \$
<b>Freehold Land &amp; Buildings</b>		
Balance at the beginning of the year	95,882,287	97,278,902
Additions	586,937	1,388,520
Disposals	(33,556)	–
Transfers	101,378	(293,300)
Impairment expense	(1,240,031)	–
Depreciation expense	(2,502,907)	(2,491,835)
Carrying amount at the end of the year	92,794,108	95,882,287
<b>Leasehold Land &amp; Buildings</b>		
Balance at the beginning of the year	39,609,642	40,391,247
Additions	33,407	467,223
Transfers	(5,455)	–
Depreciation expense	(1,199,295)	(1,248,828)
Carrying amount at the end of the year	38,438,299	39,609,642
<b>Plant &amp; Equipment</b>		
Balance at the beginning of the year	8,162,470	6,811,249
Additions	1,620,364	2,130,872
Disposals	(117,401)	103,380
Transfers	478,835	678,140
Impairment	(28,837)	–
Depreciation expense	(1,713,321)	(1,561,171)
Carrying amount at the end of the year	8,402,110	8,162,470
<b>Work in progress</b>		
Balance at the beginning of the year	1,079,295	1,351,199
Additions	282,907	391,656
Disposals	–	(266,825)
Transfers	(622,578)	(396,735)
Carrying amount at the end of the year	739,624	1,079,295
<b>Total</b>		
Balance at the beginning of the year	144,733,694	145,832,597
Additions	2,523,615	4,378,271
Disposals	(150,957)	(163,445)
Transfers to intangibles	(47,820) 12	(11,895)
Impairment expense	(1,268,868)	–
Depreciation expense	(5,415,523)	(5,301,834)
Carrying amount at the end of the year	140,374,141	144,733,694

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

## NOTE 11 – LEASE ASSETS AND LEASE LIABILITIES

The company leases office and hostel premises as well as specialised information technology equipment for periods not exceeding 5 years. The company is required to return the underlying assets in a specified condition at the end of the lease term. This note provides information for leases where the group is a lessee.

At the commencement date of a lease (other than leases of 12-months or less and leases of low-value assets), the company recognises a lease asset representing its right of use to the underlying asset and a lease liability representing its obligation to make lease payments.

Operating leases pertain to properties leased for the provision of accommodation to members, the administration of the entity and IT infrastructure services. The leases typically run for periods up to 5 years with varying terms and renewal options except for Thredbo YHA (to 2057), Sydney Harbour YHA variable lease payments (to 2108) and Fremantle Prison YHA (to 2024). In 2019 the new accounting standard AASB 16 leases has been adopted to recognise lease assets and lease liabilities.

i) Amounts recognised in the statement of financial position:

	2019	1-Jan-19
	\$	\$
Carrying value of lease assets, by class of underlying asset:		
Land and buildings	6,013,580	6,932,401
Carrying amount at the end of the year	6,013,580	6,932,401
Reconciliation of the carrying amount of lease assets at the beginning and end of the year:	Land and buildings	Total
Carrying amount at 1 January 2019:	6,932,401	6,932,401
Additions	289,780	289,780
Amortisation	(1,208,601)	(1,208,601)
Carrying amount at 31 December 2019:	6,013,580	6,013,580
<b>Lease liabilities</b>		
Current	1,129,310	918,534
Non-current	4,966,166	5,911,801
	6,095,476	6,830,335
ii) Amounts recognised in the statement of comprehensive income:		
Interest expense (included in finance costs)	(236,650)	–
Expenses relating to short-term leases (included in property expenses)	(97,031)	–
Expense relating to variable lease payments not included in lease liabilities (included in property expenses)	(210,459)	–
The total cash outflow for leases was:	(1,568,778)	–



