



YHA Ltd

# Annual Report

Year Ending 31 December 2023

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 2023.

## 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
Craig Anthony Berger	Post Graduate Diploma of Applied Finance & Investments, BA, FINSIA, MAICD	YHA member since 2015. Investment Management.		Appointed May 2023 to April 2025
Bronwyn Teresse Dallow	M.International Management, Grad Dip Business, MAICD	YHA member since 2011. General Manager, business chamber.	Vice Chair from April 2020. Chair of Nominations, Remuneration & HR Committee from April 2019 to March 2022, Chair of Election Committee from April to September 2019 and from April 2020 to March 2022, and from April 2023.	15 April 2023 to April 2026
Reid Edward Johnson	BSci, Master in General Management, AICD	IT Executive.		Appointed 22 October 2022 to April 2024
Tammy Lea Marshall	BBus, Graduate Diploma in Business Administration, MBA, GAICD	YHA member since 2019. Managing Director / owner of management consulting business.	Chair of Nominations, Remuneration & HR Committee from April 2022, Chair of Election Committee from April 2022 to April 2023.	17 April 2022 to April 2024
Alison Louise McDonagh	BCom (Marketing & Hospitality Management); Graduate Diploma (Urban & Regional Planning)	YHA member since 2018. Regional Development Manager, property developer.		18 April 2020 to May 2023
Tracey Michelle Powell	BBus, GAICD	YHA member since 2000. Former member of YHA South Australia Board, held role of Chair. Principal & Director, marketing consultancy.	Chair from April 2020, former Vice Chair, former Chair of Nominations & Remuneration Committee and former Chair of Election Committee.	17 April 2022 to April 2024
Simon Paul Spicer	BEC, CA, GAICD	YHA member since 2018. Finance and Strategy Executive.	Chair of Audit & Risk Committee from April 2019.	15 April 2022 to April 2025
Jennifer Ching Wai Tang	BCom, LLB	Managing Director, Investment Firm.		Appointed 1 January 2022 to April 2023 Elected 15 April 2023 to April 2026
David James Young	BCom, LL.M. CA, GAICD	Director, Airline and Hospitality Commercial Executive.		Appointed 1 January 2022 to April 2023 Appointed April 2023 to April 2025

## Company Secretary

Stephen Lynch was appointed as Company Secretary on 23 September 2009.

## 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 Committee, Nominations Remuneration and Human Resources Committee and Election Committee.

Director	Board of Directors Meetings		Committee Meetings	
	Number held / Eligible to attend	Number attended	Number held / Eligible to attend	Number attended
Craig Anthony Berger	5	5	4	4
Bronwyn Teresse Dallow	8	7	6	6
Reid Edward Johnson	8	8	5	5
Tammy Lea Marshall	8	7	10	10
Alison Louise McDonagh	3	2	1	1
Tracey Michelle Powell	8	7	6	6
Simon Paul Spicer	8	6	5	5
Jennifer Ching Wai Tang	8	7	5	5
David James Young	8	8	6	3

The above meeting attendance is for YHA Ltd. Youth Hostels Association of Queensland (YHA Queensland), YHA Victoria Limited, YHA WA Pty Ltd had 1 Board of Directors Meeting and YHA Travel to Learn Limited held 2 Board of Directors meetings. These were held on the same days at the same time and location as the above meetings reported for YHA Ltd.

## 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; promote youth hostelling internationally, including fostering an appreciation of a range of cultural values;
- (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:
  - (1) achieve personal development;
  - (2) foster friendship; and
  - (3) 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:
  - (1) travel;
  - (2) healthy recreational activities;
  - (3) sustainability and environmental conservation;
  - (4) social impact; and
  - (5) 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 Achieving 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 customer 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.

#### 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 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 surplus after tax for the financial year ended 31 December 2023 was \$1,978,249 (2022 surplus of \$33,256,708). The number of member overnights for the year was 927,522 (2022: 846,231).

##### *The 2023 surplus included:*

A relatively stable year of operations with no disruptions to the travelling market, the operations of Melbourne Metro YHA ceased at the end of March 2023. There were no disposals of properties in 2023. Finance costs decreased to \$6,993,255 (2022: \$7,098,932).

