

BLUE MOUNTAINS WORLD HERITAGE INSTITUTE LIMITED
ABN 16 108 583 151

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2010

BLUE MOUNTAINS WORLD HERITAGE INSTITUTE LIMITED
ABN 16 108 583 151

CONTENTS

	Page
Directors' Report	3
Statement of Comprehensive Income	14
Statement of Financial Position	15
Statement of Changes in Equity	16
Statement of Cash Flows	17
Notes to the Financial Statements	18
Directors' Declaration	25
Independent Auditors' Review Report	26
Detailed Profit and Loss Statements	28

BLUE MOUNTAINS WORLD HERITAGE INSTITUTE LIMITED
ABN 16 108 583 151

DIRECTORS' REPORT

The Directors present their report on the company for the financial year ended 30 June 2010, in accordance with Section 300B of the Corporations Act.

OBJECTIVES OF THE COMPANY - SHORT AND LONG TERM

- *Knowledge gaps objective* – To identify the knowledge needed for the conservation and adaptive governance of the Greater Blue Mountains World Heritage Area and its environs.
- *Research objective* - To define, broker and coordinate interdisciplinary research that addresses identified knowledge gaps.
- *Partnerships and knowledge use objective* - To build and maintain partnerships to actively support the creation, uptake and use of knowledge.
- *Internal governance and capacity objective* - To have an effective organisation with optimal staff, board members and resources.

THE COMPANY'S STRATEGY FOR ACHIEVING THESE OBJECTIVES

Knowledge gaps

- Collectively identify and prioritise policy and management issues relating to the Greater Blue Mountains World Heritage Area (GBMWhA) and its region.
- Identify and review knowledge gaps in relation to these policy and management issues.

Research

- Broker, facilitate and monitor, and if appropriate coordinate, interdisciplinary research teams to implement projects to address knowledge gaps.
- Establish and maintain coherent long-term programs.
- Facilitate adequate resourcing of identified projects.

Partnerships

- Initiate, broker and sustain new partnerships as needs are identified.
- Use community engagement processes, including arts and cultural expression, to enable dialogue and meaningful participation of the public in knowledge production and application.

Knowledge use

- Ensure research outcomes are effectively translated into adaptive policy and management for the GBMWhA and for relevant more universal application.
- Communicate research outcomes and relevant information to the wider regional community about the issues facing the region, to increase understanding of environmental and management issues, and promote public stewardship of the cultural and natural heritage of the GBMWhA.
- Integrate Aboriginal and non-Aboriginal cultural heritage values into policy and management.

BLUE MOUNTAINS WORLD HERITAGE INSTITUTE LIMITED
ABN 16 108 583 151

DIRECTORS' REPORT

Internal governance and capacity

- Develop and implement a governance framework for the conduct of Board members and staff.
- Ensure all activities are in accordance with a strategic business plan.
- Record, monitor and report on the breadth and depth of the Institute's work, both internally and externally from local to international levels.
- Secure funding to support optimal staffing levels and infrastructure.
- Develop and nurture collaboration between the Institute and its member organisations.

PRINCIPAL ACTIVITIES DURING THE YEAR AND HOW THEY ASSISTED ACHIEVING THE COMPANY'S OBJECTIVES

The principal activities of the Company during the financial year were brokering and facilitating research and community engagement in support the conservation of the natural environment of the GBMWhA.

Summarised below are the principal activities during the year for each objective.

Objective: To identify knowledge needs in relation to the conservation and adaptive governance of the GBMWhA.