NOTE 12 – INTANGIBLE ASSETS	2019	2018		
	\$	\$		
Licences – at cost	116,681	116,681		
Licences	116,681	116,681		
The recoverable amount of the Liquor Licence is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 10-year period with the period extending beyond five years extrapolated using an estimated growth rate.				
Goodwill – at cost	2,064,101	2,064,101		
Goodwill – accumulated amortisation	(400,000)	(400,000)		
	1,664,101	1,664,101		
The recoverable amount of the Goodwill is determined together with the cash-generating unit which includes property, plant and equipment and is based on value-in-use calculation.				
Computer software – at cost	4,293,131	4,021,640		
Less: accumulated amortisation	(3,681,672)	(3,232,097)		
	611,459	789,543		
Total intangible assets	2,392,241	2,570,325		
The following are movements in the carrying amounts for each class of liquor licence, goodwill and computer software between the beginning and the end of the current financial year.				
	LICENCES	GOODWILL SOFTWARE	COMPUTER	TOTAL
	\$	\$	\$	\$
Carrying amount at the beginning of the year	116,681	1,664,101	789,543	2,570,325
Additions	–	–	231,692	231,692
Transfers from property, plant and equipment	–	–	47,820	47,820
Amortisation charge	–	–	(457,596)	(457,596)
Carrying amount at the end of the year	116,681	1,664,101	611,459	2,392,241
NOTE 13 – TRADE AND OTHER PAYABLES	2019	2018		
	\$	\$		
<b>Current</b>				
Trade creditors	456,576	494,769		
Accrued expenses	1,813,994	2,152,642		
BAS payable	245,238	352,910		
Other payables	667,198	665,303		
Deferred revenue	–	124,139		
	3,183,006	3,789,763		
<b>Non-current</b>				
Rental bonds	48,339	45,192		
	48,339	45,192		

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

NOTE 14 – BORROWINGS	2019 \$	2018 \$
<b>Current</b>		
Bank overdraft	424,543	–
Insurance premium funding	482,305	–
Bank loans	88,237,000	–
	89,143,848	–
<b>Non-current</b>		
Bank loans	–	88,237,000
Affiliated body loans	–	–
	–	88,237,000
Total Borrowings	89,143,848	88,237,000
<p>1. The ANZ facility consists of a Cash Advance Facility of \$91,137,000 for YHA Ltd borrowings which has three years until termination in January 2023. The facility allows prepayment and with any prepayment a permanent reduction in the facility. Prepayments are not required. The ANZ facility includes an overdraft of \$1,500,000 (2018: \$750,000); a facility for corporate credit cards of \$200,000, a facility for electronic payments (\$500,000) and bank guarantees (\$700,000) for security of leasehold hostel and office properties. The undrawn development facility (2018: \$3,000,000) was cancelled during the year and an increase in overdraft was made.</p> <p>2. The bank facilities are secured by a first ranking fixed and floating charge over all the assets of the group and first ranking mortgages over 23 hostel properties. The covenants within the bank borrowings require the group to maintain the loan to value ratio at less than or equal to 55% and an interest cover ratio of earnings before interest, tax, depreciation and amortisation (EBITDA) less provision for capital expenditure of 4% of hostel revenue over interest expense greater than or equal to 1.4 times.</p> <p>3. The group complied with the financial covenants of its borrowing facilities during the 2018 reporting period and most of the 2019 reporting period until the last month when a slowing of trade caused a breach in the interest cover ratio. The breach has been reported to ANZ Bank and a request for no action to be taken made. This breach is the reason that the borrowings have been classified as current, though there is no requirement at the time of this report to repay these loans within the 2020 year.</p>		
The bank facilities as at the balance date are:	2019 \$	2018 \$
Credit facilities	89,937,000	92,187,000
Amount utilised	88,661,543	88,237,000
Amount unutilised	1,275,457	3,950,000
<p>The unused credit facilities consist of cash advance development facility of \$nil (2018: \$3,000,000), bank overdraft \$1,075,457 (2018: \$750,000) and corporate card facility \$200,000 (2018: \$200,000).</p>		

NOTE 14 – BORROWINGS (CONT)	2019 \$	2018 \$
<b>Assets Pledged as Security</b>		
The carrying amounts of assets pledged as security are:		
First mortgage and floating charges		
Total assets	142,766,382	151,002,918
Independent valuations of interest in Land & Buildings		
2019	4,000,000	–
2018	29,455,000	29,455,000
2017	205,805,000	206,405,000
2016	–	4,200,000
2015	825,000	825,000
Total	240,085,000	240,885,000
<p>The total independent valuation reports value of \$240,085,000 representing 27 freehold and leasehold properties and including the 2019 update for land at the Gold Coast and 2018 updates for the Byron Bay YHA, Newcastle Beach YHA, Pittwater YHA, Thredbo YHA, Alice Springs YHA and Airlie Beach YHA. A value for the hostel at Fremantle Prison YHA has been included. The written down value of these properties in the financial report is \$138,667,406 and they are recorded at cost or deemed cost as at transfer date.</p>		
<b>NOTE 15 – PROVISIONS</b>		
<b>Current</b>		
Employee benefits	2,266,436	2,164,376
	2,266,436	2,164,376
<b>Non-current</b>		
Employee benefits	174,186	148,367
	174,186	148,367
Aggregate liability for employee benefits provision including on-costs:		
Employee benefits	2,440,622	2,312,743
		EMPLOYEE ENTITLEMENTS \$
<b>Movements in provisions</b>		
Balance at the beginning of the year		2,312,743
Additions		2,052,409
Amounts utilised		(1,924,530)
Balance at the end of the year		2,440,622