The group uses occupancy percentage or utilisation of the hostel beds as a measure of performance together with quality ratings from guests. The property bed occupancy in 2023 for operated properties was 70.19% (2022: 57.43%), ratings were in the desired range and several properties achieved consistently high ratings. The Food & Beverage Strategy gained momentum with bar, breakfast, café and in-house catering options maturing and income was double the 2022 result. The occupancy at the start of the year was remarkably high with a return to pre-2020 levels of trade in the winter months. Average bed rates continued to improve as there were a number of events in the year with high demand and bed supply in the capital cities remains constrained. Human resourcing improved throughout the year with teams stabilising, and productivity ensuring cost ratios were lowered.

Significant investment in 102 private rooms renovated in Sydney and Brisbane properties, replacement of key systems, a rooftop bar was opened at YHA Sydney Harbour and the rebranding of properties was completed. The Railway Square property development commenced with demolition, excavation and the construction of the basement levels completed with significant progress made to achieve 75% design milestone.

#### 7. Review of Operations

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

Revenue in the first quarter was at a level YHA has not seen for five years with demand from the end of 2022 spilling into early 2023. The World Pride event, concerts, the FIFA Women's World Cup and a return to regular sport scheduling all combined to achieve an excellent first half of the year. International travellers continued to grow but not quite back to pre-pandemic levels, though occupancy in destinations including Cairns, Fremantle and Adelaide benefitted from changes in second year work visa qualification requirements. The winter saw a return to lower levels of occupancy with many international travellers returning to destinations in Asia and Australians travelling overseas for a European summer, though this was balanced by higher group bookings. Cash flows were strong throughout the year enabling further investment in the properties with the new private room refurbishments receiving positive ratings and improving the financial performance.

## 8. Dividends

YHA Ltd is a for purpose 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 2023.

## 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 25.

## 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.



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Tracey Powell

Director

24 February 2024



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Simon Spicer

Director

24 February 2024

# Statement of profit or loss and other comprehensive income

FOR THE YEAR ENDED 31 DECEMBER 2023

	NOTE	2023 \$	2022 \$
<b>Revenue</b>			
Revenue from contracts with customers and other revenue	3	53,528,768	37,973,682
Interest revenue		2,064,469	868,767
Other income	3	-	38,678,520
		55,593,237	77,520,969
<b>Expenses</b>			
Employee benefits expense	4	(21,666,790)	(16,028,677)
Depreciation & amortisation expense	4	(4,534,098)	(4,949,369)
Finance costs	4	(6,993,255)	(7,098,932)
Other expenses	4	(20,420,845)	(16,187,283)
		(53,614,988)	(44,264,261)
Surplus before income tax		1,978,249	33,256,708
Income tax (expense)	5	-	-
Surplus after income tax		1,978,249	33,256,708
Other Comprehensive income		-	-
Total Comprehensive Income		1,978,249	33,256,708

The accompanying notes form part of these financial statements.

# Statement of financial position

AS AT 31 DECEMBER 2023

	NOTE	2023 \$	2022 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	14,299,390	14,062,000
Trade and other receivables	7	263,597	220,124
Financial assets	8	1,276,446	1,221,842
Inventories	9	49,478	75,592
Other current assets	10	1,146,319	926,763
<b>Total Current Assets</b>		<b>17,035,230</b>	<b>16,506,321</b>
<b>Non-current Assets</b>			
Financial assets	8	33,530,331	33,483,978
Property, plant and equipment	11	108,801,388	106,251,780
Lease assets	12	2,126,408	2,345,800
Intangible assets	13	1,788,703	1,801,482
<b>Total Non-current Assets</b>		<b>146,246,830</b>	<b>143,883,040</b>
<b>TOTAL ASSETS</b>		<b>163,282,060</b>	<b>160,389,361</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	14	5,220,417	3,954,499
Lease liabilities	12	89,962	234,641
Borrowings	15	-	512,471
Provisions	16	1,279,411	1,485,543
Contract liabilities	17	2,690,560	2,513,459
<b>Total Current Liabilities</b>		<b>9,280,350</b>	<b>8,700,613</b>
<b>Non-current Liabilities</b>			
Trade and other payables	14	20,349	20,349
Lease liabilities	12	2,259,933	2,351,722
Borrowings	15	90,837,248	90,457,663
Provisions	16	113,218	66,301
<b>Total Non-current Liabilities</b>		<b>93,230,748</b>	<b>92,896,035</b>
<b>TOTAL LIABILITIES</b>		<b>102,511,098</b>	<b>101,596,648</b>
<b>NET ASSETS</b>		<b>60,770,962</b>	<b>58,792,713</b>
<b>EQUITY</b>			
Accumulated surplus		57,013,253	55,035,004
Revaluation reserve		3,757,709	3,757,709
<b>TOTAL EQUITY</b>		<b>60,770,962</b>	<b>58,792,713</b>