Activities that achieved this objective:

- Periodic forums held with stakeholders to promote dialogue on a range of policy and management issues, approaches, and research needed. Examples:
 - Research forum at National Parks in Blackheath;
 - Bushfire forum in Mt Wilson.
- Consultations with agency staff, community members and researchers to identify issues and research needs. Topics for stakeholder consultations included:
 - Project Prospectus;
 - Dingo research;
 - One Health project (a framework for integrated management of disease threats).
- Reviewed documentation in relation to policy, research and management of the GBMWhA.
- Developed a Research Strategy 2009-2012.
- Prepared a prospectus of projects to be implemented.
- Report released on 'The Impact of Climate Change on Australian Tourism Destinations –developing adaptation & response strategies', funded by the CRC for Sustainable Tourism. Report included a case study on the Blue Mountains prepared by BMWHI.

DIRECTORS' REPORT

Objective: To define, broker and coordinate interdisciplinary research that addresses knowledge gaps relating to the GBMWhA.

Activities that achieved this objective:

- Scoped new research projects to address knowledge gaps including:
 - Community and household bushfire awareness and preparedness;
 - One Health;
 - Phytophthora dieback;
 - Dingoes;
 - Buffer zone.
- Identified and coordinated researchers to develop and implement research proposals, with clear and achievable objectives and outcomes that can inform policy and management.
- Proposals submitted for funding including to:
 - Environmental Trust;
 - NCCARF;
 - HNCMA;
 - Australian Geographic;
 - Paddy Pallin;
 - WSROC.
- Held quarterly research subcommittee meetings to guide implementation of the Research Strategy and assist the direction and delivery of relevant and high quality research products and outcomes.

Objective: To build and maintain partnerships to actively support the creation, uptake and use of knowledge.

Activities that achieved this objective:

- Identify and approach new research and funding partners and prepare MOU/partnership contracts, including:
 - Native afri-forestry & bio-energy in the Central Tablelands (DAFF/RIRDC) project;
 - Phytophthora PhD (Botanic Gardens Trust/USyd/UNSW)
- Maintain frequent communication with partners and researchers to ensure common objectives are met, interests align, and ongoing delivery of products and outcomes including:
 - ARC Linkage project 'Managing ecosystem change in the GBMWhA' – closure & follow-through with Final Report & Executive Summary prepared;
 - RIRDC-funded project 'Potential impacts of climate change on agri-industries and forestry';
 - PhD project at UNSW 'Integrating Science to Policy – Adaptive management in the GBMWhA';
 - PhD project at USyd on Phytophthora dieback in teh GBMWhA.
- New projects brokered:
 - Honours projects at UWS 'Wombats in Mt Wilson' and 'Honeyeaters and Banksia heathlands in the WHA'.
- Undertook community engagement projects and activities to encourage public participation in relation to World Heritage issues, including:
 - Branching Out project
 - Bushfire Storytelling project
 - Lawson village redevelopment – Public Art & Interpretation.
- Interface between research and managers to facilitate uptake of research outcomes into management with key focus on ARC Linkage project 'Managing Ecosystem Change'.

BLUE MOUNTAINS WORLD HERITAGE INSTITUTE LIMITED
ABN 16 108 583 151

DIRECTORS' REPORT

- Maintain an up-to-date and comprehensive database of projects and activities being coordinated:
 - Online register maintained;
 - Quarterly newsletter circulated.
- Maintain BMWHI website by keeping it up to date with events, projects, reports, publications and media coverage.
 - Media presence included Blue Mtns Gazette articles on RIRDC project and Tourism report, and Mt Wilson fire forum.
- Hold targeted forums/workshops/seminars for the general public including Mt Wilson fire forum.
- Initiated/facilitated/co-ordinated public education programs, interpretation and information dissemination, in collaboration with Institute members where possible
 - Quarterly BMWHI newsletter prepared & circulated from January (ongoing)
- Worked collaboratively to implement projects in conjunction with local Aboriginal communities that communicate and promote cultural heritage and values
 - Seasons Greetings project;
 - Tourism business development by local Aboriginal communities in the Blue Mountains (project not progressed)

Objective: To have an effective organisation with optimal staff, board members and resources.

