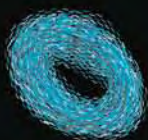


# Jenolan Caves Reserve Trust Annual Report 2013 - 2014



jenolan caves  
explore marvel stay

1300 76 33 11  
[www.jenolancaves.org.au](http://www.jenolancaves.org.au)

# Contact Details

---

**Jenolan Caves Reserve Trust**

4655 Jenolan Caves Road,  
Jenolan Caves NSW 2790

**Administration Office**

Ph: 1300 76 3311  
Fax: 02 6359 3092  
Hours: 9 am to 5 pm

**Cave Operations**

Ph: 1300 76 3311  
Fax: 02 6359 3307  
Hours: 8.30 am to 5.30 pm

**Technical Services**

Ph: 1300 76 3311  
Fax: 02 6359 3307

**Jenolan Caves House**

Ph: 1300 76 3311  
Fax: 02 6359 3227





*Jenolan Caves Reserve Trust acknowledges the traditional custodians of the land at Jenolan, the Gundungurra and Wiradjuri peoples, and pays respect to all elders, both past and present.*

*Painted by Gundungurra artist, Tom Brown.*

# Contents

---

Contact Details.....	2
Contents.....	4
Our Role.....	5
Administrator’s Report.....	6
Overview.....	7
Organisational Chart.....	9
Cave Operations.....	10
Jenolan Caves House.....	12
Visitor Zone Maintenance.....	13
Research & Development.....	15
Corporate Resources.....	16
Statutory Information.....	17
Independent Audit Report.....	23

# Our Role

## Mission Statement

To manage the natural and cultural heritage and the visitor facilities of Jenolan Karst Conservation Reserve in an environmentally, socially and commercially sustainable manner.

## Charter Legislation

The Jenolan Caves Reserve Trust is a body corporate which has been created under the provisions of the *National Parks and Wildlife Act 1974* and is responsible to the Minister for the Environment.

The Trust is responsible for the care, control and management of the Jenolan Caves Visitor Use and Services Zone (VU&SZ), which is regarded as being both environmentally and culturally significant as well as an iconic tourist facility within the state of NSW.

## Aims and Objectives

The main goals of the Trust are:

- the care, control and management of the Jenolan Caves VU&SZ,
- ensuring the protection of the natural and built environment,
- encouraging the enjoyment of the area by visitors, through the promotion of the historic, scientific, educational, cultural and environmental values of the area.

The VU&SZ includes a variety of caves, accommodation, walking tracks, picnic and recreational areas. The Trust provides interpretative information on the geological, cultural and historical features of the area.

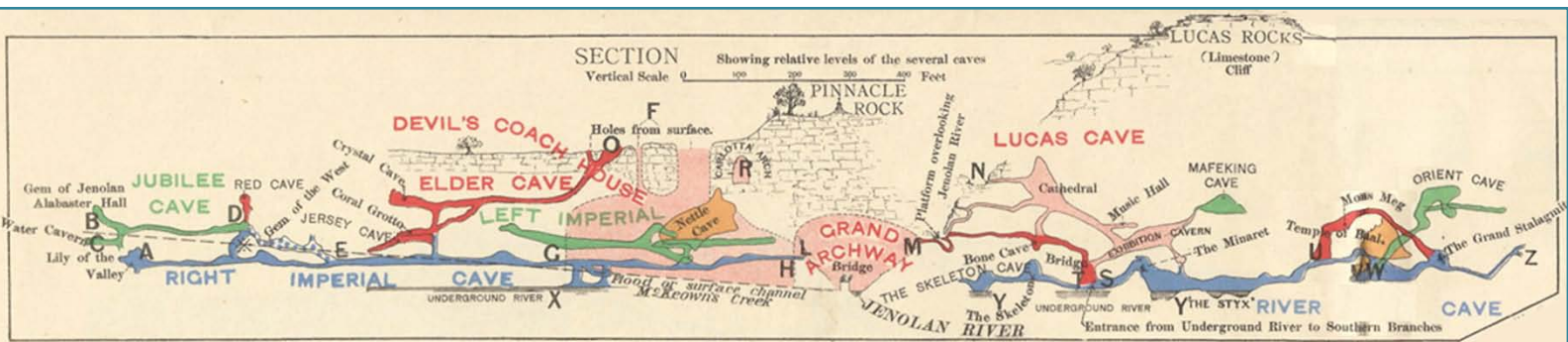
The beautiful limestone caves and the associated reserve are of important geological, geomorphological and palaeontological value, and play a vital role in conserving rare and endangered plant and animal species.

The reserve also contributes to our understanding of Aboriginal culture and European heritage, and is widely recognised for its interpretative, research and educational importance.

Although the reserve is a significant regional centre for recreational and tourist activities, conservation is a principal focus. The relationship between the commercial, natural and cultural environment is complex but well integrated, within the operations of the Trust.

The Jenolan Karst Conservation Reserve has World Heritage status as part of the *Greater Blue Mountains World Heritage Area* listing and is also listed on the *State Heritage Register*.

Jenolan Caves are an iconic tourism destination for NSW and are significant tourism assets for the Blue Mountains and Central NSW tourism regions. Operations at Jenolan are important to the regional economies and provide motivation and stimulus for visitors to travel further into regional NSW.



# Administrator's Report

---

At the close of the 2013/2014 financial year, the Administrator, Dianne Leeson, retired from Public Sector and from her role as Administrator of the Jenolan Caves Reserve Trust. I would like to acknowledge the very significant contribution made by Dianne in helping to restore Jenolan Caves to its rightful place as an international icon and one of the 'must visit' destinations in the Blue Mountains. The recent turnaround in financial performance, in compliance and maintenance standards and improved visitation to Jenolan Caves is a credit to Dianne and the team employed by the Trust, who have contributed so much to these improvements over the last few years.

This has been a year of achievement for Jenolan Caves Reserve Trust, during a period of environmental challenges. The impacts of the Blue Mountains Fire emergency were felt across the region, with obvious impacts on visitation and revenues to Jenolan Caves for the year. The improved operational practices and the management team's focus on controlling costs achieved an operational profit, and with no requirement for supplementary government funding.

The Trust continued to achieve national recognition with "*Written in Stone*" Jenolan's, Heritage and Cultural Tourism experience, winning GOLD at the 2013 QANTAS Australian Tourism Awards. Jenolan's success boosts Jenolan's profile and has helped to grow visitation to the site.

A significant achievement has been achieved as a result of the Trust receiving a NSW Environmental Trust grant of \$743,000. The Trust began works involving the removal of all ferrous materials in the show cave system and expects to finalise these works in November 2014. These works will ensure the environmental integrity of the show caves into the future and an improved visitor experience. The Trust is also taking this opportunity to upgrade the electrical infrastructure to LED lighting for improved environmental efficiencies.

The Trust also undertook a number of projects to upgrade the Fire Service systems across the site, the removal of asbestos roofing from Binoomea Cottage, and review the *Drinking Water Management Plan*. Work also began on developing an Integrated *Environmental Management Plan*, due to be completed in 2014/15.

Roads and Maritime Services (RMS) began works on the Five Mile Hill Road, with traffic safety railing being installed, with further road works planned in 2014/2015. These works have improved not only the safety on this section of road but also the aesthetic values as visitors enter the Jenolan precinct.

I would like to thank the staff, management team and the Jenolan Management Advisory Group for their commitment and efforts in ensuring that Jenolan continues to grow as a sustainable business while maintaining best practice environmental and customer service standards.

Robert Conroy  
Administrator  
Jenolan Caves Reserve Trust

*Robert Conroy is Administrator of the Jenolan Caves Reserve Trust, appointed in accordance with Section 58 (2) of the National Parks and Wildlife Act 1974.*

# Overview

---

Over the last two years, Jenolan Caves Reserve Trust has focussed on building the sustainability of the business operations across the organisation, with the core objective of a 'self funded' operation, non reliant on supplementary Government funding.

This objective was achieved in 2013/14 financial year, with Jenolan Caves Reserve Trust reporting an operating profit before depreciation, with no requirement for draw down of supplementary funding.

This has been an outstanding result, when compared against previous years, and is of particular note, due to the downturn in revenue streams and visitation experienced during the October Blue Mountain Bush Fire emergency, the impacts of which extended for several months.

These results reflect the success of the management team's control of costs across the operation and showcase the significant gains that can be achieved. With consolidated revenue marginally down 3.0% on 2013 results, the team managed to reduce Total Expenses by 3.1%, with significant staff savings of \$272k or 4.4% and Other Expenses also reduced by \$82K or 8.8%.

The Trust recorded occupancy of 39.1%, almost in line with the previous year's 40.2%, in spite of setbacks due to the Blue Mountains Bush Fire emergency. This was due to a proactive response with targeted online packages. Unfortunately, Cave Operations visitation was severely impacted through until Easter 2014. However, strong cost controls achieved an improved operating profit.

The NSW Government is examining options to divest hospitality and visitor services within the Jenolan VUSZ, a process which began in December 2012 and which continued during 2013-14. The Trust is working closely with staff to ensure they are kept informed of progress and to ensure that all staff entitlements are fully maintained.

## Jenolan Caves Reserve Trust Division

In March 2006, the NSW State Government passed the *Public Sector Employment Legislative Amendment Bill 2006*. The legislation created the new employment entity, *Jenolan Caves Reserve Trust Division*. On 24 February 2014, Jenolan Caves Reserve Trust Division was dissolved, and all

employees transferred to the *Office of Environment and Heritage*. All staff identified in this Report are employees of the *Office of Environment and Heritage* as of 24 February 2014.

## Visitation

The total numbers of cave visits to Jenolan Caves, as compared to the previous year, are as follows:

Jenolan	2012/13	2013/14
	240,425	226,529

## Income & Expenditure

Revenue from continuing operations was \$10,903,884, marginally down on last year's \$11,266,032, a decrease of \$362,148. However, total expenditure before impairment expenses was controlled at \$9,946,910, a decrease of \$318,976 on the previous year.

## Administration & Human Resources

With the appointment of a new *Manager, Administration and Human Resources* (HR) in February 2014, a comprehensive review of processes was undertaken, resulting in the development and implementation of a fully integrated HR system.

## Key Achievements

### Tourism Award Wins

'*Written in Stone*' Jenolan's world class, Heritage and Cultural Tourism experience, won GOLD at the 2013 QANTAS Australian Tourism Awards.

Jenolan continues to achieve national recognition for the innovative and cutting edge tourism experiences, developed by our dedicated staff.

Magic does happen at Jenolan, and it is this magic that has been woven into the '*Written in Stone*' experience, capturing the uniqueness of the site and its special significance to the indigenous people of the region. This is a multi award winning product and the third consecutive award win at a national level, Gold 2013, Silver 2012, and Gold 2011.

At a state level '*Written in Stone*' has also achieved significant recognition, with three consecutive Gold Awards for Cultural and Heritage Tourism, resulting in the induction of Jenolan Caves into the *Hall of Fame* in November 2013.

## Overview continued

---

The continued success achieved by Jenolan at State and National Tourism Awards highlights the vision of our staff and product.

### Grants

*NSW Environmental Trust Grant* funding of \$743K was received for removal of all ferrous materials in the show cave system. Works were initiated in November 2013 and are tracking for completion in October 2014.

### Professional Affiliations

Dan Cove, Manager Caves Operations, was re-elected as president of ACKMA and appointed to the steering committee for the Geo Tourism Forum, a subset of ECO Tourism Australia.

### Research and Monitoring

The Trust continues to support and encourage important research activities on the Reserve. Details of these are contained in the *Research and Development Report*.

*The Karst and Geodiversity Unit*, within the *NSW Office of Environment and Heritage*, provided the Trust with expert technical and strategic policy advice in relation to environmental, conservation and interpretation issues as well as undertaking an ongoing monitoring program to measure key environmental indicators within the show caves.

### Marketing

The Trust marketing team has continued to focus on building both Hospitality and Caves business. This was achieved by performing in-depth market research and targeting a range of demographic and geographic markets. The Trust continued to focus on building international and domestic group travel, weddings, functions, school excursions and corporate events, while reducing the number of

cultural events which have historically been non profitable.

With the ongoing success of the new web site and the success of a number of targeted online marketing opportunities initiated in 2012/13 and continued into 2013/14, management moved to reduce the use of, 'traditional' marketing methods, and increased the focus on social media, search engine optimisation, raising Jenolan's profile on key tourism websites and other lower cost Internet-related mediums. The Trust believes this allowed the operation to report solid results in spite of the Blue Mountain Fire Emergency experienced in October 2013. A significant achievement when many other regional businesses suffered serious losses.

### World Heritage

The Trust continues to support the *NSW Office of Environment and Heritage*, and the *Commonwealth Department of Environment, Water, Heritage and the Arts* in the management of the *Greater Blue Mountains World Heritage Area* (GBMWhA), which incorporates the *Jenolan Karst Conservation Reserve*.

The Trust is represented on the GBMWhA Management Committee and has active input into decisions affecting, or with the potential to affect the natural, cultural and recreational values of the area.