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

NOTE 16 – CONTRACT LIABILITIES	2019	2018
	\$	\$
<b>Current</b>		
Bookings in advance	3,215,979	3,045,129
Deferred revenue	77,220	–
	3,293,199	3,045,129
NOTE 17 – DERIVATIVE FINANCIAL INSTRUMENTS	2019	2018
	\$	\$
The group has the following derivative financial instruments:		
<b>Current</b>		
Interest rate swap contracts – non-hedging	1,083,502	429,070
<b>Non-current</b>		
Interest rate swap contracts – non-hedging	1,454,446	862,327
	2,537,948	1,291,397
<p>The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. This classifies them as Level 2 financial instruments. In 2019 the fair value has been determined by reference to the ANZ Bank value of the interest rate swap agreements as at 31 December 2019. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.</p> <p>Derivatives are classified as held for trading and accounted for at fair value through the Statement of Profit or Loss and Other Comprehensive Income unless they are designated as hedges. They are presented as current assets or liabilities if they are expected to be settled within 12 months after the end of the reporting period.</p>		
NOTE 18 – COMMITMENTS		
<b>a. Capital commitments</b>		
Capital expenditure commitments contracted for:		
Capital expenditure projects	724,646	356,455
	724,646	356,455
<p>Commitments for capital expenditure projects will be payable not later than 1 year.</p>		
<b>b. Operating leases</b>		
Payable not later than 1 year	–	1,253,788
Later than 1 year but not later than 5 years	–	3,720,675
Later than 5 years	–	3,317,109
	–	8,291,572
<b>c. Other commitments</b>		
<p>The Company has a Lease Agreement with the Property NSW (formerly Sydney Harbour Foreshore Authority) to operate a Youth Hostel and Education Centre in The Rocks, Sydney. The lease requires a contribution to a sinking fund to be used for the maintenance of The Rocks Big Dig archaeology site which the hostel sits over. This sinking fund is capped at \$605,000 and increases annually by CPI adjustment as does the contribution per overnight since 2009.</p>		

## NOTE 19 – RELATED PARTY DISCLOSURES

All transactions between the company and its controlled entities are eliminated on consolidation. There were no other related party transactions occurring during the year. The directors of the company are all directors of the controlled entities. Directors are reimbursed for expenses incurred in attending meetings in accordance with directors' expense policy and from the April 2018 Annual General Meeting have been remunerated, in accordance with the constitution. Disclosures relating to key management personnel are set out in Note 21.

## NOTE 20 – FINANCIAL INSTRUMENTS

### **Financial risk management objectives**

The consolidated entity's activities expose it to financial risks including interest rate risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses financial instruments such as fixed interest rate contracts to reduce certain interest rate risk exposures. These contracts are exclusively used to minimise interest rate risk, i.e. not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk and cash flow forecasting for liquidity risk.

Risk management is carried out by senior management, finance executives ('finance') and the Audit & Risk Committee under policies approved by the Board. These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and mitigates financial risks within the consolidated entity and reports to the Board on a monthly basis.

### **Interest rate risk**

The consolidated entity's main interest rate risk arises from long-term borrowings with variable rates, which expose the consolidated entity to cash flow interest rate risk. The policy is to maintain at least 50% and up to 95% of its borrowings at a fixed rate using interest rate swaps to achieve this when necessary.

The consolidated entity manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Under these swaps, the consolidated entity agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts. Generally, the consolidated entity raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the consolidated entity borrowed at fixed rates directly.

### **Liquidity risk**

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

### **Foreign currency risk**

The consolidated entity is not exposed to any significant foreign currency risk.

### **Price risk**

The consolidated entity is not exposed to any significant price risk.