The accompanying notes form part of these financial statements.



# Statement of changes in equity

FOR THE YEAR ENDED 31 DECEMBER 2023

	Revaluation Reserve \$	Accumulated Surplus \$	Total Equity \$
<b>Balance at 1 January 2022</b>	3,757,709	21,778,296	25,536,005
Surplus after income tax	-	33,256,708	33,256,708
Other comprehensive income	-	-	-
<b>Balance at 31 December 2022</b>	3,757,709	55,035,004	58,792,713
Surplus after income tax	-	1,978,249	1,978,249
Other comprehensive income	-	-	-
<b>Balance at 31 December 2023</b>	3,757,709	57,013,253	60,770,962

The accompanying notes form part of these financial statements.

# Statement of cash flows

FOR THE YEAR ENDED 31 DECEMBER 2023

	NOTE	2023 \$	2022 \$
<b>Cash flows from operating activities</b>			
Receipts from members and customers		59,028,636	41,627,152
Receipts from government subsidies		-	599,000
Payments to employees		(21,826,005)	(15,947,420)
Payments to suppliers		(24,666,559)	(19,106,858)
Interest received		547,512	111,920
Finance costs paid		(6,613,670)	(6,716,164)
<b>Net cash provided by operating activities</b>		6,469,914	567,630
<b>Cash flows from investing activities</b>			
Purchase of plant, equipment & software		(6,273,357)	(3,392,057)
Receipt of financial asset		1,221,842	591,178
Development of property		(626,228)	(528,571)
Receipt of interest from financial assets		194,158	116,822
Proceeds from sale of property, plant & equipment		-	10,950,000
<b>Net cash (used in) / provided by investing activities</b>		(5,483,585)	7,737,372
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	3,000,000
(Repayment) of borrowings		(512,471)	(5,025,416)
Payments for the principal portion of lease liabilities		(236,468)	(761,388)
<b>Net cash (used in) financing activities</b>		(748,939)	(2,786,804)
<b>Net increase in cash and cash equivalents</b>		237,390	5,518,198
<b>Cash and cash equivalents at the beginning of the year</b>		14,062,000	8,543,802
<b>Cash and cash equivalents at the end of the year</b>	6	14,299,390	14,062,000
Non-cash financing and investing activities	26		

The accompanying notes form part of these financial statements.

# Notes to the Financial Statements

## Note 1 - Summary of material accounting policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards – Simplified Disclosures. This includes compliance with the recognition and measurement requirements of all Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the disclosure requirements of AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities, as appropriate for Not-for-Profit entities and the Corporations Act 2001. The consolidated financial report of the group as at and for the year ended 31 December 2023 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 financial statements were authorised for issue by the Directors on 24 February 2024.

### Basis of Preparation

#### *Reporting Basis and Conventions*

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 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.

### Accounting Policies

#### *Property Plant and 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 group 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 <i>(except Thredbo where the carrying value is written down over 50 years.)</i>
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.

# Notes to the Financial Statements

## Note 1: Summary of material accounting policies (continued)

### 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 assets are classified (and measured) at amortised cost on the basis that:

- (a) they are held within a business model whose objective is achieved by the group holding the financial asset to collect contractual cash flows; and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### Financial Liabilities

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

### 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.

#### *Impairment of financial assets*

The group recognises a loss allowance for expected credit losses on financial assets which are measured at amortised cost. The measurement of the loss allowance depends upon the group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

### 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.

### Intangibles

#### *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 group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the group: 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.