### Major Developments

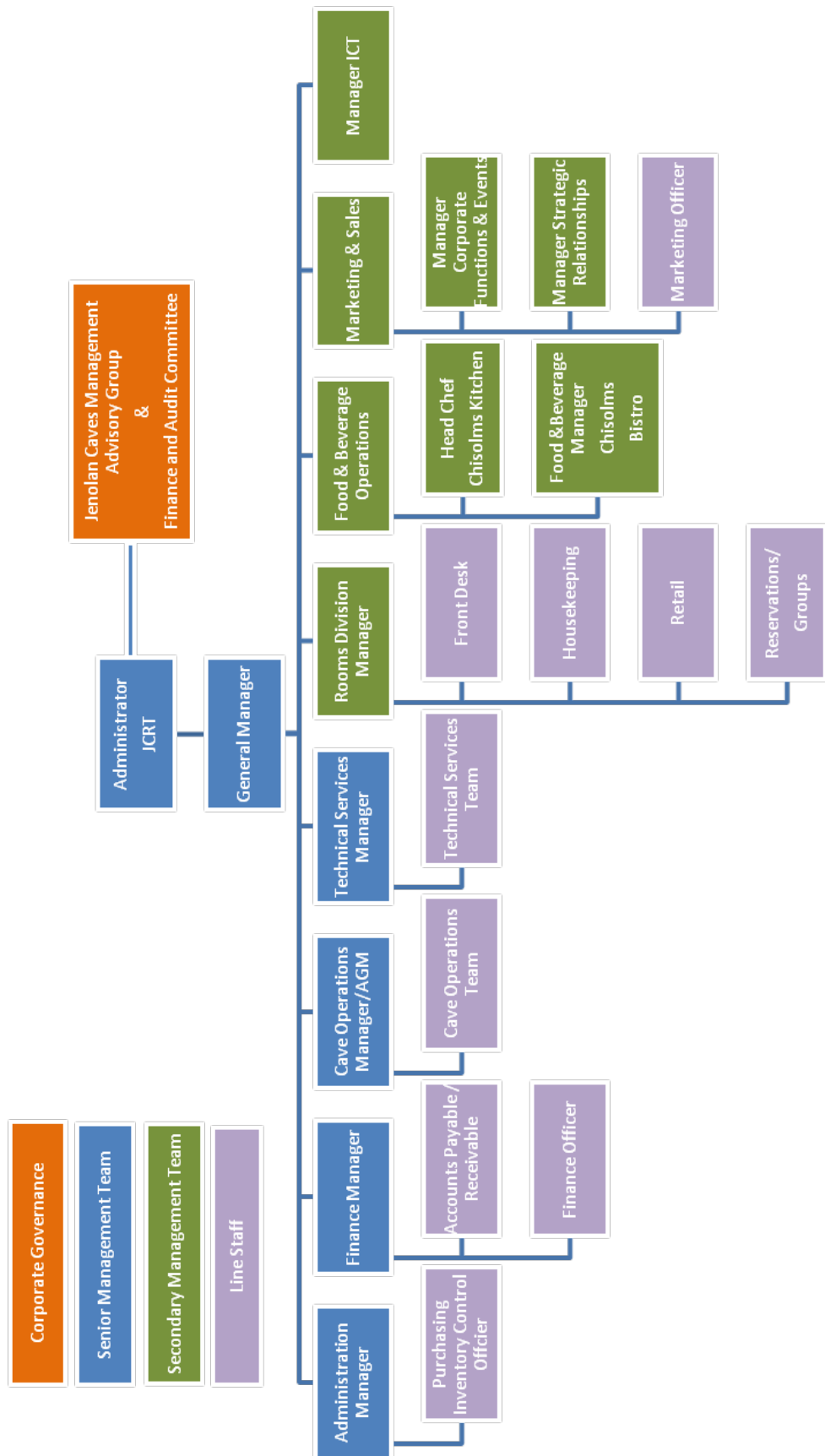
Major capital works projects that were either underway or completed during the 2013/2014 financial year are identified in the *Statutory Information* section of this report.

**Sandy McFeeters**  
**General Manager**  
**Jenolan Caves Reserve Trust**





# Organisational Chart



# Cave Operations

## Performance Indicators

Compared to 2012/2013:

- Visitation: .....-5.8%
- Revenue: .....-0.2%
- Expenditure:.....-5%
- Number of Cave Tours: .....11,375
- Revenue per FTE: .....+21.5%
- Total Expense per Visitor:.....\$12.74
- Total Revenue per Visitor:.....\$23.24

2013/2014 Financial Year:

- Total FTE:.....26
- Number of Tours per FTE: .....437.5
- Salaries & Wages as % of Total Expenditure:.....60.2%

*FTE=Full time equivalent staff*

## Visitation

Visitation decreased by 5.8% on previous year's result to 226,529 cave visits, attributable almost entirely to a sharp decline in visitor numbers following the October bush fires in the Blue Mountains. Average yield per client increased 4.8% to \$23.24. The current environment for the NSW tourism industry remained intensely competitive throughout 2013/2014, negatively impacted by low consumer confidence and the impact of regional natural disasters. In the context of the conditions facing the tourism industry, these results are considered acceptable, and remain favourable in comparison to comparable regional tourist attractions.

In June 2013, Jenolan Caves received \$743,000 through the *NSW Environmental Trust* for the

removal of all ferrous metals from the tourist cave system and their replacement with non-reactive stainless steel. This project commenced in November 2013, with work complete in the Pool of Cerberus, River, Imperial and Diamond Caves. Final installation will be completed by October 2014.

Jenolan continues to introduce new products and services. The children's programs have been further expanded, and continue to be popular options. A new tour, *'Fossils Unearthed'*, was introduced, focussed upon the paleontological heritage of the caves, and has proven popular.

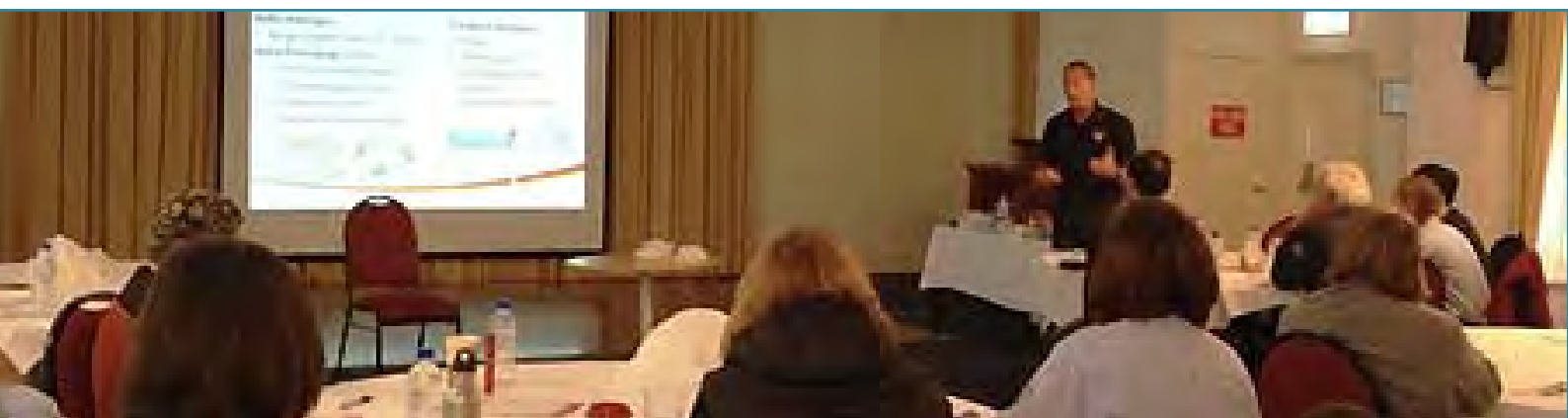
## The Team

The Cave Operations Department is a highly professional team of Guides and support staff devoted to the excellence in customer service in interpretation, sales and protection of the special environment in which they work.

## Training

Internal and external training courses have been conducted in the following areas: Senior First Aid, Advanced Resuscitation and customer service standards. The comprehensive training manual and standard operating procedures were revised and updated for all new guiding staff. The Trust has hosted both work experience and work placement students during the year. Programs are available to cater for High Schools through to mature age students completing advanced studies in Tourism, Outdoor Recreation and Science.

Staff attended the following conferences: *Australian Cave & Karst Management Association AGM* (4 Cave Operations staff), *Ecotourism Australia Global Eco Conference* (1 staff member).



## Cave Operations continued

### Natural Resource Management

The Cave Operations maintenance program continues to focus on cleaning of the show cave system, made necessary by human usage, using vacuuming and water cleaning techniques, largely developed at Jenolan by the guiding staff.

A \$743,000 grant from the *NSW Environmental Trust* allowed for removal and replacement of all galvanised steel structures within the show cave system – an important step towards long term sustainability. Upgrading of cave lighting with more energy efficient luminaries has continued, with the Imperial Cave largely retrofitted this financial year.

Staff undertook assessment and rock fall control work on the east face of the *Grand Arch*, and a safety barrier was installed by contractors *SpecialisedGeo* above the exit stairs of the *Lucas Cave*.

The Manager Cave Operations was also appointed to the inaugural Geotourism steering committee of *Ecotourism Australia* and elected president of the *Australasian Cave and Karst Management Association*.

### Awards

Jenolan Caves was the winner of the *2013 NSW Tourism Award* for Cultural/Heritage tourism, for the third consecutive year, and was therefore inducted into the *Tourism Hall of Fame*. Jenolan

also entered the category of *Tourist Attraction* and win Silver in the area. At the *2013 Qantas National Tourism Awards*, Jenolan Caves was awarded the Gold in the *Cultural/Heritage Tourism*, a significant achievement.

### Special Events

Jenolan again collaborated with the *Australian Museum* to offer *'Science Unleashed'*, a series of activities and workshops at the Caves, for secondary school students. Jenolan staff also attended the annual *Science Week Expo* held at the *Australian Museum*.

Ongoing collaboration with the *Gundungurra Tribal Council* led to the further development of Indigenous tour content and an expanded range of tour options available via the *Jenolan Caves App* which was upgraded for both iPhone and Android.

The popular annual *'Carols in the Caves'* was again held in the *Grand Arch* on December 14. Over \$8,000 was raised and donated to the *Childhood Cancer Research Unit* at the *Children's Hospital at Westmead*. Jenolan Caves is recognised as a *'Premier Partner'* of the children's hospital, for ongoing fundraising efforts.

**Dan Cove**  
**Manager Cave Operations**  
**Jenolan Caves reserve Trust**



# Jenolan Caves House

---

The hospitality operations of Jenolan comprise four accommodation units – *Caves House* (38 rooms), *Mountain Lodge* (30 motel style studios), *Gatehouse* backpacker lodge (14 rooms accommodating 70 guests) and *Jenolan Cottages* and *Binoomea Cottage* (10).

Food and beverage operations incorporate *Chisolm's Grand Dining Room*, *Bistro* day visitor facility and *Kanangra Boyd Gallery* function room for 120 guests.

In addition, a retail outlet featuring souvenirs is operated. During 2013 retail operations were extended into the Caves Operations ticket office, to enable the capture of time restricted day tour visitors.

## Revenue Generation

In spite of the setbacks experienced due to the October 2013 Blue Mountains Fire emergency, Hospitality business achieved a gross revenue only 2% below the previous year's result.

A strong result was reported across Accommodation operations, which delivered improved revenues ahead of the previous year, although occupancy of 39.16% was marginally behind the 2012/13 occupancy of 40.54%.

However food and beverage outlets did not perform as well, down \$188,935 behind last year's result. With reduced revenues, management's excellent control of costs ensured a profitable bottom line, with *Chisolm's* reporting a \$154,125 improvement and *Bistro* reporting a \$76,060 improvement against the previous year's operating profits.

## Personnel

Although Jenolan is a key employer for the region, staffing continues to present a challenge for hospitality operations. To address these issues, the Trust has continued to utilise the skills of 'travelling' staff to boost the local workforce numbers.

Considerable focus has been placed on building a skilled employee base and linking with local agencies to ensure skilled people are notified of vacancies at Jenolan.

## Food and Beverage Facilities

The primary contributor to the improved trading results, has been the significant reduction in the operating costs of the House and related hospitality operations. In 2013, a number of operating initiatives and rostering changes were introduced by senior management which substantially improved service efficiencies and operating results for the year.

Efforts continued through 2012/2013 to improve menu options across both the *Bistro* and *Chisolm's Restaurant*, resulting in positive guest feedback.

Guest Service continued to be a focus of the management team, with in-house training modules delivered to all front of house and Hospitality staff.

**Sandy McFeeters**  
**General Manager**  
**Jenolan Caves Reserve Trust**



# Visitor Zone Maintenance

---

## Maintenance

In addition to the regular maintenance associated with the Visitor Use and Services Zone at Jenolan, major initiatives included:

- Ongoing maintenance on the built infrastructure within the Visitor Use & Services Zone.
- Consistent addressing of any WHS issues identified.
- The changeover of fleet vehicles, and the replacement of the Cave Operations courtesy bus.
- *The Technical Services Team* has continued the maintenance of walking tracks.
- *The Technical Services Team* have been instrumental in providing emergency support to the Cave Operations Team in the event of medical evacuations, assisting within the caves, transporting medical teams in adverse weather conditions, clearing car park 2 and assisting with the landing of helicopters.
- *Essential Energy* have continued upgrading the Power Feed into the Jenolan Caves Precinct over the past 12 months, including tree lopping under the power line easement.
- RMS and Contractors have made substantial improvements to the safety of the Jenolan Caves road, installing the Armco Safety Railing on the last 4.5km of the 5 Mile, from Inspiration point to Electrician's Workshop.
- Fly wire screens repaired throughout guest accommodation.
- Extensive repair of the hydronic heating system within Caves House.
- Set up and pull down of staging requirements for *Carols in the Caves, 2013*.
- Extensive possum proofing of the *Mountain Lodge*.
- Storm related flooding caused the water tank pumps to fill the water tanks with turgid water. Entire potted water systems were subsequently flushed, cleaned and chlorinated.
- Pump number 1 showed signs of wear and was overhauled with a new stator.
- Ongoing operation and maintenance of the Sewage Treatment Works.
- Creation of procedures for routine maintenance tasks.
- The commencement of water chlorination and subsequent testing of chlorination levels.
- All staff cottages have been fitted with water filters.
- Replacement of faulty pipe at the entrance of car park 2. Repair of phone line to School House. Contractor installed phone line to *Elder Cave* entrance.
- Replacement of treated pine kerbing with concrete in car park 2.
- Continuation of repair and painting of outdoor visitor furniture.
- Reallocation of cleaning duties of visitor toilets to housekeeping.
- Involvement in the EOI Process with Consultants and Contractors.

## Capital Works

- Installation of new *Acoustiguide* cabinets in Ticket Office of Cave Operations.
- Installation of retail section fittings in Ticket Office of Cave Operations.
- Removal of asbestos roof of *Binoomea Cottage* and installation of alternative roofing by contractors.
- Removal of outdated and now non standard wiring from the *Pool of Cerberus Cave* in conjunction with the Cave Operations team. This creates a clean slate in preparation for future relighting of the cave.
- Upgrade of Fire Service Systems throughout *Mountain Lodge, Binoomea Cottage* and *Caves House*.