Activities that achieved this objective:

- Implemented and monitored a Business Plan for the Institute.
- Monitor the Institute's internal governance, management and operations
 - New Strategic Plan and Business Plan implemented
 - Progress against the company's Business Plan reported to the Board quarterly
 - Quarterly Board meetings were well attended and Directors actively participated in discussions and decision-making.
- Held quarterly Finance and Audit Committee and Research Subcommittee meetings.

MEASUREMENT OF THE PERFORMANCE OF THE COMPANY

The key planning documents of the company are its Strategic Plan and Research Strategy. The performance of the company is monitored at quarterly Board meetings, through review of budgets, and review of performance indicators for an Action Plan that links to the Strategic Plan. Performance against the Research Strategy is measured through implementation of a Project Prospectus.

BLUE MOUNTAINS WORLD HERITAGE INSTITUTE LIMITED
ABN 16 108 583 151

DIRECTORS' REPORT

DIRECTORS

The names of the directors in office at any time during or since the end of the year are:

Mr Mark ADAMS (Appointed 14 December 2009)
Mr Peter ADAMS (Resigned 1 February 2010)
Dr Rosalie Susan CHAPPLE
Professor Andrew CHEETHAM
Mr Robert James CONROY (Resigned 2 February 2010)
Dr Rosemary DILLON (Appointed 1 February 2010)
Mr George Edward DODDS
Mr Jeffrey John FRANCIS
Mr Geoffrey Bruce LUSCOMBE (Appointed 2 February 2010)
A/Prof Archibald John MERSON
Dr Donald William STAMMER
Ms Jennifer Anne TAIT
Mr Peter Robert AMPT (Alternate to Dr. Merson; Resigned 18 January 2010)
Mr Peter Robert AMPT (Alternate to Mr. M. Adams; Appointed 18 January 2010)

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

INFORMATION ON DIRECTORS

The Directors of the company at the date of this report are set out below, together with details of their qualifications and experiences. All Directors share company responsibilities equally unless otherwise stated:

Dr Donald STAMMER

Appointed: 20 October 2008

Qualifications: BA (Hons), MA (Hons) (UNE), PhD (ANU)

Experience: Dr Stammer is enjoying his fourth career. His first was as an academic teaching economics and finance. Then came, in turn, a decade in senior positions at the Reserve Bank of Australia and two decades as a director of the Australian stockbroking firm Bain & Company and of Deutsche Bank Australia after Bain & Company was acquired by that bank. Don's current career is as a non-executive director and commentator on investment markets. Over the years, he has chaired seven companies listed on the stock exchange. Don also has associations with the Australian Ecosystems Foundations Inc and the Foundation for National Parks and Wildlife.

Special Responsibilities: Chairperson of the company
Member of the Finance and Audit Committee

BLUE MOUNTAINS WORLD HERITAGE INSTITUTE LIMITED
ABN 16 108 583 151

DIRECTORS' REPORT

A/Prof. Archibald John MERSON

Appointed: 12 May 2004

Qualifications: MSc PhD (UNSW)

Experience: A/Prof Merson is the Director of the Institute of Environmental Studies at the University of New South Wales. He is the Co-ordinator of the Graduate Research Program in Environment Policy and Management at UNSW. He is one of the founding Directors of the Blue Mountains World Heritage Institute, and has been a consultant to UNESCO, APEC, IUCN and the Australian Dept of Foreign Affairs. He was a member of the Australia Indonesia Steering Committee on Science and Technology, and the Australia Korea Forum. He is the author of six books and a wide range of academic papers and research covering issues of Environmental and Development, Adaptive Environmental Policy and Management and Climate Change Adaptation and Mitigation. For his journalistic work he is the recipient of a United Nations Media Peace Prize.