# Notes to the Financial Statements

## Note 1: Summary of material accounting policies (continued)

### 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 two 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.

### 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.

### Fair Value Measurement

When an asset, financial or non-financial, is measured at fair value for 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.

### 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.

### 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.

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.

# Notes to the Financial Statements

## Note 1: Summary of material accounting policies (continued)

### 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 group for income tax purposes.

### 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 group's obligation to provide accommodation services to a customer and are recognised when a customer pays consideration, or when the group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the group has provided accommodation services to the customer.

# Notes to the Financial Statements

## 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.

### Estimation of Useful Lives of Assets

The group 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 group 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 including:

- Bed occupancy % increasing over the year with state, territory and international economic activity continuing to recover, in the range as from 65% up to 77% or higher by the end of the year.
- Average bed rates increasing as demand from Australians and international travellers strengthens and in the range of \$40 in competitive locations with less demand and up to \$65 in higher demand locations and times of peak demand.
- Discount rate in the range of 9% to 12% and capitalisation rates in the range from 6% to 12%.

### Goodwill and Other Indefinite Life Intangible Assets

The group 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 group 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.

#### *Financial asset discount rate*

The discount rate used to estimate present value of the financial asset was the corporate bond rate of 4.38%, the measurement was made from the date of settlement of the disposal of Railway Square YHA to November 2026.

# Notes to the Financial Statements

## Note 3 - Revenue and other income

	2023 \$	2022 \$
<b>Revenue from contracts with customers</b>		
Hostel	48,194,684	34,354,773
Food and beverage	2,579,350	1,261,774
Travel & tours commission	50,897	37,904
Other hostel revenue	780,472	475,957
Sundry revenue	603,730	612,253
<b>Total revenue from contracts with customers</b>	<b>52,209,133</b>	<b>36,742,661</b>

All revenue from contracts with customers is recognised at a point in time.

<b>Other revenue</b>		
Membership	523,443	561,403
Rent	796,192	669,618
<b>Total other revenue</b>	<b>1,319,635</b>	<b>1,231,021</b>
<b>Total revenue</b>	<b>53,528,768</b>	<b>37,973,682</b>

<b>Other income</b>		
Gain on disposal of property, plant & equipment	-	38,678,520
<b>Total other income</b>	<b>-</b>	<b>38,678,520</b>

The gain in 2022 includes a gain for the sale of Railway Square YHA leasehold, refer to note 27 for detail of this significant transaction.

## Note 4 - Expenses

	NOTE	2023 \$	2022 \$
Salaries and wages		18,633,520	13,998,279
Superannuation		2,015,304	1,438,062
Other benefits		1,017,966	592,336
<b>Total employee benefits</b>		<b>21,666,790</b>	<b>16,028,677</b>
Depreciation of property plant & equipment	11	4,301,927	4,135,374
Amortisation of lease assets	12	219,392	777,998
Amortisation of software	13	12,779	35,997
<b>Total depreciation and amortisation</b>		<b>4,534,098</b>	<b>4,949,369</b>
Borrowing costs		1,110,198	988,716
Bank interest		5,783,290	5,982,355
Affiliated interest		14,228	22,455
Lease liability interest		85,539	105,406
<b>Total finance costs</b>		<b>6,993,255</b>	<b>7,098,932</b>
Cost of goods sold		1,197,814	725,309
Loss on disposal of property, plant & equipment		48,050	-
Operating expenses		9,819,139	7,742,556
Administration, marketing and insurance		6,510,093	5,127,849
Property expenses		2,752,749	2,488,569
Audit		93,000	103,000
<b>Total other expenses</b>		<b>20,420,845</b>	<b>16,187,283</b>



# Notes to the Financial Statements

## Note 5 - Income tax

	2023 \$	2022 \$
<b>a) Reconciliation of effective tax rate</b>		
Income tax expense using the domestic corporation tax rate of 25% (2022: 25%)	494,562	8,314,177
Add / (subtract) tax effect of:		
Income and expenses exempt under principle of mutuality	(787,599)	(1,425,709)
Utilisation of previously unrecognised income tax and capital losses	-	(7,483,529)
Income tax losses not recognised as deferred tax asset	293,037	595,061
Income tax expense	-	-

### b) Principle of mutuality

The estimated amount of income subject to the mutuality principle is 95% (2022: 95%).