## Visitor Zone Maintenance continued

---

### Environmental Maintenance

The Trust has actively sought to continue to reduce its environmental impacts. Key initiatives have included:

- Maintenance staff involvement with traffic control and removal of fallen trees on 5 mile road.
- Continuing replacement of inefficient lighting in the cave system and throughout the accommodation areas.
- Assisted the Cave Operations Team with the removal of galvanized handrail from caves in preparation for the installation of stainless handrail.
- Continuation of the weed control and sycamore program.
- Rubbish recycling continues through our Rubbish Removal Contractor and Oberon Council.
- Recycling of copper from removed *Pool of Cerberus* wiring

### Staff

Our remote location requires Jenolan Caves Reserve Trust to have a versatile, self sufficient maintenance staff available to respond to the challenges of the natural environments and the demands of maintaining a historic building.

JCRT's duty of care towards visitors and staff requires that the Technical Services Team be trained and available to assist, in the event of

emergencies, either the Caves House or Cave Operations Teams.

Technical Services staff trained in the following areas:

- Electrical Test and Tag
- Senior First Aid
- Remote Area First Aid
- Advanced Resuscitation
- Asbestos Awareness and Identification
- Chainsaw ticket
- Water Testing

In house training for members of staff also included, Fire Alarm Response Training, Fire Safety and Fire Warden Training.

The Technical Services core team of 9.5 staff has reduced during the course of this reporting period.

- With the continued secondment of a Maintenance Officer to OEH
- The long service leave and resignation of Manager Technical Services in February 2014.

Specialist contractors were engaged as required to meet additional project requirements.

**David Rowling**  
**Manager Technical Services & Capital Works**  
**Jenolan Caves Reserve Trust**



# Research & Development

---

## **Jenolan Air and Water Quality Monitoring Program**

The monitoring of air and water quality in Jenolan's show caves and selected water bodies has continued over 2013/14. Monitoring results indicate that cave atmosphere and water quality are within accepted natural parameters and conducive to cave forming and development processes.

Results also show a correlation between visitor access and fluctuations in cave atmosphere. Air quality data from the program is also being compared with similar data collected by Dr Chris Waring from the *ANSTO Institute for Environmental Research*, to establish short and long term trends in CO<sub>2</sub> accumulation in caves.

Radon gas concentrations are also monitored by portable detection devices carried by the guiding staff. Fixed control monitors were also introduced in 2013/14.

The air and water quality monitoring being undertaken at Jenolan is arguably the most comprehensive of its type in Australia, and is the benchmark for contemporary cave management.

## **Linking Modern Hydrology and Weather to Speleothem Climate Records**

Dr Chris Waring from the *ANSTO Institute for Environmental Research* has continued his research into the relationship between speleothems growth, weather and climate.

The preliminary findings of Dr Waring's work indicate a strong relationship between CO<sub>2</sub> levels in caves and speleothem development, a theory which is supported by similar work being undertaken at *Yarrangobilly Caves*.

The work of Dr Waring has attracted significant attention in the scientific community and is providing increased understanding of cave atmospheric dynamics and of the potential long

term climate information records contained within suitable speleothems

## **Jenolan Show Caves Survey**

In May 2005, Dr Julia James and students from *Sydney University*, along with members of the caving community, commenced a detailed survey of Jenolan show caves, using the latest in digital technology.

The majority of this work is now complete, with three dimensional plans of relevant show caves currently, or soon to be, available for the use of management in guiding future cave development and in better understanding the geophysical structure of caves.

## **3D Imaging of Jenolan Show Caves**

Jenolan Caves was chosen as a test site for the *Zeebedee* 3D laser scanning and mapping system developed by the *Autonomous Systems Laboratory* of the *CSIRO*.

The results of this mapping have been used to generate virtual cave environments in a technique utilised by *3P Learning*, to bring Jenolan to the classroom, as an interactive learning experience. The mapping has great potential application for future cave surveying and management planning.

## **Jenolan Mineralogy**

Researchers from the *University of Sydney*, led by Dr Armstrong Osborne and Professor Ross Podgson, have continued to collect samples from the show cave system, to more fully understand the mineralogy and cave system processes at Jenolan Caves.

Recent work has revealed that Jenolan contains one of the most complex range of phosphates found in any cave system.

## **Dan Cove Manager Cave Operations**

# Corporate Resources

---

## Finance Department

The Finance department is focussed on meeting the information needs of both internal and external clients. This involves day to day processing, reporting, advice and project participation.

The Finance Department is headed by the *Acting Manager Business and Finance* and supported by the *Acting Finance Officer* and *Creditors/ Debtors Officer*.

## Information Technology

The Trust has replaced much of the frontline computing equipment, however 2014-15 will require the replacement of servers and some back office equipment.

## Capital Expenditure

Expenditure on capital works and equipment totalled \$480,572, and consisted of:

General infrastructure and environmental projects.....	\$476,172
IT Upgrade.....	<u>\$ 4,399</u>
	\$ 480,572

## Annual Financial Statements

Below is a summary from the *Statement of Comprehensive Income* for 2013/2014 compared with 2012/2013.

	2012/2013	2013/2014
Revenues from continuing operations	\$11,266,032	\$10,903,884
Total Expenses (excluding impairment expenses)	\$10,265,886	\$9,946,910
Profit/(Loss) from ordinary activities	\$1,000,146	\$956,974





# Statutory Information

## Senior Executive Officers

Total no. of senior executive positions:	Current year: nil	Previous year: nil
Number of female senior executive officers:	Current year: nil	Previous year: nil

## Classification of Positions

Listed below is the classification of positions for the last 3 years.

	2011/2012	2012/2013	2013/2014
General Manager	1	1	1
Administration Manager	1	1	1
Systems Administrator & Finance Officer	1	1	
Manager Information, Communications & Technology		1	1
Manager Business & Finance	1	1	1
Administration Officers	4 0.4 vacant	Deleted	Deleted
Finance Officer			1
Creditors / Debtors Officer			1
Marketing Officer			1
Manager Cave Operations	1	1	1
Guides	12 2 vacant	12 2 vacant	12 2 vacant
Visitor Services Officers	Deleted	Deleted	Deleted
Team Leader – Plant Electrician	1	1	1
Manager Technical Services and Capital Works	1	1	1
Trades Officer (Electrician)	1	1	1
Trades Officers	2	2	2
Maintenance Officer	3.5 1 vacant	3.5 1 vacant	3.5 1 vacant
Manager Food & Beverage Operations	Deleted	1	1
Manager Rooms Division	Deleted	1	1
Manager Hospitality Operations	1	Deleted	Deleted
Head Chef Caves House	1	1	1

## Recruitment Statistics

In all there are 34 permanent positions, covering 4 categories. Permanent staff also engage in job sharing arrangements in the Cave Operations and Technical Services departments.

Temporary placements, and a casual workforce of up to 80, supplement the Trust's team of permanent employees.

The Trust's estimated full time equivalent staff number (FTE), as at 30 June 2014, was 67.28.

There were 2 voluntary redundancy payments during the year.

## Statutory Information continued

### Training

Total training costs for the year were \$28,277.

Total paid staff hours for external training:

2013/2014	\$10,213
2012/2013	\$7,793
2011/2012	\$4,151

Courses undertaken during the year included First Aid Training; Outdoor Recreation (Caving); OHS induction; Traffic Management; Conflict Resolution; Electrical Tag and Test; Asbestos Awareness and Identification; Fire Safety.

### EEO Statistics

Total positions held by males and females are detailed below:

	Males %	Female %
2011/2012	50	50
2012/2013	53	51
2013/2014	47	54

Of the permanent employees, 64% are male and 36% are female. In 2013/2014, the average remuneration for males was \$ 56,521 and females \$ 62,777.

Approximately 23.2% of all staff on the payroll are permanent, the balance are employed on a temporary or casual basis.

Staff relieved in higher positions (minimum 5 days relief) on 2 occasions.

### Overseas Visits

There were no official overseas visits undertaken by staff during the 2013/2014 financial year.

### Consultants

Throughout 2013/2014, the Trust supplemented internal resources with the following consultancy expertise (costs excluding GST):

*Equal to or more than \$30,000*

Norman Turkington & Assoc.....	\$42,496
Viridis Consultants.....	\$34,727

*Under \$30,000*

Financial Consultancies.....	\$80,699
Environmental Consultancies.....	\$0

TOTAL CONSULTANCIES.....\$157,922

### Account Payment Performance

Account payment performance indicators for 2013/2014 financial year:

#### Average value of creditor payments processed per month

Current (within 30 days)	\$463,570
Less than 30 days overdue	\$24,400
Between 30-60 days overdue	0
Between 60-90 days overdue	0
Over 90 days overdue	0
Percentage of accounts paid on time	95
Total of accounts paid on time	5,562,800
Total of accounts paid	5,855,578

Commentary:

- Payment is made on invoice after authorisation within terms through the Accounts Payable module of the *Accpac* accounting package.
- Credit card use in the Trust has been in accordance with *Premiers Memorandum and Treasurer's Direction*.

The electronic transfer of funds using the Westpac Corporate Online facility was continued in 2013/2014.

## Statutory Information continued

### Disability Plans

The Trust provides a quality experience for all visitors to the Reserve. Strategies for assisting people with special needs range from the construction of access ramps, to staff members helping visitors adjust to 'closed' cave environments. Other services provided by the Trust include:

- The provision of tailored-tours to cater to the special needs of the elderly and visually impaired.
- The grading of show caves in terms of the number of steps and degree of difficulty.
- Easier access for people with limited mobility. Five of the nine show caves at Jenolan now have 50mm stainless steel handrails installed and steps regraded to make them more standard.
- The continuation of relighting in the show caves, to provide an optimum and even level of step illumination, to assist visitors to negotiate steps in the caves.
- Wheelchair assisted access to part of the self guided tour at Jenolan and two sections of currently guided tours.

### Ethnic Affairs Priorities Statement

The four principles of cultural diversity enshrined in the NSW Government legislation are reflected in the Trust's *Ethnic Affairs Priority Statement*.

A key priority for the Trust is raising awareness of the unique natural and cultural resources of the

karst conservation reserves within ethnic communities. In this regard, initiatives have included:

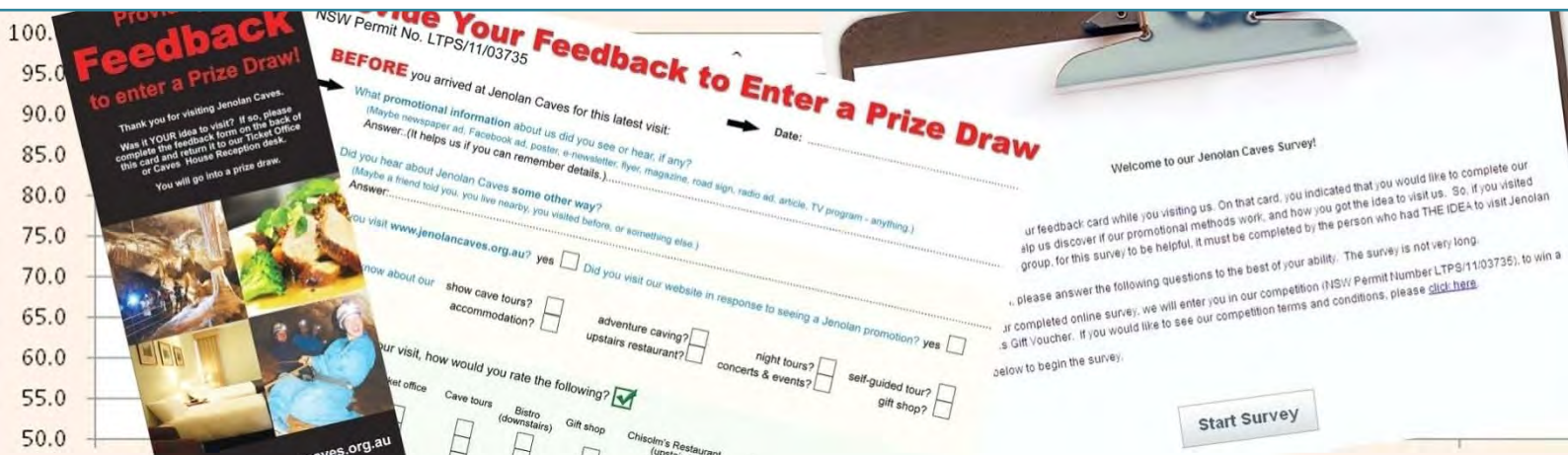
- The provision of 'Meet and Greet Programs' to cater for the special needs of visitors.
- Ongoing liaison with inbound tour operators, to ensure that client/customer services are tailored to meet individual needs.
- Ongoing research into the needs of ethnic groups and particular market segments.
- Provision of audio guides for the self guided tour at Jenolan, in English, German, Mandarin, Japanese, Korean, Russian, French and Spanish.

### Customer Response

A *Visitor Monitoring Program (VMP)* has continued through 2013/14 at Jenolan Karst Conservation Reserve, to provide feedback on a range of issues. The VMP obtains feedback via the following methods:

- Onsite customer feedback surveys
- Targeted surveys, activated when significant issues are identified
- Feedback provided to staff
- Visitors Book comments
- Online Surveys.

The collected data is evaluated and used in the development of management actions.



## Statutory Information continued

---

### Government Information (Public Access) Act 2009 Requests

JCRT responded to 17 requests for information relevant to the Trust. These GIPA applications received in 2013/14 were initiated through both the *Department of Premier and Cabinet* and the *Office of Environment and Heritage*. These requests are reported in the Annual Reports of each of these departments.

### Risk Management

The Trust has in place an *Audit and Finance Committee* which meets monthly to review and manage risks.