Special Responsibilities: Deputy Chairperson of the company
Chairperson of the Research Committee

Mr. Mark ADAMS

Appointed: 14 December, 2009

Qualifications: BSc (Hons) PhD Melbourne

Experience: Mr Adams is currently Professor and Dean of the Faculty of Agriculture, Food and Natural Resources at the University of Sydney. He has previously held fellowships and awards in Australia, France, NZ and Germany, and Professorial appointments at a number of Australian universities. He has served as a member of the Board of Trustees for the World Agroforestry Centre in Nairobi, Kenya, and in an honorary capacity with other international research organisations.

Mr Adams' research has focused on trees, forests and woodlands, especially the water, carbon and nutrient cycles of the eucalypt forests. Currently, his research group are focused on developing new approaches and theories to measure and explain processes such as respiration, carbon allocation and transpiration, and how these affect fluxes at catchment scales in ecosystems that are often affected by droughts, fire and floods. A passionate believer in "conservation through use", Mr Adams enjoys working with postgraduate students and with people who live on, work and manage the land.

Special Responsibilities: Member of the Research Committee

BLUE MOUNTAINS WORLD HERITAGE INSTITUTE LIMITED
ABN 16 108 583 151

DIRECTORS' REPORT

Mr. George DODDS

Appointed: 15 May 2005

Qualifications: Masters Degree in Environment Engineering (Melbourne University)

Experience: Mr. Dodds is a qualified Civil Engineer and is a member of the Australian Institute of Company Directors. He has over 30 years experience in senior executive and management roles in the public and private sectors dealing with complex environmental issues, catchment management, waste and wastewater management, public health engineering, land management and environmental engineering. Mr. Dodds joined the Sydney Catchment Authority in September 2002 as General Manager Catchment Operation and Major Projects. He has also held the position of Director Fisheries Services in NSW for two years prior. He joined the NSW Environment Protection Authority soon after its inception moving to the position of Director Northern Regions, responsible for the Hunter and North Coast of NSW.

Special Responsibilities: Member of Finance and Audit Committee

Dr. Rosalie Susan CHAPPLE

Appointed: 4 August 2008

Qualifications: BSc (Hons); PhD (USyd)

Experience: Dr Chapple was a co-founder of the Blue Mountains World Heritage Institute, and held the positions of Executive Officer 2005-2007 and Company Secretary 2005-2008. In 2008 she took on the roles of Research Director and Acting Executive Director, and is currently Executive Director. She is also a Trustee of the Aberaldie Foundation. For several years she was a senior manager with the Australian Conservation Training Institute of the Zoological Parks Board of NSW, and continues to teach part-time in environmental studies at the University of NSW. With a research background in animal ecology, she has undertaken various reviews for government and funding corporations addressing aspects of wildlife conservation and management

Special Responsibilities: Member of Research Committee
Member of Finance and Audit Committee

Professor Andrew CHEETHAM

Appointed: 3 April 2007

Qualifications: BSc (Hons), PhD Flinders, FAIP FIEAust MIEEE GAICD

Experience: Prof. Cheetham has held the position of Pro Vice-Chancellor (Research) at the University of Western Sydney since January 2007. He has had extensive experience in the field of plasma diagnostic systems in nuclear fusion energy research laboratories in Australia and Europe. He has held various tertiary teaching roles and senior positions. Prof Cheetham is a board member of the Australian Institute of Nuclear Science and Engineering (AINSE) Limited and the Australian Technology Fund (ATF) Pty Limited. He has published 60 refereed articles and presented over 90 conference papers in his field.

BLUE MOUNTAINS WORLD HERITAGE INSTITUTE LIMITED
ABN 16 108 583 151

DIRECTORS' REPORT

Dr Rosemary DILLON

Appointed: 1 February, 2010

Qualifications: B Urban RegPlan (Hons), PhD (Human Geography) (ANU)

Experience: Dr Rosemary Dillon has worked extensively in Australia and overseas in the fields of urban and regional planning, human settlements, development community and corporate planning. Her work has largely focused on strategic planning for the development of more sustainable regions, cities and organisations. Rosemary is currently the Manager of Corporate Strategy at Blue Mountains City Council and was responsible for project managing the 25 year City Strategy for the City of Blue Mountains - *Sustainable Blue Mountains 2025*. In addition to leading corporate planning and reporting, she is also responsible for managing the Council's economic development, town centre and sustainability program areas. Rosemary is a resident of the Blue Mountains.