### c) Unrecognised tax losses

The following tax losses from non-mutual income have not been brought to account as a deferred tax asset:

YHA Ltd	10,985,754	12,457,827
YHA Queensland	4,634,234	4,617,179
Tax losses	15,619,988	17,075,006

The group 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.

## Note 6 - Cash and cash equivalents

	2023 \$	2022 \$
Cash on hand	14,862	23,072
Cash at bank	14,284,528	10,572,134
Cash at bank - reserved for capital commitments	-	1,138,921
Cash on deposit	-	2,327,873
	14,299,390	14,062,000

Cash at bank - reserved for capital commitments is the remaining funding of the drawn capital facility to be used for 2022 works in progress. Cash on deposit includes cash for interest payments \$NIL (2022: \$2,155,409) in relation to the Syndicated Facility, and \$NIL (2022: \$172,424) for commercial card and bank guarantees. The use of these funds are restricted by agreements with external parties.

## Note 7 - Trade and other receivables

<b>Current</b>		
Trade receivables	263,597	250,036
Provision for expected credit losses	-	(29,912)
	263,597	220,124

### Allowance for expected credit losses

The group has recognised a loss of \$NIL (2022: \$29,912) in profit or loss in respect of the expected credit losses for the year ended 31 December 2023.

# Notes to the Financial Statements

## Note 8 - Financial assets

Financial assets measured at amortised cost:

YHA Railway Square - forgone cash flow payments	3,884,589	5,106,431
YHA Railway Square - sale proceeds	30,922,188	29,599,389
	34,806,777	34,705,820

**Financial assets are classified in the statement of financial position as:**

Current	1,276,446	1,221,842
Non-current	33,530,331	33,483,978
	34,806,777	34,705,820

## Note 9 - Inventories

	2023 \$	2022 \$
Finished goods	49,478	75,592
	49,478	75,592

## Note 10 - Other assets

**Current**

Prepayments	1,146,319	926,763
	1,146,319	926,763

## Note 11 - Property, plant and equipment

	2023 \$	2022 \$
<b>Freehold Land and Buildings</b>		
At cost	103,339,377	102,430,038
Less: Accumulated depreciation	(36,033,187)	(33,835,955)
	67,306,190	68,594,083
<b>Leasehold Land and Buildings</b>		
At cost	30,055,534	29,610,741
Less: Accumulated depreciation	(10,912,219)	(10,085,790)
	19,143,315	19,524,951
<b>Plant and Equipment</b>		
At cost	20,663,308	17,199,792
Less: Accumulated depreciation	(12,918,475)	(12,254,437)
	7,744,833	4,945,355
Work in progress - at cost	14,607,050	13,187,391
<b>Total Property, Plant and Equipment</b>	<b>108,801,388</b>	<b>106,251,780</b>

# Notes to the Financial Statements

## Note 11 - Property, plant and equipment

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:

NOTE	2023 \$	2022 \$
<b>Freehold Land &amp; Buildings</b>		
Balance at the beginning of the year	68,594,083	70,594,414
Additions	1,006,199	269,591
Disposals	(25,217)	-
Transfers	15,977	1,500
Depreciation expense	(2,284,852)	(2,271,422)
Carrying amount at the end of the year	67,306,190	68,594,083
<b>Leasehold Land &amp; Buildings</b>		
Balance at the beginning of the year	19,524,951	30,504,822
Additions	342,702	142,943
Disposals	-	(10,307,717)
Transfers	102,091	-
Depreciation expense	(826,429)	(815,097)
Carrying amount at the end of the year	19,143,315	19,524,951
<b>Plant &amp; Equipment</b>		
Balance at the beginning of the year	4,945,355	4,568,346
Additions	3,352,617	1,775,260
Disposals	(22,833)	(362,787)
Transfers	660,339	13,391
Depreciation expense	(1,190,646)	(1,048,855)
Carrying amount at the end of the year	7,744,833	4,945,355
<b>Work in progress</b>		
Balance at the beginning of the year	13,187,391	909,501
Additions	1,571,839	1,204,263
Additions development work in progress	626,228	11,148,730
Disposals	-	(60,212)
Transfers	(778,407)	(14,891)
Carrying amount at the end of the year	14,607,050	13,187,391
<b>Total</b>		
Balance at the beginning of the year	106,251,780	106,577,083
Additions	6,273,357	3,392,057
Additions development work in progress	626,228	11,148,730
Disposals	(48,050)	(10,730,716)
Depreciation expense	(4,301,927)	(4,135,374)
Carrying amount at the end of the year	108,801,388	106,251,780