### **Credit risk**

The consolidated entity is not exposed to any significant credit risk.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

## NOTE 21 – KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel include the directors listed in the Directors' Report, the Chief Executive Officer, Operations (Eastern Region) Manager, Head of Marketing, Chief Financial Officer, Digital and Strategy Leader, Northern Region Manager, Southern Region Manager and Western Region Manager. Total compensation is shown as follows:

<b>Key management personnel – excluding directors</b>	SALARY \$	SUPERANNUATION \$	TOTAL \$
2019	1,670,087	155,998	1,826,085
2018	1,621,969	152,327	1,774,296
<b>Directors</b>			
2019	90,834	8,629	99,463
2018	54,792	5,205	59,998

All directors are members of the company and receive remuneration for their services as approved by the Members at the 2018 Annual General Meeting. They are also entitled to receive, upon application, discounts no more favourable than those available to all members and expense reimbursements for travel costs for attending meetings and training approved by the company.

The directors remuneration is \$10,000 per annum plus superannuation per director and is paid pro-rata for Directors who join after the AGM. Additional remuneration of \$2,500 plus superannuation is also paid to Directors who hold the office of Vice Chair and Committee Chairs. Additional remuneration of \$5,000 plus superannuation for the Chair. (note: one Director chose to forego the remuneration to December 2019).

### **Key management personnel – including directors**

2019	1,760,921	164,627	1,925,548
2018	1,676,761	157,532	1,834,293

## NOTE 22 – PARENT ENTITY INFORMATION

	PARENT ENTITY	
	2019 \$	2018 \$
Set out below is the supplementary information about the parent entity.		
<b>Statement of comprehensive income</b>		
Deficit after income tax	(2,953,470)	(18,491,155)
Total current assets	4,175,626	3,625,260
Total assets	138,375,592	133,302,300
Total current liabilities	100,074,474	9,397,917
Total liabilities	106,717,611	98,693,180
<b>Equity</b>		
Total equity	31,657,981	34,609,120

### **Contingent liabilities**

The parent entity had no contingent liabilities as at 31 December 2019.

### **Capital commitments**

The parent entity had capital commitments for property, plant & equipment as at 31 December 2019 of \$724,646 and 31 December 2018 of \$356,455.

### **Significant accounting policies**

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed at note 1.

## NOTE 23 – RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	CONSOLIDATED ENTITY	
	2019 \$	2018 \$
<b>Deficit after income tax</b>	(6,068,544)	(818,723)
<b>Non-cash flows in (deficit)</b>		
Depreciation and amortisation	7,081,720	5,702,280
Impairment of property, plant & equipment	1,268,868	–
Fair value adjustment to derivatives	1,246,551	329,305
(Profit) on sale of property, plant & equipment	–	(1,572,053)
Loss on sale or disposal of property, plant & equipment	149,305	31,767
<b>Changes in assets and liabilities</b>		
(Increase) in receivables	(116,364)	(23,475)
(Increase) / decrease in inventory	(10,278)	1,680
(Increase) in other assets	(159,656)	(96,490)
(Decrease) in payables	(613,776)	(822,976)
(Decrease) in provision for income tax payable	–	(1,248,569)
Decrease / increase in provisions	127,879	(120,186)
Increase in contract liabilities	248,070	313,479
Net cash provided by operating activities	3,153,775	1,676,040

## NOTE 24 – INFORMATION TO BE FURNISHED UNDER CHARITABLE FUNDRAISING ACTS

The company is authorised to fundraise under the *Charitable Fundraising Act 1991 (NSW)*. No charitable fundraising appeals were conducted during the year and as such the company did not utilise this authority in order to meet its charitable fundraising purposes.

## NOTE 25 – EVENTS AFTER REPORTING PERIOD

No matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.



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**Auditor's Independence Declaration  
To the Directors of YHA Ltd  
ABN: 94 008 387 791**

In relation to the independent audit for the year ended 31 December 2019, to the best of my knowledge and belief there have been:

- i. no contraventions of the auditor's independence requirements of the *Corporations Act 2001*; and
- ii. no contraventions of any applicable code of professional conduct.

This declaration is in respect of YHA Ltd and the entities it controlled during the year.

A handwritten signature in black ink that reads 'Melina Alexander'.