A number of independent Audits and assessments were undertaken throughout 2013/14 financial year, to mitigate risk inclusive of:

- Audit of the Trust's ICT Infrastructure and Systems
- Annual Leave and Long Service Leave entitlements audit
- An audit and assessment of Hazardous Materials was completed on site extending
- The *Hazardous Materials Register* was updated with buildings that were not previously surveyed as part of the *Parsons Brinckerhoff Audit* completed in 2007 and all works completed to date since 2007
- Changes to the *Public Health Act 2011* required all *Drinking Water Management Plans* to meet the *NSW Guidelines for Drinking Water Management Systems* by September 2014. The JCRT's *2007 Drinking Water Management Plan* was reviewed, and a stakeholder lead risk workshop undertaken to develop a *Drinking Water Management System* to meet requirements of the *Public Health Act 2011*.
- An independent contractor was engaged to develop an integrated *Environmental Management Plan* with project due for completion December 2014.

- *GN Consulting* undertook a Fire Services Review in 2007 and were contracted to return to site in September 2013 to review the updated systems, and provide the *BCA Essential Services Compliance Report* (Fire Safety).
- As part of this contract, *GN Consulting* also undertook witness testing and provided the *Annual Fire Safety Statements* for the commercial operation.

Further internal audits will be completed in the 2014/2015 financial year, inclusive of Structural Engineering Inspection and Certification of Infrastructure; Electrical and Engineering evaluation of the proposed upgrade of the generator, to meet site demand.

### Energy Management

The Trust has reviewed and is compliant with its *Energy Management Policy*. The Trust also continues to install energy efficient bulbs throughout Jenolan Caves House and also upgrades show caves as existing infrastructure fails.

The Trust makes use of its hydro electric generator which was in use for a large portion of the year saving on fossil fuels.

### Waste Management

All sewage, septic and garbage waste and refuse is removed from the Jenolan Karst Conservation Reserve and recycled where possible.

Trimmed and removed trees are mulched and distributed on the Reserve gardens.

### Policy & Planning

A draft *Plan of Management* for the Jenolan Karst Conservation Reserve is currently being prepared by the *Office of Environment and Heritage*.

## Statutory Information continued

### Research

Research projects that were completed or are ongoing are identified in the *Environment Report*.

### Major Works Completed or Underway

Major works programs completed or underway are listed below.

The following works were completed to the *Fire Safety Services*:

- *Mountain Lodge* - Upgrade of the Thermal Detector system to a Fire Smoke System and installation of warning alarm sounders. Integration of the warning system with FIP system
- *Binoomea Cottage* – Upgrade of battery operated detectors with wireless smoke detectors and integration with *Mountain Lodge* FIP
- *Dining Room and Bar Foyer* – Installation of wireless smoke detectors and integration with FIP
- *Entry Foyer* – Installation of smoke detectors and integration with FIP
- Installation of Sprinkler System Annubar test facility, to allow flow testing capability. Sprinkler System 25 year testing completed.

### Hazardous Materials

- Removal and replacement of asbestos sheeting on the roof and eaves of *Binoomea Cottage*.

### Administration

- Installation of *RecFind6* records management system to meet the requirements of the *State Records Act*.
- Installation of *RecFind6* Human Resource management system.

### Environmental Trust Grant

- *NSW Environmental Trust Grant* funding of \$743,000 was received, for removal of all ferrous materials in the show cave system. Works were initiated in November 2013 and due for completion in October 2014.

### Retail

- Installation of retail outlet in Caves Ticket Office.

### Publications

#### Brochures/Leaflets

The Trust publishes a variety of in-house brochures and information sheets on the services and facilities it provides, which are available to the public at various tourist sites around NSW and at Jenolan Caves.

#### Other

Annual Reports.

### Printing Annual Report 2013/2014

Total external cost – Nil.

The Trust's Annual Report is available on the Jenolan Caves Reserve Trust website [www.jenolancaves.org.au](http://www.jenolancaves.org.au)



## Statutory Information continued

---

### Internal Audit and Risk Management Statement for 2013-2014 Financial Year for Jenolan Caves Reserve Trust and the Consolidated Entity (JCRT)

I, the Administrator, am of the opinion that the internal audit and risk management processes for JCRT depart from the core requirements set out in *Treasury Circular NSW TC 09/08* and that (a) the circumstances giving rise to these departures have been determined by the *Portfolio Minister* and (b) the JCRT has implemented or plans to implement the following practicable alternative measures that will achieve a level of assurance equivalent to the requirement:

Ministerially Determined Departure	Reason for Departure and Description of Practicable Alternative Measures Implemented
Core Requirements 1 & 6	There is an ongoing relationship with the <i>Internal Audit Bureau</i> to provide advice and assistance with internal control.
Core Requirements 2 to 5	Internal audit and risk processes have been established, together with a risk register. These are monitored and reviewed by the <i>Jenolan Caves Finance Audit and Risk Committee</i> which meets bi monthly or additionally as required.

The practicable alternative measures implemented and planned to be implemented, provide a level of assurance that enable and will further enable the senior management of JCRT to understand, manage and satisfactorily control risk exposures.

**Bob Conroy**  
**Administrator**

# Independent Audit Report

---



## INDEPENDENT AUDITOR'S REPORT

### Jenolan Caves Reserve Trust

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Jenolan Caves Reserve Trust (the Trust), which comprise the statements of comprehensive income, the statements of financial position as at 30 June 2014, the statements of changes in equity and the statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Trust and the consolidated entity. The consolidated entity comprises the Trust and the entities it controlled at the year's end or from time to time during the financial year.

### Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Trust and the consolidated entity as at 30 June 2014, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

My opinion should be read in conjunction with the rest of this report.

### The Administrator's Responsibility for the Financial Statements

The Administrator of the Trust is responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Administrator determines is necessary to enable the preparation of the financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Administrator of the Trust, as well as evaluating the overall presentation of the financial statements.

## Independent Audit Report continued

---

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.


My opinion does *not* provide assurance:

- about the future viability of the Trust or consolidated entity
- that they have carried out their activities effectively, efficiently and economically
- about the effectiveness of internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information, that may have been hyperlinked to/from the financial statements.

### Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their role by the possibility of losing clients or income.



Karen Taylor  
Director, Financial Audit Services

20 October 2014  
SYDNEY



## Independent Audit Report continued

---

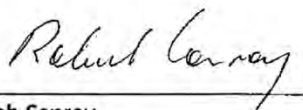
**JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY  
YEAR ENDED 30 JUNE 2014**

### Statement by Members of the Trust

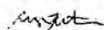
Pursuant to Section 41C(1C) of the Public Finance and Audit Act 1983, and in accordance with a resolution of the members of the Jenolan Caves Reserve Trust, we declare on behalf of the Trust that in our opinion:

1. The accompanying financial statements have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2010 and the Treasurer's Directions.
2. The financial statements and notes thereto exhibit a true and fair view of the financial position as at 30 June 2014 and the financial performance for the year then ended.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements misleading or inaccurate.



**Bob Conroy**  
Administrator



**Sandy McFeeters**  
General Manager

15<sup>h</sup> October 2014

## Independent Audit Report continued

### JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Note	Consolidated Entity		Jenolan Caves Reserve Trust	
		2014	2013	2014	2013
		\$	\$	\$	\$
<b>Income</b>					
Revenue from continuing operations	3	9,727,809	9,780,727	9,727,809	9,780,727
Grants received (NSW Govt & other)	3	1,152,341	1,443,718	1,152,341	1,443,718
Other income	3	23,734	14,916	23,734	14,916
<b>Total income</b>		<b>10,903,884</b>	<b>11,239,361</b>	<b>10,903,884</b>	<b>11,239,361</b>
Less: Cost of goods sold		1,263,177	1,436,099	1,263,177	1,436,099
<b>Gross trading surplus</b>		<b>9,640,707</b>	<b>9,803,262</b>	<b>9,640,707</b>	<b>9,803,262</b>
<b>Less: operating expenditure</b>					
Personnel services (costs of staff provided by the Division/OEH)	4.1	2,221,615	-	5,894,099	6,166,376
Personnel services (defined benefit fund supplementary charge for fund (gain)/loss)	4.1	-	-	-	(115,607)
Salaries & wages	4.1	3,672,484	6,166,376		-
Bad debts written off/(recovered)		24,578	21,461	24,578	21,461
Consultancy fee		166,269	90,237	166,269	90,237
Contract labour		45,047	37,866	45,047	37,866
Depreciation & impairment	4.2	504,899	350,890	504,899	350,890
Insurance		113,632	92,649	113,632	92,649
Interest		4,987	63,763	4,987	63,763
Marketing		96,918	145,405	96,918	145,405
Motor vehicle		46,873	43,563	46,873	43,563
Repairs and maintenance		378,206	382,895	378,206	382,895
Telephone, postage & internet		106,979	100,422	106,979	100,422
Utilities		452,628	488,440	452,628	488,440
Other expenses	4.3	848,618	930,605	848,618	919,585
<b>Total operating expenditure</b>		<b>8,683,733</b>	<b>8,914,572</b>	<b>8,683,733</b>	<b>8,787,945</b>
<b>Surplus / (deficit) from continuing operations</b>		<b>956,973</b>	<b>888,690</b>	<b>956,973</b>	<b>1,015,317</b>
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified to net result:</i>					
Actuarial gains/(losses) on Defined Benefit Fund obligations	14	59,251	126,627	59,251	-
Asset revaluation increment	8	453,223	1,550,219	453,223	1,550,219
<b>Total other comprehensive income for the year</b>		<b>512,474</b>	<b>1,676,846</b>	<b>512,474</b>	<b>1,550,219</b>
<b>Comprehensive surplus / (deficit)</b>		<b>1,469,447</b>	<b>2,565,536</b>	<b>1,469,447</b>	<b>2,565,536</b>

The above statements of comprehensive income should be read in conjunction with the accompanying notes.

## Independent Audit Report continued

### JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Note	Consolidated Entity			Jenolan Caves Reserve Trust		
		2014 \$	2013 \$	2012* \$	2014 \$	2013 \$	2012* \$
<b>ASSETS</b>							
<b>Current assets</b>							
Cash & cash equivalents	5	2,442,754	2,450,215	1,746,071	2,442,754	2,450,215	1,746,071
Trade & other receivables	6	163,741	348,997	315,891	163,741	348,997	315,891
Inventories	7	224,894	179,377	178,413	224,894	179,377	178,413
<b>Total current assets</b>		<b>2,831,389</b>	<b>2,978,589</b>	<b>2,240,375</b>	<b>2,831,389</b>	<b>2,978,589</b>	<b>2,240,375</b>
<b>Non-current assets</b>							
Property, plant & equipment	8	15,039,090	14,580,987	13,095,360	15,039,090	14,580,987	13,095,360
<b>Total non-current assets</b>		<b>15,039,090</b>	<b>14,580,987</b>	<b>13,095,360</b>	<b>15,039,090</b>	<b>14,580,987</b>	<b>13,095,360</b>
<b>TOTAL ASSETS</b>		<b>17,870,479</b>	<b>17,559,576</b>	<b>15,335,735</b>	<b>17,870,479</b>	<b>17,559,576</b>	<b>15,335,735</b>
<b>LIABILITIES</b>							
<b>Current liabilities</b>							
Trade & other payables	9	872,583	674,628	894,244	872,583	919,136	*1,254,360
Provisions	10	656,079	794,405	780,923	656,079	794,405	780,923
Borrowings	2.5/11	-	1,168,216	61,688	-	1,168,216	61,688
<b>Total current liabilities</b>		<b>1,528,662</b>	<b>2,637,249</b>	<b>1,736,855</b>	<b>1,528,662</b>	<b>2,881,757</b>	<b>2,096,971</b>
<b>Non-current liabilities</b>							
Defined Benefit Fund liability	14	194,548	244,508	*360,116	194,548	-	-
Provisions	10	32,659	32,659	27,568	32,659	32,659	27,568
Borrowings	2.5/11	-	-	1,131,572	-	-	1,131,572
<b>Total non-current liabilities</b>		<b>227,207</b>	<b>277,167</b>	<b>1,519,256</b>	<b>227,207</b>	<b>32,659</b>	<b>1,159,140</b>
<b>TOTAL LIABILITIES</b>		<b>1,755,869</b>	<b>2,914,416</b>	<b>3,256,111</b>	<b>1,755,869</b>	<b>2,914,416</b>	<b>3,256,111</b>
<b>NET ASSETS</b>		<b>16,114,610</b>	<b>14,645,160</b>	<b>12,079,624</b>	<b>16,114,610</b>	<b>14,645,160</b>	<b>12,079,624</b>
<b>EQUITY</b>							
Accumulated profits/(losses)	13	(644,302)	(1,660,527)	(2,675,844)	(644,302)	(1,660,527)	(2,675,844)
Contributed equity	12	5,831,749	5,831,749	5,831,749	5,831,749	5,831,749	5,831,749
Reserves	13	10,927,163	10,473,938	8,923,719	10,927,163	10,473,938	8,923,719
<b>TOTAL EQUITY</b>		<b>16,114,610</b>	<b>14,645,160</b>	<b>12,079,624</b>	<b>16,114,610</b>	<b>14,645,160</b>	<b>12,079,624</b>

\* 2012 re-stated due to effect of the revised AASB119 standard on the Defined Benefit Fund liability (refer note 14(ix)).

The above statement of financial position should be read in conjunction with the accompanying notes.