# Notes to the Financial Statements

## Note 12 - Lease assets and lease liabilities

The group leased hostel premises as well as specialised information technology equipment for periods not exceeding 5 years. The group 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 group 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, 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 (with options to 2034).

(i) Amounts recognised in the statement of financial position:

	2023 \$	2022 \$
<b>Carrying value of lease assets, by class of underlying asset:</b>		
Land and buildings	2,126,408	2,345,800
Carrying amount at the end of the year	2,126,408	2,345,800
Reconciliation of the carrying amount of lease assets at the beginning and end of the year:		
Carrying amount at the beginning of the year	2,345,800	3,123,798
Amortisation	(219,392)	(777,998)
Carrying amount at the end of the year	2,126,408	2,345,800
<b>Lease liabilities</b>		
Current	89,962	234,641
Non-current	2,259,933	2,351,722
	2,349,895	2,586,363

(ii) Amounts recognised in the statement of comprehensive income:

Interest expense (included in finance costs)	(85,539)	(105,406)
Expense relating to variable lease payments not included in lease liabilities (included in property expenses)	(846,153)	(531,044)
The total cash outflow for leases was:	(1,168,161)	(1,370,340)

<b>Operating leases</b>		
Payable not later than 1 year	174,112	322,007
Later than 1 year but not later than 5 years	706,178	702,251
Later than 5 years	2,772,578	2,950,617
	3,652,868	3,974,875

### Other commitments

The group has a Lease Agreement with 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 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.

# Notes to the Financial Statements

## Note 13 - Intangible assets

	2023 \$	2022 \$
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 impairment	(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	681,939	681,939
Less: accumulated amortisation	(674,018)	(661,239)
	7,921	20,700
Total intangible assets	1,788,703	1,801,482

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 \$	Computer software \$	Total \$
Carrying amount at the beginning of the year	116,681	1,664,101	20,700	1,801,482
Amortisation charge	-	-	(12,779)	(12,779)
Carrying amount at the end of the year	116,681	1,664,101	7,921	1,788,703

## Note 14 - Trade and other variables

	2023 \$	2022 \$
<b>Current</b>		
Trade creditors	329,827	173,325
Accrued expenses	3,517,621	3,108,135
BAS payable	476,915	314,045
Other payables	896,054	358,994
	5,220,417	3,954,499
<b>Non-current</b>		
Rental bonds	20,349	20,349
	20,349	20,349

# Notes to the Financial Statements

## Note 15 - Borrowings

		2023 \$	2022 \$
<b>Current</b>	Insurance premium funding	-	512,471
<b>Non-current</b>	Syndicated facility	90,837,248	90,457,663
	<b>Total Borrowings</b>	<b>90,837,248</b>	<b>90,970,134</b>

1. The Syndicated Facility Agreement commenced in December 2021, and has a facility limit of \$105,000,000 (2022: \$105,000,000) and consists of a drawn Facility of \$92,000,000 (2022: \$92,000,000), facilities for the Railway Square YHA development \$8,000,000 and an additional liquidity facility if required of \$5,000,000 were resolved to no longer be required and cancellation has subsequent to balance date been approved by the Syndicate Facility Lenders. The term of the facility is for 5 years to December 2026 and is a fixed interest fee on drawn facilities. The facility allows mandatory and voluntary prepayment and with any prepayment a permanent reduction in the facility. Prepayments are required if there is a surplus of cash over a certain level. There are annual fees for a Security Trustee and Agent, Facility Manager and a line fee for undrawn portions of the facility.

2. The syndicated facility is secured by a first ranking fixed and floating charge over all the assets of the group and first ranking mortgages over 18 hostel properties. The covenants within the facility 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 1.0 times by the end of 2024.