M A Alexander  
Partner

Pitcher Partners  
Sydney

22 February 2020



# DIRECTORS' DECLARATION

The Directors of YHA Ltd declare that:

1. The financial statements and notes, as set out on pages 28 to 53, are in accordance with the *Corporations Act 2001*, and:
  - a. Comply with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - b. Give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the financial year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. *Charitable Fundraising Act 1991 (New South Wales (NSW))*

The financial operations of the Company are in accordance with the *Charitable Fundraising Act 1991* (the Act), including:

- i. the financial report shows a true and fair view of the financial results of fundraising appeals for the year ended 31 December 2019;
- ii. the financial report and associated records have been properly kept during the year in accordance with the Act;
- iii. money received as a result of fundraising appeals conducted during the year ended 31 December 2019 has been properly accounted for and applied in accordance with the Act; and
- iv. as at the date of this statement there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the Directors.



Euan Prentice  
Director  
22 February 2020



Simon Spicer  
Director  
22 February 2020

**Independent Auditor's Report  
To the Members of YHA Ltd  
ABN 94 008 387 791****Report on the Financial Report****Opinion**

We have audited the financial report of YHA Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors declaration.

In our opinion, the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Additionally, in our opinion, the financial report gives a true and fair view with the provisions of the *Charitable Fundraising Act 1991 (NSW)*.

**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 Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

**Other Information**

The directors are responsible for the other information. The other information comprises the information included in the Directors Report for the year ended 31 December 2019, 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 consistent 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.

### **Responsibilities of the Directors for the Financial Report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine 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 directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

### **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.

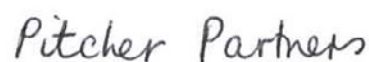
As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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.
- 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management'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 Group'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 Group 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 those charged with governance 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.



M A Alexander  
Partner



Pitcher Partners  
Sydney

22 February 2020

# YHA AUSTRALIA HOSTELS

AT 31 DECEMBER 2019

HOSTEL	MANAGED BY	BEDS	OWNERSHIP	STATUS	NOTES
<b>ACT</b>					
<b>Canberra City</b> 7 Akuna St, Canberra	Arthur Lee	264	O	L	Converted office block.
<b>NSW</b>					
<b>Albury</b> 372 Wagga Rd, Lavington	Kerrie & Craig Richardson	18	A		Building in caravan park.
<b>Batemans Bay</b> Cnr of Old Princes Hwy & South St	LeAnne and Kym Schumacher	30	A		Converted building in caravan park.
<b>Bellingen</b> 2 Short St	Amanda Fisher, Rowan Simon	39	A		Converted commercial building with extensions.
<b>Blue Mountains</b> 207 Katoomba St, Katoomba	Kylie McInerney	200	O	F	Converted guesthouse.
<b>Blue Mountains - Hawkesbury Heights</b> 836 Hawkesbury Rd	Carolyn & John Beazley	12	O	L	Land leasehold; purpose-built hostel owned by the organisation.
<b>Bondi Beachouse</b> Cnr Fletcher and Dellview St, Bondi Beach	Kati Farthing	94	A		Converted guesthouse.
<b>Byron Bay</b> 7 Carlyle St	Paul Cason	199	O	F	Purpose-built hostel.
<b>Cape Byron</b> Cnr Byron & Middleton Sts, Byron Bay	Louie O-Riordan	134	O	F	Purpose-built hostel.
<b>Coffs Harbour</b> 51 Collingwood St	Daniel Myers	92	O	F	Purpose-built hostel. Management service contract.
<b>Glebe Point</b> 262-264 Glebe Point Rd, Glebe	Craig Tester	149	O	F	Converted motel.
<b>Hunter Valley</b> 100 Wine Country Drive, Nulkaba	Nigel Worton	38	A		Purpose-built hostel.
<b>Murwillumbah</b> 1 Tumbulgum Rd	Tassie Duff	17	A		Private residence converted into hostel.
<b>Newcastle Beach</b> 30 Pacific St, Newcastle	Damian Parkhouse	92	O	F	Converted heritage building. Management service contract.
<b>Nimbin Rox</b> 74 Thorburn St, Nimbin	Liam Brehme	29	A		Purpose-built hostel.
<b>Pittwater</b> Via Halls Wharf, Morning Bay	Michael Doherty & Sarah Polomka	32	O	F	Leased to manager. Converted residence.
<b>Port Macquarie</b> 36 Waugh St	Richard Bock, Mathilde Boudrieres	59	A		Private homes extended into hostel.
<b>Port Stephens</b> Frost Rd, Anna Bay	Mark & Sandy Munday	37	A		Purpose-built hostel.
<b>Railway Square</b> 8-10 Lee St, Sydney	Dean Grasselli	281	O	L	Leasehold from Rail Corporation NSW. Converted parcels office.
<b>Sydney Beachouse</b> 4 Collaroy St, Collaroy Beach	James Dakin	211	A		Purpose-built hostel.
<b>Sydney Central</b> 11 Rawson Place, Sydney	Sam Badans	563	O	F	Converted heritage office building.
<b>Sydney Harbour</b> 110 Cumberland St, The Rocks	Danny Avis	354	O	L	Leased from Sydney Harbour Foreshore Authority. Purpose-built hostel raised above archaeological remnants, with onsite education centre.