## Independent Audit Report continued

### JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

	<i>Notes</i>	Contributed equity \$	Reserves \$	Retained earnings /(losses) \$	Total \$
<b>Consolidated Entity</b>					
Balance at 1 July 2012		5,831,749	8,923,719	(3,722,767)	11,032,701
Change due to new acctg standard (AASB119)		-	-	1,046,924	1,046,924
Re-stated equity at 1 July 2012		5,831,749	8,923,719	(2,675,843)	12,079,625
<b>2013</b>					
Result for the year	13	-	-	888,690	888,690
Other comprehensive income:					
- Actuarial (losses)/ gains on Defined Benefit Fund obligations	14	-	-	126,627	126,627
- Asset revaluation increment	8/13	-	1,550,219	-	1,550,219
<b>Total comprehensive income for the year</b>		-	1,550,219	1,015,317	2,565,536
Balance reported at 30 June 2013		5,831,749	10,473,938	(1,660,526)	14,645,161
<b>2014</b>					
Result for the year	13	-	-	956,973	956,973
Other comprehensive income:					
- Actuarial (losses)/ gains on Defined Benefit Fund obligations	14	-	-	59,251	59,251
- Asset revaluation increment	8/13	-	453,225	-	453,225
<b>Total comprehensive income for the year</b>		-	453,225	1,016,224	1,469,449
Balance at 30 June 2014		5,831,749	10,927,163	(644,302)	16,114,610

	<i>Notes</i>	Contributed equity \$	Reserves \$	Retained earnings /(losses) \$	Total \$
<b>Jenolan Caves Reserve Trust (Parent Entity)</b>					
Balance at 1 July 2012		5,831,749	8,923,719	(3,722,767)	11,032,701
Change due to new acctg standard (AASB119)		-	-	1,046,924	1,046,924
Re-stated equity at 1 July 2012		5,831,749	8,923,719	(2,675,843)	12,079,625
<b>2013</b>					
Result for the year	13	-	-	1,015,317	1,015,317
Other comprehensive income:					
- Actuarial (losses)/ gains on Defined Benefit Fund obligations	14	-	-	-	-
- Asset revaluation increment	8/13	-	1,550,219	-	1,550,219
<b>Total comprehensive income for the year</b>		-	1,550,219	1,015,317	2,565,536
Balance reported at 30 June 2013		5,831,749	10,473,938	(1,660,526)	14,645,161
<b>2014</b>					
Result for the year	13	-	-	956,973	956,973
Other comprehensive income:					
- Actuarial (losses)/ gains on Defined Benefit Fund obligations	14	-	-	59,251	59,251
- Asset revaluation increment	8/13	-	453,225	-	453,225
<b>Total comprehensive income for the year</b>		-	453,225	1,016,224	1,469,449
Balance at 30 June 2014		5,831,749	10,927,163	(644,302)	16,114,610

The above statements of changes in equity should be read in conjunction with the accompanying notes.

## Independent Audit Report continued

**JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2014**

	Note	Consolidated Entity		Jenolan Caves Reserve Trust	
		2014	2013	2014	2013
		\$	\$	\$	\$
<b>Cash flows From operating activities</b>					
Receipts from customers		9,865,666	10,475,739	9,865,666	10,475,739
NSW Government supplementation funding		1,152,341	700,000	1,152,341	700,000
Payments to suppliers & employees		(9,413,619)	(10,152,051)	(9,413,619)	(10,152,051)
Interest received		71,133	30,517	71,133	30,517
Interest paid		(4,987)	(63,763)	(4,987)	(63,763)
<b>Net cash inflow/(outflow) from operating activities</b>	15	<b>1,670,534</b>	<b>990,442</b>	<b>1,670,534</b>	<b>990,442</b>
<b>Cash flows from investing activities</b>					
Payments for property, plant & equipment	8	(509,779)	(286,298)	(509,779)	(286,298)
Proceeds from sale of investments		-	-	-	-
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(509,779)</b>	<b>(286,298)</b>	<b>(509,779)</b>	<b>(286,298)</b>
<b>Cash flows from financing activities</b>					
Proceeds from borrowings		-	-	-	-
Repayment of borrowings		(1,168,216)	-	(1,168,216)	-
<b>Net cash (outflow) inflow from financing activities</b>		<b>(1,168,216)</b>	<b>-</b>	<b>(1,168,216)</b>	<b>-</b>
<b>Net inc/(dec) in cash &amp; cash equivalents</b>		<b>(7,461)</b>	<b>704,144</b>	<b>(7,461)</b>	<b>704,144</b>
Cash & cash equivalents at beginning of year	5	2,450,215	1,746,071	2,450,216	1,746,071
<b>Cash &amp; cash equivalents at balance date</b>	5	<b>2,442,754</b>	<b>2,450,215</b>	<b>2,442,754</b>	<b>2,450,215</b>

*The above statements of cash flows should be read in conjunction with the accompanying notes.*

## Independent Audit Report continued

---

### JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### REPORTING ENTITY

The Jenolan Caves Reserve Trust (the Trust) and Jenolan Caves Reserve Trust Division (the Division), together referred to as the Consolidated Entity, was constituted under the *National Parks and Wildlife Amendment (Abercrombie, Jenolan and Wombeyan Karst Conservation Reserves) Act 1997 No. 2*. The Trust's mission is to conserve the natural and cultural resources of the Jenolan Karst Conservation Reserves, and to promote them as leading visitor destinations in a manner which is environmentally, culturally and commercially sustainable.

The principal activities of the Trust are environmental conservation; cave interpretation and provision of accommodation and hospitality facilities at the Jenolan Caves. During 2010/11 the Trust determined, in context of NSW Treasury's Policy Paper TPP05-4, "Distinguishing For-profit from Not-for-profit Entities", that its operations are undertaken on a "not for profit" basis, as the making of profit is not the Trust's prime objective. The Trust continues to strive to achieve commercial revenue from its considerable natural and built assets and activities. Revenues earned from the Trust's commercial activities are fully retained within the Trust and re-invested in managing and maintaining the Caves and their related infrastructure.

#### Authorisation of the Financial Report

The consolidated financial report for the year ended 30 June 2014 has been authorised for issue by the Trust on the 13<sup>th</sup> October 2014.

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented unless stated otherwise. The financial report includes separate financial statements for the Jenolan Caves Reserve Trust and the consolidated entity consisting of Jenolan Caves Reserve Trust and its subsidiaries.

##### 1.1 Basis of preparation

The entity's financial statements are general purpose financial statements which have been prepared on an accruals basis and in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2010* and
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

Property, plant and equipment, investment property, assets (or disposal groups) held for sale and financial assets at 'fair value through profit or loss' and available for sale are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention. Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements. All amounts are rounded to the nearest dollar and expressed in Australian currency.

##### Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

## Independent Audit Report continued

---

### JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### 1.2 Principals of consolidation

The consolidated financial statements incorporate the assets and liabilities and trading results of the Trust and its subsidiary (the Division) for the year. The Trust has the power to govern the financial and operating policies of the Division.

The subsidiary of the Trust is Jenolan Caves Reserve Trust Division of the Government of NSW (the Division). The Division was a special purpose entity established under the Public Sector Employment Legislation Amendment Act 2006 (PESELAA) on 17 March 2006. The Trust exercised control over the Division from this date until the Division was abolished under the Administrative Arrangements Order 2014 which came into effect on 24 February, 2014. From this date, Personnel Services are provided to the Trust by the Office of Environment & Heritage (OEH), an unrelated NSW government agency.

All inter-company balances and transactions between the Trust and its subsidiary, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiary have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

##### 1.3 Employee benefits

###### *i) Salaries and wages, annual leave and associated costs*

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled within 12 months of the end of the period in which the employees render their services are recognised and measured at the undiscounted amounts of these benefits.

Annual leave entitlements which are not expected to be taken wholly within the next 12 months are required to be measured at present value under AASB119 (as recently updated). As the Trust does not require staff to nominate expected periods of leave to be taken in the next twelve months, it is unable to determine a possible value for accumulated leave that may be taken after the next 12 months.

The Trust considers that as its total annual leave liability is \$283.3k (2013: \$330.8K), the discounting of a minor component of that liability for a 1 year period would be immaterial to the total value reported. Details of this liability are disclosed in Note 10.

###### *ii) Long service leave*

The liability for long service leave is measured at the present value of expected future payments to be made in respect of services provided by the employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. At balance date, the liability has been determined as \$366.5k (2013: 389.2k). The component of leave that cannot be taken within 12 months from the reporting date (2014: \$33k, 2013:\$33k), is recognised as a non-current liability. Details of this liability are disclosed in Note 10.

###### *iii) Superannuation*

The superannuation expense for the financial year comprises the Superannuation guarantee levies payable on behalf of employees during the year, as well as any contribution required to the Defined Benefit Funds as directed by the administrator of those funds, determined by using the formulae specified in the Treasurer's Directions.

Currently the Trust has liabilities for the unfunded portion of the relevant Defined Benefit Funds. These liabilities are determined by the funds' administrator (Pillar Administration) utilising the services of professional actuaries. The liability disclosures included in these notes in accord with AASB119, are as per advices received from the fund administrator.

## Independent Audit Report continued

---

### JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 1.4 Property, Plant and Equipment

#### i) Acquisition of assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Trust. Cost is determined as the fair value of the assets given as consideration plus the costs incidental to the acquisition.

#### ii) Capitalisation threshold

Plant and equipment costing \$5,000 and above individually are capitalised.

#### iii) Capital work in progress (WIP)

The initial recording of the payment for materials/labour/overheads on all capital works in progress is controlled by the Trust. Once the project has been fully completed, notification is provided and the project is then capitalised.

#### iv) Revaluation of non-current assets

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement*, AASB 116 *Property, Plant and Equipment* and AASB 140 *Investment Property*.

The Trust considers there is no substantive difference between the fair value valuation methodology and the previous valuation methodology adopted by the Trust.

Each class of physical non-current assets are normally revalued every five years and with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense, the increase is first recognised in other income.

Revaluation decrements are recognised immediately as expenses in the results for the year from ordinary activities, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to accumulated funds.

#### v) Fair value measurement of non-financial assets

Under AASB 13, there are three levels of inputs to be utilised when determining fair values of non-current assets. These are defined as:

- Level 1 inputs - observable prices for identical assets in an active market (such as listed shares);
- Level 2 inputs – inputs, other than observable prices included within Level 1 that are observable, for a particular asset, either directly or indirectly;
- Level 3 inputs – unobservable inputs.

The Standard defines that Level 1 inputs should be given the highest priority, and Level 3 inputs given the lowest priority.



## Independent Audit Report continued

### JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### 1.4 Property, plant and equipment (continued)

The primary building (Caves House) and its related support buildings and facilities, and the Caves system and its supporting infrastructure, are considered "specialised assets" on the basis the House and the Caves are unique heritage and environmental assets. Due to the remote and fixed location and uniqueness of these assets, there is no active markets or observable market prices for these assets managed by the Trust. Also due to the unique and specialised nature of these heritage assets, the Trust considers there is no feasible alternate use available for these assets.

##### vi) Valuation techniques

###### a. Land and Buildings

Accordingly, the Trust continues to value its land and building assets on a depreciated replacement cost basis (using Level 3 inputs).

Land and Buildings were valued by CBRE Valuations Pty Ltd. CBRE is a professional independent valuation organisation which has no direct or indirect relationship with the Trust, other than to undertake the 2014 land and buildings valuation. CBRE referenced Rawlinson's Construction Handbook 2013/14, with due allowance for the remote location of the Trust's assets, in determining indicative replacement costs for each individual building managed by the Trust. The Trusts has a number of assets which are utilised for non-commercial ancillary activities. The Trust considers these assets are impaired for financial reporting purposes.

###### b. Infrastructure assets

The Trust periodically re-values its infrastructure assets on a depreciated replacement cost basis, by referencing current market prices (Level 2 inputs) for similar source materials and equipment, and relevant labour and installation costs for similar construction types. However, these assets are included in Level 3 as these assets have a high level of unobservable inputs.

During interim reporting periods, the Trust applies an annual indexation factor, as an indicator of recent product price movements, so that reported replacement costs remain relatively closely aligned with indicative market price movements for similar products and materials.

###### c. Plant & equipment

For non-specialised assets with relatively short useful lives (such as minor plant and equipment), AASB13 allows recognition of the value of such assets on a depreciated historical cost basis (as a surrogate for fair value, on the basis any difference to either depreciated replacement value, or disposal market value, would be immaterial). Therefore, the Trust's Plant and Equipment assets are not required to be reported under the fair value hierarchy.

###### d. Summary of the fair value valuation hierarchy as applied to the Trust's assets

	Level 1	Level 2	Level 3
Land & Buildings	-	-	XX
Caves Infrastructure	-	-	XX
General Infrastructure	-	-	XX

A reconciliation of these Level 3 fair value measurements is included within Note 8. There were no transfers of assets between classes during the year ended 30 June 2014.

## Independent Audit Report continued

---

A RECOMNCIL

**JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 1.4 Property, plant and equipment (continued)

##### vii) Depreciation

Land is not a depreciable asset. Depreciation on other assets is provided on a straight line basis over the useful life of the asset to the Trust, based on independent valuation (Land & Buildings), management valuation (Caves & General Infrastructure), or actual cost whichever is applicable to a particular class of asset.

Major depreciation periods for significant asset groups are as follows:

Buildings and Workshops	10 to 100 years
Staff Accommodation	100 years
Cave Infrastructure	25 to 100 years
General Infrastructure	10 to 100 years
Plant and Equipment & Vehicles	3 to 10 years
Computer Equipment	3 to 10 years

##### viii) Impairment

An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is higher of an assets fair value less costs to sell and value in use. Non-financial assets that suffered an impairment are reviewed for possible reversal at each reporting date.

Where the future economic benefits of an asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use shall be determined as the depreciated replacement cost of the asset.

##### ix) Recent revaluations undertaken

During 2011-12, the Caves Infrastructure was valued by the Trust's management, using a method approved by the Department of Environment, Climate Change and Water (DECCW) – Parks Wildlife Trust. This method involved applying an approved per metre cost to all items of cave infrastructure. Due to the specialised nature of these types of assets, this method developed by the Trust's employees is considered to be the only feasible method of valuing this type of infrastructure.

During 2012-13, the General Infrastructure asset class was valued by the Trust's management, using a method approved by the Department of Environment, Climate Change and Water (DECCW) – Parks Wildlife Trust. JCRT staff used a method of establishing a per metre unit cost where applicable, and of comparing current quotations and values with indexing of historical works costs to establish a final fair value and new cost valuation of all general infrastructure assets. Due to the specialised nature of these types of assets, this method, developed by the Trust's employees, is considered to be the only feasible method of valuing this type of infrastructure.

During 2013/14, the Land & Buildings asset class was valued by an independent professional valuer, CBRE Valuations Pty Limited. CBRE have extensive experience in valuing major assets primarily held for heritage and environmental purposes by not-for-profit entities such as the Trust.