Special Responsibilities: Member of Finance and Audit Committee

Mr Jeffrey John FRANCIS

Appointed: 18 September 2008

Qualifications: BA, GradDip (Urban Studies), GradDip (Env Studies) (Macq), MAICD

Experience: Mr Francis is currently the Director of the Research and Innovation Office at the University of Technology, Sydney (UTS) where he is responsible for supporting the strategic development and management of UTS Research Strengths, research programs, projects and staff. He has had 35 years experience working in large and complex public sector organisations. He is currently the Chair of the Board of Directors of accessUTS Pty Ltd, the University's wholly owned consulting company and previously had 15 years as a Director of a credit union, including two years as Chair. He is a member of the Australian Institute of Company Directors.

Special Responsibilities: Member of Research Committee

Mr Geoffrey Bruce LUSCOMBE

Appointed: 2 February 2010

Qualifications: BSc (Hons)

Experience: Mr Luscombe has held the National Parks and Wildlife Service Blue Mountains Regional Manager position since 1994. Mr Luscombe is a Board member and Treasurer of Blue Mountains Tourism Ltd. Mr Luscombe is also a member of the Tasmanian Wilderness World Heritage Area Consultative Committee and is President of the Wildcare SPRATS volunteer organisation which is working to eradicate coastal weeds from the Tasmanian WHA. Mr Luscombe has extensive protected area management experience including the Gondwana Rainforests of Australia World Heritage Area and Captain Cooks Landing Place at Botany Bay.

Special Responsibilities: Company Secretary since 6 August 2008

BLUE MOUNTAINS WORLD HERITAGE INSTITUTE LIMITED
ABN 16 108 583 151

DIRECTORS' REPORT

Ms Jennifer TAIT

Appointed: 2 April 2009

Qualifications: BSc FAICD

Experience: Jennifer, with 30 years experience in healthcare and consumer retail, manufacturing and supply chain logistics (international and domestic), is non-executive director of Blue Mountains World Heritage Institute Limited and Kell & Rigby. She is a member for the Lucy Mentoring program sponsored by the NSW Office for Women. In August 2008, Jennifer was judged by AFR Boss Magazine one of Australia's True Leaders. Prior to focusing on her career as NED, she was Chief Operating Officer of Blackmores for four years. Over this time, Blackmores achieved a number of accolades including the prestigious Australian Sustainability Award (Small Company of the Year) and the Hewitt Best Employers Award. *Asia Money* awarded Blackmores 2007 Best Managed Company in Australia - Small Cap Corporate of the Year.

Special Responsibilities: Chair of Finance & Audit Committee

MEETINGS OF DIRECTORS

Name of Director	Alternate for	Date Appointed/ (Resigned) during the year	Number of Meetings whilst a Director	Number of Meetings Attended
Peter ADAMS		(1 February 2010)	2	1
Mark ADAMS		14 December 2009	2	2
Peter AMPT	M ADAMS	18 January 2010	2	0
Rosalie CHAPPLE			4	4
Andrew CHEETHAM			4	3
Robert CONROY ¹		(2 February 2010)	2	0
Rosemary DILLON		1 February 2010	2	1
George DODDS			4	3
Jeffrey FRANCIS			4	3
Geoffrey LUSCOMBE ²		2 February 2010	2	1
A. John MERSON			4	3
Peter AMPT	J. MERSON	(18 January 2010)	4	0
Donald STAMMER			4	4
Jennifer TAIT			4	4

In addition to the meetings attended by the Directors or alternates listed above, the following number of meetings were attended by proxies on behalf of the Director. These proxies were unable to vote on matters raised at the meeting they attended.