HOSTEL	MANAGED BY	BEDS	OWNERSHIP	STATUS	NOTES
<b>Tamworth</b> 169 Marius St	Carol Hobden	18	A		Converted commercial building.
<b>Thredbo</b> 2 Buckwong Place	Bianca Bott	48	O	S	Land sub-leased from Kosciuszko Thredbo Pty Ltd, on lease from National Parks & Wildlife Service.
<b>Yamba</b> 26 Coldstream St	Shane & Justin Henwood	88	A		Purpose-built hostel.
<b>NT</b>					
<b>Alice Springs</b> Cnr Parsons St & Leichhardt Tce	Alex Schneider and Anna Hoheneegg	108	O	F	Converted open air cinema. Management service contract.
<b>Darwin</b> 52 Mitchell St	Rosh Paku-Moore	418	A		Purpose-built hostel
<b>QLD</b>					
<b>1770</b> Lot 12 Captain Cook Drive, Agnes Waters	Will Boothby	56	A		Purpose-built hostel also offering motel and apartments.
<b>Airlie Beach</b> 394 Shute Harbour Rd	Nicole Maher and Merrilee McClelland	92	O	F	Converted motel. Management service contract.
<b>Brisbane City</b> 392 Upper Roma St	Sam Owen (Acting)	387	O	F	Two lots amalgamated. Purpose-built hostel.
<b>Cairns Central</b> 20-26 McLeod St, Cairns	Martin Greenhalgh	234	O	F	Purpose-built hostel.
<b>Coolangatta</b> 230 Coolangatta Road, Bilinga	Warren Nicholas	76	O	L	Land leased from Department of Resources, Mines and Energy, Queensland. Building owned by organisation and leased to manager. Purpose-built hostel.
<b>Hervey Bay</b> 820 Boat Harbour Dr	Karen Inglis	88	A		Purpose-built hostel also offering cabins and camping.
<b>Magnetic Island</b> 40 Horseshoe Bay Rd	Brett & Janelle Flemming	139	A		Purpose-built hostel also offering cabins and camping.
<b>Mission Beach</b> 76 Holland St, Wongaling Beach	Richard & Anthea Gilroy	94	A		Purpose-built hostel.
<b>Noosa</b> 2 Halse Lane, Noosa Heads	Wade Batty	99	A		National Trust Heritage listed building with additional purpose-built hostel.
<b>Port Douglas</b> Port St	Diana Hamelink	117	A		Converted motel.
<b>Rockhampton</b> 60 MacFarlane St	Auzen Mercader	20	A		Purpose-built hostel.
<b>Stradbroke Island</b> 132 Dickson Way, Point Lookout	Dan Fitzgerald	55	A		Purpose-built hostel with dive centre.
<b>Surfers Paradise</b> Mariners Cove, 70 Seaworld Drive, Main Beach	Nathan McGregor	101	O	S	Sub-leased from Sunland Group. Converted office.
<b>SA</b>					
<b>Adelaide Central</b> 135 Waymouth St, Adelaide	Anna Cornelisse	232	O	F	Converted office building.
<b>Mount Lofty</b> Cleland Conservation Park	Managed via Adelaide Central YHA	10	O	L	Stone cottage leased from SA Department of Environment, Water & Natural Resources.
<b>Port Elliot</b> 13 The Strand	Jill and Graham Baggs	61	O	F	Management service contract. Converted historic guest house.
<b>Port Lincoln</b> 26 London St	Debi & Robert Forster	68	A		Converted sporting facility.
<b>TAS</b>					
<b>Hobart Central</b> 9 Argyle St, Hobart	Nadia Fadel	110	O	F	Converted factory.
<b>Bridport Seaside Lodge</b> 47 Main Street, Bridport	Murray Saunders	26	A		Motel.