#### 1.5 Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

## Independent Audit Report continued

---

### JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### 1.6 Trade and other receivables

Receivables are recognised at fair value, based on the original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

##### 1.7 Inventories

Inventories are stated at the lower of cost and net realisable value.

##### 1.8 Trade and other payables

These amounts represent liabilities for goods and services provided to the Trust prior to year end and other amounts, including accrued interest, which are unpaid at balance date. Interest is accrued over the period it becomes due.

##### 1.9 Leased assets

Leases under which the Trust assumes substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

###### Operating leases

Payments made under operating leases are recognised as an expense in the statement of comprehensive income on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property. Also refer to Note 17.

##### 1.10 Revenue recognition policy

Revenue is measured at fair value of the consideration received net of the amount of goods and services tax (GST). Revenue is recognised for the major business activities as follows:

###### Cave tours and sale of goods

Revenue from cave interpretations and the sale of goods is recognised (net of returns, discounts and allowances) when control of the goods passes or the service is provided to the customer.

###### Rendering of services

Sales of services are recognised in the accounting period in which the services are rendered. For fixed price contracts, revenue is recognised under the percentage of completion method, based on the actual service provided as a proportion of the total services to be provided.

###### Government grants

Grants from the NSW Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Trust will comply with all the attached conditions. Other grants and contributions are recognised as revenues when received.

###### Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

###### Sale of non-current assets

The net profit/loss from non-current asset sales is included as other income/expense at the date control of the asset passes to the buyer.

## Independent Audit Report continued

---

### JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

##### 1.11. Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of the cash flows arising from investing and financing activities, which are recoverable from, or payable to the ATO are classified as operating cash flows.

##### 1.12 Investments and other financial assets

###### Classification

The Trust classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments and available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held to maturity, re-evaluates this designation at each reporting date.

###### *(i) Financial assets at fair value through Statement of Financial Performance*

Financial assets at fair value through the Statement of Financial Performance are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

###### *(ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

###### *(iii) Held to maturity investments*

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Trust's management has the positive intention and ability to hold to maturity. If the Trust were to sell other than an insignificant amount of held to maturity financial assets, the whole category would be tainted and reclassified as available for sale. Held to maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

###### *(iv) Available for sale financial assets*

Available for sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated as available for sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

## Independent Audit Report continued

---

### JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

##### 1.12 Investments and other financial assets *(continued)*

###### Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade date, the date on which the Trust commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Trust has transferred substantially all the risks and rewards of ownership.

When securities classified as available for sale are sold, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as gains and losses from investment securities.

###### Subsequent measurement

Loans and receivables and held to maturity investments are carried at amortised cost using the effective interest method.

Available for sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the income statement as part of revenue from continuing operations when the Trust's right to receive payments is established.

###### Impairment

The Trust assesses at each balance date whether there is objective evidence that a financial asset or liability of the Trust are impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments classified as available for sale are not reversed through the statement of comprehensive income.

##### 1.13 Borrowings

Borrowings are initially recognised at fair value, and where the borrowing is not designated as a financial liability at fair value through profit and loss, its fair value plus transaction costs directly attributable to the issue of the financial liability.

Prior borrowings from NSW Treasury Corporation were recognised as a financial liability, and were carried at its fair value. In June 2014, the NSW Department of Premier and Cabinet directly settled the Trust's loan with NSW Treasury in full under a partial capital restructuring. This payment has been reported as a grant received and disclosed as revenue in the Trust's accounts.

Gains or losses from changes in the fair value of financial liabilities at fair value through profit or loss is recognised in the statement of comprehensive income as part of other income or other expenses in the period in which they arise.

# Independent Audit Report continued

---

## JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

##### 1.14 Comparative Figures

Comparative figures have adjusted to conform to changes in presentation for the current financial year.

##### 1.15 New accounting standards and interpretations

###### i) Effective for the first time in 2013-14

The accounting policies applied in 2013-14 are consistent with those of the previous financial year, except as a result of the following new or revised Australian Accounting Standards that became effective during this year and which were applied for the first time:

- AASB13, AASB2011-6 and AASB2012-1, *Fair Value Measurement* have mandatory application from 1 January 2013 and address inter alia, the assumptions that market participants would use when pricing the asset or liability. This has had no impact for prior year values in the Trust's accounts.
- AASB119, AASB2011-10 and AASB2011-11, regarding employee entitlements, had mandatory application to the Trust's accounts from 1 July 2013. These cover the measurement and recognition of short term and long term employee benefits.
- AASB1031, *Materiality*, is applicable to accounting periods beginning on or after 1 January 2014. This Standard provides references to other Standards and the Framework that contain guidance on materiality.
- AASB 2012-2, *Amendments to Australian Accounting Standard - Offsetting Financial Assets and Financial Liabilities*, has application for reporting periods starting on or after 1 January 2013 and seeks to address some of the offsetting criteria of AASB 7. This has had no impact for prior year values in the Trust's accounts.

###### ii) Issued but not yet effective

In accord with general NSW Treasury policy, no new or revised accounting standards or interpretations are adopted earlier than their prescribed date of application. Subject to any relevant NSW Treasury directives in regard entity reporting in future periods, following are new or amended Standards that are expected to be effective for future reporting periods, and the possible impact on the financial statements of the Trust once they are applied:

- AASB9, *Financial Instruments*, has application from 1 Jan 2017. Standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.
- AASB 2010-7, *Financial Instruments* have mandatory application from 1 July 2015 and comprise changes to improve and simplify the approach for classification and measurement of financial assets. Application of this Standard is not expected to have any material effect on the Trust's financial statements.
- AASB 2011-7, *Amendments to Australian Accounting Standards for the consolidation and joint arrangement standards*, arise from the issuance of AASB 10, AASB 11, AASB 12, AASB127, and AASB 128. For not-for-profit entities (such as the Trust), the changes have application from 1 July 2014. Application of this Standard is not expected to have any material effect on the Trust's financial statements.
- AASB 1055 and AASB 2013-1, regarding *Budgetary Reporting*, has application from 1 July 2014. Any changes in future disclosures, if relevant to the Trust's operating status, will be in accord with reporting policies adopted by NSW Treasury.
- AASB 2012-3, *Amendments to Australian Accounting Standard – Offsetting Financial Assets and Liabilities*, has application from 1 January 2014 and seeks to address inconsistencies identified in applying some of the offsetting criteria of AASB 132. Application of this Standard is not expected to have any material effect on the Trust's financial statements.

## Independent Audit Report continued

---

### JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

##### 1.15 New accounting standards and interpretations *(continued)*

- AASB 2013-3, *Amendments to AASB136 – Recoverable Amount Disclosure Requirements*, has application from 1 July 2014. Application of this Standard is not expected to have any material effect on the Trust's financial statements.
- AASB 2013-6, *Amendments to AASB 136 arising from Reduced Disclosure Requirements*, has application from 1 July 2014. Application of this Standard is not expected to have any material effect on the Trust's financial statements.
- AASB 2013-8, *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit entities – Control and Structured Entities*, has application from 1 July 2014. At this stage, the Trust considers this will have no material effect on its financial statements however, effect of this Standard will be re-considered if any relevant change is made to the entity's structure resulting from finalisation of the current Eol process.
- AASB 2013-9, *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*, has application from 1 July 2014. Application of this Standard is not expected to have any material effect on the Trust's financial statements.
- AASB2014-1, *Amendments to Australian Accounting Standards is a summary of changes and impacts on wording arising from changes in other standards issued by the Australian Accounting Standards Board which have been already assessed above. This Standard has application from 1 July 2014.*
- AASB2014-2, *Amendments to AASB1053 – Transition to and between Tiers, and related Tier 2 Disclosure requirements. This Standard has application from 1 July 2014. Application of this Standard is not expected to have any material effect on the Trust's financial statements.*

#### 2. FINANCIAL RISK MANAGEMENT

##### 2.1 Financial risk management policies

The activities of Jenolan Caves Reserve Trust expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Jenolan Caves Reserve Trust's overall risk management program focuses on the unpredictability of the financial markets and seeks to minimise the potential adverse affects on the financial performance of the consolidated entity. The Trust uses different methods to measure different types of risk to which it is exposed including aging analysis for credit risk.

##### a) *Credit risk*

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss. Credit is managed by ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Risk is minimised by ensuring that surplus funds are held only in financial institutions that have a minimum independently assessed credit rating of "A". For customers, management assesses the credit worthiness of the customer, taking into account their financial position, past experience and other factors. Compliance with customer credit limits is monitored by management.

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held, is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

##### b) *Liquidity risk*

Liquidity risk arises from the possibility that the Trust might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. Prudent liquidity management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facility and the ability to close out of market positions.

The Trust manages liquidity risk by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Due to the dynamic nature of the underlying businesses, management aims at maintaining flexibility in funding by keeping committed credit lines available. Surplus funds are generally only invested in major financial institutions.

## Independent Audit Report continued

**JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

### 2. FINANCIAL RISK MANAGEMENT *(continued)*

#### 2.1 Financial Risk Management Policies *(continued)*

##### *c) Market risk*

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Trust holds financial instruments which are other than the AUD functional currency of the Trust. The Trust has minimal exposure to commodity, foreign exchange, equity and interest rate risk.

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. In terms of interest rate risk, the borrowings of the Trust are either interest free loans or fixed interest. No borrowings of the Trust are exposed to variable interest rates.

##### *d) Fair value estimation*

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value less impairment provision trade receivables and payables are assumed to approximate their fair values due to their short term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Trust for similar instruments.

#### 2.2 Financial instrument composition

The Trust's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities is as follows:-

	notes	Variable interest		Fixed interest		Non-interest bearing		Total carrying amounts at year end	
		2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$
<b>Financial assets</b>									
Cash & investments	5	2,405,394	2,421,025	-	-	37,360	29,190	2,442,754	2,450,215
Trade and other receivables	6	-	-	-	-	163,741	348,997	163,741	348,997
<b>Total financial assets</b>		<b>2,405,394</b>	<b>2,421,025</b>	<b>-</b>	<b>-</b>	<b>201,101</b>	<b>378,187</b>	<b>2,606,495</b>	<b>2,799,212</b>
<b>Financial liabilities</b>									
Trade & other payables	9	-	-	-	-	872,583	674,628	872,583	674,628
Borrowings	11	-	-	-	1,168,216	-	-	-	1,168,216
<b>Total financial liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>1,168,216</b>	<b>872,583</b>	<b>674,628</b>	<b>872,583</b>	<b>1,842,844</b>



## Independent Audit Report continued

**JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

### 2. FINANCIAL RISK MANAGEMENT *(continued)*

#### 2.3 Trade and other receivables analysis

##### *(a) Impaired trade receivables*

As at 30 June 2014, current trade receivables of the Trust with a nominal value of \$16,236 (2013: \$13,702) were considered impaired as the Trust had taken action through 2013/14 to identify and write-off any debts considered non-recoverable. The Trust has created a Doubtful Debt provision for the current year. There are no amounts of collateral held as security at 30 June 2014 with regard to these receivables.

##### *(b) Past due but not impaired*

As of 30 June 2014, trade receivables of \$97,679 (2013: \$113,714) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	Consolidated Entity		Jenolan Caves Reserve Trust	
	2014	2013	2014	2013
	\$	\$	\$	\$
1-30 days overdue	49,590	75,843	49,590	75,843
31-60 days overdue	9,396	26,278	9,396	26,278
Greater than 60 days over due	38,693	11,593	38,693	11,593
	<b>97,679</b>	<b>113,714</b>	<b>97,679</b>	<b>113,714</b>

There are no amounts of collateral held as security at 30 June 2014 relevant to these receivables.

##### *(c) Other receivables*

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these classes, it is expected that these amounts will be received when due.

##### *(d) Foreign exchange and interest rate risk*

The Trust is not exposed to foreign currency risk or interest rate risk in relation to trade and other receivables.

##### *(e) Fair value and interest rate risk*

Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value.

#### 2.4 Trade and other payables analysis

##### *(a) Trade and other payables expected to be settled within the next 12 months*

Trade and other payables, excluding taxes payable by the Trust, are expected to be paid as follows:

	Consolidated Entity		Jenolan Caves Reserve Trust	
	2014	2013	2014	2013
	\$	\$	\$	\$
Due within 1 month	676,939	459,110	676,939	459,110
Due within 1-2 months	5,650	2,575	5,650	2,575
Due after 2 months	-	5,514	-	5,514
	<b>682,589</b>	<b>467,199</b>	<b>682,589</b>	<b>467,199</b>

## Independent Audit Report continued

**JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

### 2. FINANCIAL RISK MANAGEMENT (continued)

#### 2.5 Borrowings analysis

##### *Maturities of borrowings*

The table below analyses the Trust's borrowings into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

<b>2014</b>	<b>&lt; 3 mths</b>	<b>3-12 mths</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>5 years &amp; over</b>	<b>Total</b>
Interest bearing	-	-	-	-	-	-
Non-interest bearing	-	-	-	-	-	-
<b>Total borrowings</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>2013</b>	<b>&lt; 3 mths</b>	<b>3-12 mths</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>5 years &amp; over</b>	<b>Total</b>
Interest bearing	1,168,216	-	-	-	-	<b>1,168,216</b>
Non-interest bearing	-	-	-	-	-	-
<b>Total borrowings</b>	<b>1,168,216</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,168,216</b>

#### 2.6 Interest rate sensitivity analysis

The Trust has performed a sensitivity analysis relating to its exposure to interest rate risk. The Trust has assessed its exposure to foreign currency and price risk as minimal.