3. The group complied with the financial covenants of its facility during the 2023 year. The syndicated facility has no ICR covenants for the first two years of the facility. The facility has a number of review events relating to liquidity and if these are triggered a review event is called rather than a default event and certain time frames are required to correct the review event.

	2023 \$	2022 \$
The syndicated facilities as at the balance date are:		
Credit facilities	105,000,000	105,000,000
Amount utilised	92,000,000	92,000,000
Amount unutilised	13,000,000	13,000,000

The unused credit facilities consist of facilities totalling \$13,000,000 for the Railway Square YHA development (\$8,000,000), and further support for interest payments (\$5,000,000), both these facilities have now been cancelled subsequent to year end.

### Assets pledged as security

The carrying amounts of assets pledged as security are:

-First mortgage and floating charges

Total assets	110,590,091	108,053,262
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Independent valuations of interest in Land & Buildings:

-2023	184,525,000	-
-2022	-	26,350,000
-2021	-	145,670,000
-2018	1,000,000	8,805,000
-2017	-	-
-2015	825,000	825,000
<b>Total</b>	<b>186,350,000</b>	<b>181,650,000</b>

The total independent valuation reports value of \$186,350,000 (2022: \$181,650,000) representing 20 freehold and leasehold properties. A value for the hostel at Fremantle Prison YHA has been included. The written down value of these properties in the financial report is \$94,194,339 and they are recorded at cost or deemed cost as at transfer date. Independent valuations required by the Syndicated Facility Agreement for 2023 have been completed and are able to be requested annually. The Facility Agreement recognises for financial covenant purposes a nominal amount for the value of asset under development, this ensures the loan to value ratio is not affected by this development, but is not included in the above total of independent valuations.

# Notes to the Financial Statements

## Note 16 - Provisions

	2023 \$	2022 \$	
<b>Current</b>			
Employee benefits	1,279,411	1,185,543	
Make good on leased property	-	300,000	
	1,279,411	1,485,543	
<b>Non-current</b>			
Employee benefits	113,218	66,301	
	113,218	66,301	
<b>Movements in provisions</b>			
	<b>Make good on leased property</b>	<b>Employee entitlements</b>	<b>Total \$</b>
Balance at the beginning of the year	300,000	1,251,844	1,551,844
Additions	-	1,047,439	1,047,439
Amounts utilised	(300,000)	(906,654)	(1,206,654)
Balance at the end of the year	-	1,392,629	1,392,629

## Note 17 - Contract liabilities

	2023 \$	2022 \$
<b>Current</b>		
Bookings in advance	2,686,412	2,509,311
Deferred revenue	4,148	4,148
	2,690,560	2,513,459

## Note 18 - Contingent liabilities

The group has a contingent liability as at 31 December 2023. YHA may be required to contribute \$35m to the development of the YHA Railway Square development. However, the YHA contribution payment is contingent on certain conditions being met including practical completion of the YHA Railway Square development.

## Note 19 - Commitments

	2023 \$	2022 \$
<b>Capital commitments</b>		
Capital expenditure commitments contracted for:		
-Capital expenditure projects	1,778,239	1,001,465

Commitments for capital expenditure projects will be payable not later than 1 year.

## Note 20 - 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 (2022: Nil). 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.

# Notes to the Financial Statements

## Note 21: Key management personnel compensation

Key management personnel include the Directors listed in the Directors' Report, the Chief Executive Officer, Head of Commercial, Head of People and Culture, Head of Sustainability & Procurement, Chief Financial Officer, Head of Operations, Head of Development, Financial Controller/Innovation & Transformation Manager and Chief Information Officer. Total compensation is shown as follows:

Key management personnel - excluding Directors	Salary \$	Superannuation \$	Total \$
2023	2,009,717	205,967	2,215,684
2022	1,973,058	182,105	2,155,163
<b>Directors</b>			
2023	96,045	10,335	106,380
2022	89,328	9,149	98,477

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.

Key management personnel - including Directors	Salary \$	Superannuation \$	Total \$
2023	2,105,762	216,302	2,322,064
2022	2,062,386	191,254	2,253,640

## Note 22: Parent entity information

Set out below is the supplementary information about the parent entity.