HOSTEL	MANAGED BY	BEDS	OWNERSHIP	STATUS	NOTES
<b>Coles Bay - Esplanade</b> Reserve Road, Coles Bay	John O'Donnell & Sharon Johnson	12	A		Purpose-built hostel within a caravan park.
<b>Coles Bay – Freycinet</b> Parsons Road, Freycinet National Park	Managed via Hobart Central YHA	10	O	L	Wooden cabin. Leased from Tasmanian Government Parks & Wildlife Service.
<b>VIC</b>					
<b>Apollo Bay</b> 5 Pascoe St	John & Gail Affleck	72	O	F	Management service contract. Purpose-built hostel.
<b>Grampians/Halls Gap</b> Cnr Grampians and Buckler Rd	Kellie Soule & Gary Hampson	64	O	F	Management service contract. Purpose-built hostel.
<b>Melbourne Central</b> 562 Flinders St	Simone Eckersley	244	O	F	Converted heritage hotel building.
<b>Melbourne Metro</b> 78 Howard St, North Melbourne	Jonnie McHenry	341	O	L	Purpose-built hostel. Leased from CDPL Australia Pty Ltd.
<b>Phillip Island</b> 10-12 Phillip Island Tourist Rd, Newhaven	Larson Henderson	140	A		Purpose-built hostel.
<b>Port Fairy</b> 8 Cox St	Alison & Kadir Zehir	77	A		Converted heritage building.
<b>WA</b>					
<b>Albany</b> 49 Duke St	Jennie Halliman	55	A		Historic house converted to hostel.
<b>Broome</b> 9a Bagot Street	Jen Bird	72	A		Purpose-built hostel
<b>Bunbury</b> 14 Wellington St	Ian & Sarah Upton	29	A		Former guest house converted into a hostel.
<b>Denmark</b> 17 Price St	Mark Basson	17	A		Heritage mill cottage converted into a purpose built hostel.
<b>Dunsborough</b> 201 Geographe Bay Rd, Quindalup	Andrew Ingle	68	O	F	Leased to manager. Former schoolhouse.
<b>Esperance</b> 299 Goldfields Rd	Rochelle Kihi & Tomasi Leitu	59	O	F	Management service contract. Former hospital building (relocated from Kalgoorlie).
<b>Exmouth</b> 561 Murat Rd	Kym James	40	A		Purpose built hostel (part of resort).
<b>Fremantle</b> 6A The Terrace	Jay Long	196	O	L	Conversion of Women's Division and Warders' cottages of Fremantle Prison. Leased from WA Department of Planning, Lands and Heritage. UNESCO World Heritage Site.
<b>Kalbarri</b> 51 Mortimer St	Joe Goodwin	64	A		Purpose-built hostel.
<b>Kalgoorlie</b> 192 Hay St	Jennifer Lazar	51	A		Purpose-built hostel.
<b>Lancelin</b> 10 Hopkins St	Matt Hall & Karen Stokke	54	A		Purpose-built hostel.
<b>Margaret River</b> 66 Townview Tce	Jules Ashton	39	A		Two residential houses converted into hostel.
<b>Pemberton</b> 7 Brockman St	Troy Della Franca	10	A		Cottage converted into hostel.
<b>Perth City</b> 300 Wellington St, Perth	Peter Ott	229	O	F	Converted heritage building.
<b>Walpole</b> 60 Nockolds St	Peggy Polking-horne	24	A		Former living quarters for men working in wood mill.

OWNERSHIP KEY:

O = Owned and/or operated by YHA  
A = Associate hostel – privately owned

STATUS KEY

F = Freehold owned by YHA  
L = Leasehold/Licence  
S = Sub-lease

# YHA AUSTRALIA HOSTEL LOCATIONS

AT 31 DECEMBER 2019



OUTSIDE BACK COVER: HOBART CENTRAL YHA WON "BEST ACCOMMODATION IN TASMANIA"  
AT THE 2019 AUSTRALIA & NEW ZEALAND ADVENTURE TOURISM AWARDS



## OUR MISSION

To provide opportunity for all, but especially young people,  
for education by personal development, fostering friendship and bringing  
about a better understanding of others and the world around them.



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### SOUTHERN REGION OFFICE

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Melbourne VIC 3000

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### WESTERN REGION OFFICE

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