At 30 June 2014, the effect on profit as a result of changes in the interest rate, if all other variables were to remain constant, would be as follows:

	<b>Consolidated Entity</b>		<b>Jenolan Caves Reserve Trust</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Increase in interest rate by 1%	24,054	24,210	24,054	24,210
Decrease in interest rate by 1%	(24,054)	(24,210)	(24,054)	(24,210)

Based on variable interest rate on net of cash holdings and loans at balance date subject to variable interest rates – refer Note 2.2

## Independent Audit Report continued

### JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	Consolidated Entity		Jenolan Caves Reserve Trust	
	2014	2013	2014	2013
	\$	\$	\$	\$
<b>3. REVENUE FROM CONTINUING OPERATIONS</b>				
<b>Sales revenues</b>				
Cave tours & related services	5,220,178	5,234,991	5,220,178	5,234,991
Accommodation	1,587,645	1,531,025	1,587,645	1,531,025
Special events	43,456	49,023	43,456	49,023
Gift shop trading	278,798	250,115	278,798	250,115
Food and beverage sales	2,428,348	2,617,283	2,428,348	2,617,283
	<b>9,558,425</b>	<b>9,682,437</b>	<b>9,558,425</b>	<b>9,682,437</b>
<b>Rental income</b>				
Staff cottages	98,252	67,773	98,252	67,773
Site rental	-	-	-	-
	<b>98,252</b>	<b>67,773</b>	<b>98,252</b>	<b>67,773</b>
<b>Interest income</b>				
Interest – financial institutions	71,133	30,517	71,133	30,517
	<b>71,133</b>	<b>30,517</b>	<b>71,133</b>	<b>30,517</b>
<b>Total revenue From continuing operations</b>	<b>9,727,810</b>	<b>9,780,727</b>	<b>9,727,810</b>	<b>9,780,727</b>
<b>Grants and other income</b>				
Grants received – administration #	1,152,341	700,000	1,152,341	700,000
Environmental rectification payment ##	-	743,718	-	743,718
Other income	23,733	14,916	23,733	14,916
	<b>1,176,074</b>	<b>1,458,634</b>	<b>1,176,704</b>	<b>1,458,634</b>
<b>Total revenues</b>	<b>10,903,884</b>	<b>11,239,361</b>	<b>10,903,884</b>	<b>11,239,361</b>

# 2014: the Department of Premier and Cabinet (DPC) directly settled the Trust's loan with the NSW Treasury Corporation.  
2013: DPC advanced a supplementation grant of \$700,000 to support the Trust's trading activities during 2013/14.

## In June 2013, the Trust received an advance payment of \$743,718 from the NSW Environmental Trust for the purpose of replacing galvanised fencing with stainless steel to reduce the current adverse environmental impact that is resulting from decay of the older fencing material within the caves network. Following a successful open tender process, the work commenced during 2013/14. The unspent grant funds amounted to \$460,463 at balance date, with work expected to be completed by the end of calendar 2014. Under the contract between the Trust and the Environmental Trust, in the event certain works are not undertaken, or the actual cost of the replacement works is less than the advance, the Trust will be required to refund the unspent balance to the NSW Environmental Trust.

## Independent Audit Report continued

### JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

4.1 EMPLOYEE BENEFITS EXPENSE	Consolidated Entity		Jenolan Caves Reserve Trust	
	2014	2013	2014	2013
	\$	\$	\$	\$
Salaries & wages	2,981,429	5,103,943	-	-
Payroll tax	190,190	255,089	-	-
Superannuation	299,136	442,213	-	-
Worker's compensation	183,029	345,046	-	-
Payroll processing charge	18,700	20,085	-	-
<b>Employee benefits expense</b>	<b>3,672,484</b>	<b>6,166,376</b>	-	-
Personnel Services				
- provided by JCRT Division	-	-	3,672,484	6,166,376
- provided by OEH	2,221,615	-	2,221,615	-
<b>Total Personnel Services</b>	<b>2,221,615</b>		<b>5,894,099</b>	<b>6,166,376</b>
Personnel services – defined benefit fund liability mvmnt	-	-	-	(115,607)
<b>Total employee benefits expense</b>	<b>5,894,099</b>	<b>6,166,376</b>	<b>5,894,099</b>	<b>6,050,769</b>

4.2 DEPRECIATION EXPENSE	Consolidated Entity		Jenolan Caves Reserve Trust	
	2014	2013	2014	2013
	\$	\$	\$	\$
Depreciation of non-current assets:				
- Buildings	38,886	26,554	38,886	26,554
- Plant & equipment	56,146	36,856	56,146	36,856
- Caves infrastructure	118,335	119,432	118,335	119,432
- General infrastructure	291,532	168,048	291,532	168,048
- Impairment	-	-	-	-
<b>Total depreciation expense</b>	<b>504,899</b>	<b>350,890</b>	<b>504,899</b>	<b>350,890</b>

4.3 OTHER EXPENSES	Consolidated Entity		Jenolan Caves Reserve Trust	
	2014	2013	2014	2013
	\$	\$	\$	\$
Accounting fees	-	-	-	-
Audit fees	50,000	60,000	50,000	60,000
Bank & credit card	55,619	57,921	55,619	57,921
Cleaning	182,997	194,070	182,997	194,070
Expression of interest process	-	39,492	-	39,492
IT maintenance & supplies	12,329	23,841	12,329	23,841
Printing & stationery	26,832	23,700	26,832	23,700
Rental expense on operating leases	269,550	275,926	269,550	275,926
Travel expenses	7,122	6,895	7,122	6,895
Other expenses	244,170	248,760	244,170	237,740
<b>Total other expenses</b>	<b>848,618</b>	<b>930,605</b>	<b>848,618</b>	<b>919,585</b>

## Independent Audit Report continued

**JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

	Consolidated Entity		Jenolan Caves Reserve Trust	
	2014	2013	2014	2013
5. CASH AND CASH EQUIVALENTS	\$	\$	\$	\$
Bank – trading & cheque accounts	1,397,501	1,937,899	1,397,501	1,937,899
Bank – cash management accounts	547,530	483,126	547,530	483,126
Special purpose grant account *	460,363	-	460,363	-
Cash on hand	37,360	29,190	37,360	29,190
<b>Total cash &amp; cash equivalents</b>	<b>2,442,754</b>	<b>2,450,215</b>	<b>2,442,754</b>	<b>2,450,215</b>

\* In June 2013 the Trust received an advance payment of \$743,718 from the NSW Environmental Trust to undertake replacement of galvanised fencing within the caves to lessen the current the environmental impact of the rusting material. As required by its contract, the Trust placed the advance payment in a specific bank account and has since drawn on that fund as the works have progressed. The Trust cannot utilise these funds for any other purpose. Any funds not used for the specific designated purpose are required to be refunded to the NSW Environmental Trust. Periodic inspections by the Environmental Trust have confirmed the works are being undertaken to their satisfaction. Accordingly, the Trust considers the full funding will be retained and the total project will be completed by November 2014.

6. TRADE AND OTHER RECEIVABLES				
<b>i) Trade receivables</b>	155,733	250,079	155,733	250,079
Less: Provision for doubtful debts	(16,324)	(13,702)	(16,324)	(13,702)
Net trade receivables	<b>139,408</b>	<b>236,377</b>	<b>139,408</b>	<b>236,377</b>
<b>ii) Other receivables</b>				
Prepayments	24,333	112,620	24,333	112,620
Total other receivables	<b>24,333</b>	<b>112,620</b>	<b>24,333</b>	<b>112,620</b>
<b>Total trade &amp; other receivables</b>	<b>163,741</b>	<b>348,997</b>	<b>163,741</b>	<b>348,997</b>

Trade debtors to be settled within 60 days are carried at amounts due. The collectability of each debtor is assessed at balance date and a specific provision is made for any doubtful accounts.

7. INVENTORIES				
Marketing	14,439	12,542	14,439	12,542
Maintenance	2,918	2,963	2,918	2,963
Staff Uniforms	3,306	-	3,306	-
Electrical	10,375	15,193	10,375	15,193
Cave Tours	14,810	4,809	14,810	4,809
Gift Shop	74,282	68,471	74,282	68,471
Caves House (incl. Bistro & Restaurant)	104,764	75,399	104,764	75,399
<b>Total inventories</b>	<b>224,894</b>	<b>179,377</b>	<b>224,894</b>	<b>179,377</b>

All stock and materials are accounted for at cost price.

JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014

8. PROPERTY PLANT AND EQUIPMENT

Current year	CONSOLIDATED ENTITY & PARENT ENTITY							Total
	Land and buildings	Plant and equipment	Motor vehicles	Caves infrastructure	General infrastructure	Leasehold improvements	Capital work in progress	
<b>At 1 July 2013</b>								
Cost or fair value	4,549,279	841,822	47,884	9,014,295	8,864,691	41,460	21,309	23,380,740
Accumulated depreciation and impairment	(3,099,654)	(604,222)	(47,884)	(1,233,462)	(3,773,071)	(41,460)	-	(8,799,753)
<b>Net carrying amount at start of year</b>	<b>1,449,625</b>	<b>237,600</b>	<b>-</b>	<b>7,780,833</b>	<b>5,091,620</b>	<b>-</b>	<b>21,309</b>	<b>14,580,987</b>
<b>Year ended 30 June 2014</b>								
Additions	134,648	15,569	-	82,000	-	-	277,562	509,779
Revaluation/impairment	(106,126)	-	-	414,601	144,748	-	-	453,223
Disposals	-	-	-	-	-	-	-	-
Transfers in/(out) (at WDV)	-	-	-	-	-	-	-	-
Depreciation charge for the year	(38,886)	(56,146)	-	(118,335)	(291,532)	-	-	(504,899)
<b>Net closing book value</b>	<b>1,439,261</b>	<b>197,023</b>	<b>-</b>	<b>8,159,099</b>	<b>4,944,836</b>	<b>-</b>	<b>298,871</b>	<b>15,039,090</b>
<b>At 30 June 2014</b>								
Cost or fair value	8,179,320	857,391	19,466	9,602,083	9,135,794	41,460	298,871	28,134,385
Accumulated depreciation and impairment	(6,740,059)	(660,368)	(19,466)	(1,442,984)	(4,190,958)	(41,460)	-	(13,095,295)
<b>Net carrying amount</b>	<b>1,439,261</b>	<b>197,023</b>	<b>-</b>	<b>8,159,099</b>	<b>4,944,836</b>	<b>-</b>	<b>298,871</b>	<b>15,039,090</b>

Prior year	CONSOLIDATED ENTITY & PARENT ENTITY							Total
	Land and buildings	Plant and equipment	Motor vehicles	Caves infrastructure	General infrastructure	Leasehold improvements	Capital work in progress	
<b>At 1 July 2012</b>								
Cost or fair value	4,444,512	754,829	47,884	8,983,115	5,066,140	41,460	94,034	19,431,974
Accumulated depreciation and impairment	(3,073,100)	(567,367)	(47,884)	(1,114,030)	(1,491,898)	(41,460)	(875)	(6,336,614)
<b>Net carrying amount at start of year</b>	<b>1,371,412</b>	<b>187,462</b>	<b>-</b>	<b>7,869,085</b>	<b>3,574,242</b>	<b>-</b>	<b>93,159</b>	<b>13,095,360</b>
<b>Year ended 30 June 2013</b>								
Additions	104,767	86,994	-	31,180	135,207	-	(71,850)	286,298
Revaluation & impairment	-	-	-	-	1,550,219	-	-	1,550,219
Disposals	-	-	-	-	-	-	-	-
Transfers in/(out)	-	-	-	-	-	-	-	-
Depreciation charge for the year	(26,554)	(36,856)	-	(119,432)	(168,048)	-	-	(350,890)
<b>Net closing book value</b>	<b>1,449,625</b>	<b>237,600</b>	<b>-</b>	<b>7,780,833</b>	<b>5,091,620</b>	<b>-</b>	<b>21,309</b>	<b>14,580,987</b>
<b>At 30 June 2013</b>								
Cost or fair value	4,549,279	841,822	47,884	9,014,295	8,864,691	41,460	21,309	23,380,740
Accumulated depreciation and impairment	(3,099,654)	(604,222)	(47,884)	(1,233,462)	(3,773,071)	(41,460)	-	(8,799,753)
<b>Net carrying amount</b>	<b>1,449,625</b>	<b>237,600</b>	<b>-</b>	<b>7,780,833</b>	<b>5,091,620</b>	<b>-</b>	<b>21,309</b>	<b>14,580,987</b>

## Independent Audit Report continued

**JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

9. TRADE AND OTHER PAYABLES	Consolidated Entity		Jenolan Caves Reserve Trust	
	2014	2013	2014	2013
	\$	\$	\$	\$
Customer deposits ( <i>refundable</i> )	101,160	92,533	101,160	92,533
Trade payables	507,983	317,975	507,983	562,483
Accrued expenses	33,347	79,378	33,347	79,378
Accrued employee costs/personnel services	230,093	184,742	230,093	184,742
<b>Total trade &amp; other payables</b>	<b>872,583</b>	<b>674,628</b>	<b>872,583</b>	<b>919,136</b>

10. PROVISIONS	Consolidated Entity		Jenolan Caves Reserve Trust	
	2014	2013	2014	2013
	\$	\$	\$	\$
<b>Current</b>				
Audit fees	35,400	50,000	35,400	50,000
Employee benefits - annual Leave	-	330,778	-	-
Employee benefits - long service leave	-	356,504	-	-
Employee benefits – award backpay	-	57,123	-	-
Personnel services	620,679	-	620,679	744,405
	<b>656,079</b>	<b>794,405</b>	<b>656,079</b>	<b>794,405</b>
<b>Non-current</b>				
Employee benefits - long service leave	-	32,659	-	-
Personnel services	32,659	-	32,659	32,659
	<b>32,659</b>	<b>32,659</b>	<b>32,659</b>	<b>32,659</b>
<b>Total provisions</b>	<b>688,738</b>	<b>827,064</b>	<b>688,738</b>	<b>827,064</b>

11. BORROWINGS	Consolidated Entity		Jenolan Caves Reserve Trust	
	2014	2013	2014	2013
	\$	\$	\$	\$
Current	-	1,168,216	-	1,168,216
Non-current	-	-	-	-
<b>Total borrowings</b>	<b>-</b>	<b>1,168,216</b>	<b>-</b>	<b>1,168,216</b>

The previous fixed term, interest bearing loan, held with the NSW Treasury Corporation, was repaid by the Department of Premier and Cabinet (DPC) in June 2014. DPC directly paid out the loan from its own funding sources. The payment was made under a partial capital restructuring of the Trust. The payment has been disclosed as a Grant received by the Trust during the year ended 30 June 2014.