	2023 \$	2022 \$
Surplus (deficit) after income tax	1,829,486	33,982,844
Total current assets	17,035,229	17,728,163
Total assets	158,406,409	155,657,528
Total current liabilities	9,318,489	8,685,296
Total liabilities	102,510,257	101,590,862
<b>Equity</b>		
Total equity	55,896,152	54,066,666

### Contingent liabilities

The parent entity has a contingent liability as at 31 December 2023. YHA may be required to contribute \$35m to the development of the YHA Railway Square development. However, the YHA contribution payment is contingent on certain conditions being met including practical completion of the YHA Railway Square development.

### Capital commitments

The parent entity had capital commitments for property, plant and equipment as at 31 December 2023 of \$1,778,239 and 31 December 2022 of \$1,001,465.

### Significant accounting policies

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

### Subsequent events

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the parent entity's operations, the results of those operations, or the parent entity's state of affairs in future financial years.



# Notes to the Financial Statements

## Note 23 - 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 24 - Events after reporting period

No other matter or circumstance has arisen since 31 December 2023 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.

## Note 25 - Remuneration of auditor

	2023 \$	2022 \$
<b>Auditor of the group:</b>		
Audit of the annual report	93,000	103,000

## Note 26 - Cash flow information

	NOTE	2023 \$	2022 \$
<b>Cash flow information</b>			
Non-cash financing and investing activities:			
Interest income - deferred settlement of sale of proceeds		1,322,799	640,025
Loan costs - finance facility		(379,585)	(382,768)
Proceeds from sale of property, plant & equipment			
- deferred settlement of proceeds on the sale of Railway Square YHA	8	-	34,656,973

## Note 27 - 2022 Significant transaction - YHA Railway Square development

On 21 July 2022, the Railway Square YHA leasehold property was disposed of in exchange for deferred cash consideration and obligations to deliver back to YHA a yet to be developed property ("YHA Railway Square development") within a new office tower constructed over the Railway Square parcel shed. A net gain on disposal of property plant and equipment of \$34,656,973 was recognised (refer to note 3). The gain consists of deferred sale proceeds of \$35 million due on practical completion as well as monthly payments made to YHA during the period of the development until its practical completion, to compensate for the loss of business to YHA during the development. These proceeds were initially recognised as a financial asset discounted to the net present value of the cash flows to be received (refer to notes 8 and note 26). The discount rate used to estimate the net present value of the financial asset was the corporate bond rate of 4.38% and the discounting period was from the settlement date (21 July 2022) to November 2026, being the estimated date of practical completion.

The initial cost of the YHA Railway Square development asset was recognised as development work in progress in accordance with paragraph 24 and 25 of AASB 116 Property Plant and Equipment, at the carrying value of the disposed property along with costs associated with the design and project management of the development (refer to note 11 work in progress additions).

YHA will receive the deferred sale proceeds of \$35 million when the development of the YHA Railway Square has been completed. A payment of \$35 million will then be made to the developer of the office tower, being YHA's contribution to the development. At this point, legal title to the leasehold property will be transferred to YHA.

YHA currently has no obligation to contribute to the development costs until certain conditions are met and therefore the group has disclosed this contribution as a contingent liability as at 31 December 2023 (refer to note 18).

**Pitcher Partners Sydney**

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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 2023, 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.



**Melissa Alexander**  
Partner

**Pitcher Partners**  
Sydney

24 February 2024

# Directors' declaration

The Directors of YHA Ltd declare that:

1. The financial statements and notes, as set out on pages 6 to 24, are in accordance with the Corporations Act 2001, and:
  - a. Comply with Australian Accounting Standards – Simplified Disclosures 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 2023 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.

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

On behalf of the Directors.



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Tracey Powell

Director

24 February 2024



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Simon Spicer

Director

24 February 2024

**Pitcher Partners Sydney**

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**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 2023, 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 material accounting policy 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 2023 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards – Simplified Disclosures and the *Corporations Regulations 2001*.

**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 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 2023, 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 – Simplified Disclosures 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.

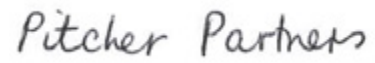
As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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.



**Melissa Alexander**  
Partner



**Pitcher Partners**  
Sydney

24 February 2024



**always exploring**

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