## Independent Audit Report continued

### JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	Consolidated Entity		Jenolan Caves Reserve Trust	
	2014	2013	2014	2013
	\$	\$	\$	\$
<b>12. CONTRIBUTED EQUITY</b>				
Balance 1 July	5,831,749	5,831,749	5,831,749	5,831,749
Movement	-	-	-	-
<b>Balance 30 June</b>	<b>5,831,749</b>	<b>5,831,749</b>	<b>5,831,749</b>	<b>5,831,749</b>
<b>13. RESERVES AND RETAINED PROFITS</b>				
<b>(a) Reserves*</b>				
Balance 1 July	10,473,938	8,923,719	10,473,938	8,923,719
Current year movement ( <i>asset revaluation</i> )	453,225	1,550,219	453,225	1,550,219
<b>Balance 30 June</b>	<b>10,927,163</b>	<b>10,473,938</b>	<b>10,927,163</b>	<b>10,473,938</b>
<i>* includes revaluation reserve arising from periodic revaluation of the Trust's non-current assets.</i>				
<b>(b) Retained profits</b>				
Balance 1 July	(1,660,526)	(2,675,844)	(1,660,526)	(2,675,844)
Result for the year	956,973	888,690	956,973	1,015,317
Actuarial gains/(losses) on Defined Benefit Fund obligations	59,251	126,627	59,251	-
<b>Retained profits/(accum. losses) at year end</b>	<b>(644,302)</b>	<b>(1,660,527)</b>	<b>(644,302)</b>	<b>(1,660,527)</b>

#### 14. DEFINED BENEFIT FUND OBLIGATIONS

##### (a) Defined contribution superannuation fund

The superannuation expense recognised in the consolidated statement of comprehensive income of \$444,308 (including \$145,172 disclosed as Personnel Service expense) (2013:\$442,213), represents contributions paid to employee's superannuation plans by the consolidated entity. This amount is primarily the payment of Superannuation Guarantee Levies into relevant employee superannuation plans, which are external to the Trust. The Trust has no other obligation or liability in regard to these plans.

##### (b) Defined benefit superannuation fund

As per NSW Government mandate, provision is made for anticipated future liability for superannuation entitlements arising under prior Government sector defined benefit funds, comprising the following funds:

- State Authorities Superannuation Scheme (SASS)
- State Superannuation Scheme (SSS)
- State Authorities Non-contributory Superannuation Scheme (SANCS)

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership. All the Schemes were closed to new members during the 1990's, however the Trust had a number of employees who became members of these funds prior to them being closed to new membership and who continue to have entitlements.

Since these funds were closed, all superannuation plans operated by the NSW Government are now accumulation funds, which means the results of the funds' investment performance accrue directly to the members entitlements. The Trust's liability is limited to making statutory contributions into those funds.

The Fund Administrator provided the Trust with detailed liability calculations for the defined benefit fund liability. The remaining liability was largely incurred in relation to fund members who are no longer employed by the Trust, however these members continue to have superannuation entitlements which require the Trust to recognise the liability that arise in relation to these entitlements. As the liability does not relate to current employees, the liability has been reported by the Trust rather than by OEH (as the current Personnel Services provider) to which current staff were transferred in March 2014 from the JCRT Division (which was subsequently dissolved).



## Independent Audit Report continued

**JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**14. DEFINED BENEFIT FUND OBLIGATIONS** *(continued)*

**(b) Defined benefit superannuation fund** *(continued)*

	Consolidated Entity		Jenolan Caves Reserve Trust	
	2014	2013	2014	2013
	\$	\$	\$	\$
<b>i) Reconciliation of the net defined benefit liability/(asset)</b>				
Opening defined benefit liability/(asset)	244,508	360,116	244,508	-
Net interest on the defined benefit liability/(asset)	9,293	11,020	9,293	-
Actual return on funds less interest income	(10,112)	(7,775)	(10,112)	-
Actuarial (gains).losses	(49,141)	(118,853)	(49,141)	-
Employer contributions	-	-	-	-
<b>Closing defined benefit obligation</b>	<b>194,548</b>	<b>244,508</b>	<b>194,548</b>	<b>-</b>
<b>ii) Reconciliation of the fair value of the funds assets</b>				
Fair value of fund assets at the start of the year	96,551	27,663	96,551	-
Interest income	3,264	525	3,264	-
Actual return on fund assets less interest income	10,112	7,775	10,112	-
Benefits paid	(21,100)	(20,625)	(21,100)	-
Taxes, premiums and expenses paid	57,127	81,213	57,127	-
<b>Fair value of fund assets at end of year</b>	<b>145,954</b>	<b>96,551</b>	<b>145,954</b>	<b>-</b>
<b>iii) Reconciliation of defined benefit obligation</b>				
Present value of the defined benefit obligation at the start of the year	341,059	387,778	341,059	-
Interest cost	12,557	11,545	12,557	-
Actuarial (gains)/losses	(49,141)	(118,852)	(49,141)	-
Benefits paid	(21,100)	(20,625)	(21,100)	-
Taxes, premiums and expenses paid	57,127	81,213	57,127	-
<b>Present value of defined benefit at end of year</b>	<b>340,502</b>	<b>341,059</b>	<b>340,502</b>	<b>-</b>
<b>iv) Summary of the funds financial position at year end</b>				
Accrued benefits	232,416	234,247	232,416	-
Net market value of funds assets	(145,954)	(96,551)	(145,954)	-
<b>Net (surplus)/deficit in funds assets</b>	<b>86,462</b>	<b>137,696</b>	<b>86,462</b>	<b>-</b>
<b>v) Reconciliation of amounts which have a profit and loss impact</b>				
Current service cost	-	-	-	-
Net interest	9,291	11,020	9,291	-
Past service cost	-	-	-	-
(Gains)/losses on settlement	-	-	-	-
<b>Defined benefit cost</b>	<b>9,291</b>	<b>11,020</b>	<b>9,291</b>	<b>-</b>

## Independent Audit Report continued

**JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

### 14. DEFINED BENEFIT FUND OBLIGATIONS *(continued)*

#### (b) Defined benefit superannuation fund *(continued)*

	Consolidated Entity		Jenolan Caves Reserve Trust	
	2014	2013	2014	2013
	\$	\$	\$	\$
<b>vi) Reconciliation of amounts recognised in Other Comprehensive Income</b>				
Actuarial (gains)/losses on liabilities	(49,141)	(118,852)	(49,141)	-
Actual return on fund assets less interest income	(10,110)	(7,775)	(10,110)	-
Adjustment for effect of asset ceiling	-	-	-	-
<b>Present value of defined benefit at end of year</b>	<b>(59,251)</b>	<b>(126,627)</b>	<b>(59,251)</b>	<b>-</b>
<b>vii) Funds investment allocation</b>				
Australian equities	30.9 %	30.4 %	30.9%	-
International equities	28.8 %	26.1 %	28.8%	-
Australian fixed interest securities	6.2 %	6.9 %	6.2%	-
International fixed interest securities	2.3 %	2.2 %	2.3%	-
Property	8.6 %	8.3 %	8.6%	-
Alternatives	16.7 %	13.1 %	16.7%	-
Short term securities	6.5 %	13.0 %	6.5%	-
	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0%</b>	<b>-</b>

All fund assets are invested by State Treasury Corporation at arm's length through independent fund managers.

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

#### a) Valuation method

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

#### b) Actuarial assumptions

Discount rate	3.57 %	3.80 %	3.57%	-
Expected salary increase rates:				
- to 30 June 2015	2.27 %	2.25 %	2.27%	-
- to 30 June 2018	2.50 %	-	2.50%	-
- to 30 June 2020	-	2.00 %	-	-
- to 30 June 2023	3.00 %	-	3.00%	-
- years thereafter	3.50 %	2.50 %	3.50%	-
Expected rate of CPI increase	2.50 %	2.50 %	2.50%	-

## Independent Audit Report continued

JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014

14. DEFINED BENEFIT FUND OBLIGATIONS *(continued)*

(b) Defined benefit superannuation fund *(continued)*

viii) Impact of the New AASB119 in respect of disclosures for the year to 30 June 2014:

	Previous AASB119	New AASB119	<i>change</i>
Service Cost	26,322	-	<i>(26,322)</i>
Net interest (new/current AASB119 only)	-	9,291	<i>9,291</i>
Interest expense (previous AASB119 only)	136,031	-	<i>(136,031)</i>
Expected return on assets (prev AASB119 only)	<i>(242,401)</i>	-	<i>242,401</i>
<b>Superannuation expense/(income) in the Statement of financial performance</b>	<b>(80,048)</b>	<b>9,291</b>	<i>89,339</i>
Actuarial (gains/(losses) on liabilities	145,338	(49,141)	<i>(194,479)</i>
Return on assets excl amounts included in the Statement of Fin Performance	<i>(149,382)</i>	(10,110)	<i>(139,272)</i>
<b>Amount recognised in Other Comprehensive Income</b>	<b>(4,044)</b>	<b>(59,251)</b>	<i>(55,207)</i>
<b>Total recognised in the Statement of Fin. Perf. and Other Comprehensive Income</b>	<b>(84,092)</b>	<b>(49,960)</b>	<i>34,132</i>

ix) Effect of re-statement on the 2013 defined fund liabilities

The funds administrator has advised the 2013 closing balances of the Trust's defined benefit fund liability were revised and amended to comply with requirements of the revised AASB119. The effect of the restatement on the funds liability and movements in the liability, were as follows:

<u>As at 30 June 2013:</u>	restated to comply with revised AASB119 \$	Per audited financial statements \$
Defined fund liability at 30 June 2012	360,116	1,407,037
Movements due to		
- Contributions	-	(26,671)
- actuarial (gains)/losses	(126,627)	(535,762)
- other net (income)/expenses	11,019	(73,764)
<b>Defined fund liability at 30 June 2013</b>	<b>244,508</b>	<b>770,840</b>

## Independent Audit Report continued

**JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

### 15. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Consolidated Entity		Jenolan Caves Reserve Trust	
	2014	2013	2014	2013
	\$	\$	\$	\$
<b>Result for the year</b>	956,973	888,690	956,973	1,015,317
<b>Add back:</b>				
Actuarial (gains)/losses on Defined Benefit Fund obligations	59,251	126,627	59,251	-
Depreciation & impairment	504,899	350,890	504,899	350,890
<b>Change in operating assets and liabilities</b>				
(Inc)/dec in receivables	185,256	(33,104)	185,256	(33,104)
(Inc)/dec in inventories	(45,517)	(964)	(45,517)	(964)
Inc/ (dec) in trade & other payables	147,997	(244,661)	147,997	(244,661)
Inc/(dec) in provisions & defined benefit fund liability	(138,326)	(97,036)	(138,326)	(97,036)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>1,670,534</b>	<b>990,442</b>	<b>1,670,534</b>	<b>990,442</b>

### 16. REMUNERATION OF AUDITORS

	Consolidated Entity		Jenolan Caves Reserve Trust	
	2014	2013	2014	2013
	\$	\$	\$	\$
Auditing of the Financial Statements	48,400	46,200	48,400	46,200

No other services were provided by the external auditor.

### 17. LEASE COMMITMENTS

#### Operating Leases

Future non-cancellable operating lease rentals (comprising motor vehicles & electronic cave guide system) not provided for and payable in future periods:

	Consolidated Entity		Jenolan Caves Reserve Trust	
	2014	2013	2014	2013
	\$	\$	\$	\$
not longer than one year	199,524	254,803	199,524	254,803
longer than one year and not longer than two years	30,373	177,027	30,373	177,027
longer than two years and not longer than five years	5,801	-	5,801	-
<b>Total lease commitments (inclusive of GST)</b>	<b>235,698</b>	<b>431,830</b>	<b>235,698</b>	<b>431,830</b>

## Independent Audit Report continued

### JENOLAN CAVES RESERVE TRUST AND THE CONSOLIDATED ENTITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### 18. CONTINGENT LIABILITIES

Applications for native title under the Native Title Act 1993 and Aboriginal Land Rights Act 1983 have been made over various areas of land which may ultimately have certain operational and financial effects depending on the outcomes. It is not possible to assess the quantum of such effects, if any, that may arise upon finalisation of the claims.

In 2012/13, the Trust received an advance payment from the NSW Environmental Trust of \$743,718 to undertake rectification works within the caves to remove contaminating fencing materials. These works were commenced during 2013/14, with completion of the program expected to be achieved by November 2014.

Work completed to date has been periodically inspected by the Environmental Trust officers. The inspections have confirmed the works continue to be undertaken to required specifications. At balance date, the Trust expects the works to continue to completion, and accordingly, the Trust (Jenolan Caves) expects the Environmental Trust will not request refund of any of the previously advanced funding for the project.

The Trust has no other contingent liabilities (2013: nil).

#### 19. CAPITAL EXPENDITURE COMMITMENTS

	Consolidated Entity		Jenolan Caves Reserve Trust	
	2014	2013	2014	2013
	\$	\$	\$	\$
Not longer than 1 year	-	-	-	-
Longer than 1 year and not longer than 5 years	-	-	-	-
Longer than 5 years	-	-	-	-
<b>Total capital commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

At the 30<sup>th</sup> June 2014, there were no outstanding payments for completed or unfinished capital projects.

#### 20. RELATED PARTIES

	Jenolan Caves Reserve Trust	
	2014	2013
	\$	\$
<b>i) Balances with related parties</b>		
The Trust has the following balances with the Jenolan Caves Reserve Trust Division in 2013, and:		
- Receivables	-	-
- Payables	-	1,319,135
<b>Net payables / (receivables) with the Division</b>	<b>-</b>	<b>1,319,135</b>

#### ii) Transactions with related parties

During the year the Trust received the following charges from the Jenolan Caves Reserve Trust Division:

<b>Personnel Services provided by the Trust's Division*</b>	<b>3,672,484*</b>	<b>6,166,376</b>
---	-------------------	------------------

*\*\*The Trust's Division was dissolved on the 24 February 2014. From that date, Personnel Services are provided to the Trust by the Office of Environment & Heritage (OEH). OEH, a NSW Government agency, is not a related entity of the Trust.*

#### 21. POST BALANCE DATE EVENTS

There were no post balance date events, except as stated elsewhere in this report.

End of audited financial statements.