¹ - two meetings

² - one meeting

BLUE MOUNTAINS WORLD HERITAGE INSTITUTE LIMITED
ABN 16 108 583 151

DIRECTORS' REPORT

MEMBERS' GUARANTEE

The company has one class of membership.

Each member of the company undertakes to contribute to the property of the company in the event of the same being wound up during the time that they are a member or within one year after they cease to be a member such amount as may be required not exceeding ten dollars (\$10)

At 30 June 2010, the number of members was 8.

Signed in accordance with a resolution of the Board of Directors:

Director:

Dr. Donald Stammer

Director:

Dr. Rosalie Chapple

Dated this **day of** **2010**

**AUDITORS' INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
BLUE MOUNTAINS WORLD HERITAGE INSTITUTE LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2010 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

Name of Firm: MITCHELL & PARTNERS
Chartered Accountants

Name of Partner: _____
Steven John DANIELSON

Address: Level 7, 10 Barrack Street, SYDNEY, 2000

Dated this 22nd day of October, 2010

BLUE MOUNTAINS WORLD HERITAGE INSTITUTE LIMITED
ABN 16 108 583 151

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
CLASSIFICATION BY NATURE			
Revenue from ordinary activities	2	153,250.34	150,847.98
Depreciation expenses	3	(1,611.10)	(3,119.63)
Employee benefits		(97,367.49)	(161,568.55)
Finance Costs		(149.07)	(522.75)
Other expenses from ordinary activities	3	<u>(68,278.83)</u>	<u>(89,232.73)</u>
Profit (Loss) from ordinary activities before income tax expense		(14,156.15)	(103,595.68)
Income Tax Expense relating to ordinary activities		<u>-</u>	<u>-</u>
Net Profit (Loss) from ordinary activities after income tax expense attributable to the company		<u>(14,156.15)</u>	<u>(103,595.68)</u>
Total changes in equity		<u><u>(14,156.15)</u></u>	<u><u>(103,595.68)</u></u>

The accompanying notes form part of these financial statements,

BLUE MOUNTAINS WORLD HERITAGE INSTITUTE LIMITED
ABN 16 108 583 151

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

	Note	2010 \$	2009 \$
CURRENT ASSETS			
Cash and cash equivalents	5	43,465.63	79,795.23
Receivables	6	-	13,820.00
TOTAL CURRENT ASSETS		<u>43,465.63</u>	<u>93,615.23</u>
NON-CURRENT ASSETS			
Plant and Equipment	7	2,227.27	5,042.59
TOTAL NON-CURRENT ASSETS		<u>2,227.27</u>	<u>5,042.59</u>
TOTAL ASSETS		<u>45,692.90</u>	<u>98,657.82</u>
CURRENT LIABILITIES			
Payables	8	7,456.04	42,017.90
Provisions	9	4,458.78	8,705.69
TOTAL CURRENT LIABILITIES		<u>11,914.82</u>	<u>50,723.59</u>
TOTAL LIABILITIES		<u>11,914.82</u>	<u>50,723.59</u>
NET ASSETS		<u>33,778.08</u>	<u>47,934.23</u>
EQUITY			
Retained profits		<u>33,778.08</u>	<u>47,934.23</u>
TOTAL EQUITY		<u>33,778.08</u>	<u>47,934.23</u>

BLUE MOUNTAINS WORLD HERITAGE INSTITUTE LIMITED
ABN 16 108 583 151

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
RETAINED EARNINGS			
Balance at 1 July 2009		47,934.23	151,529.91
Profit(Loss) attributable to the company		(14,156.15)	(103,595.68)
Balance at 30 June 2010	1(b)	<u>33,778.08</u>	<u>47,934.23</u>

BLUE MOUNTAINS WORLD HERITAGE INSTITUTE LIMITED
ABN 16 108 583 151

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members, grantors and others		148,531.68	199,734.89
Interest Received		1,778.66	3,256.81
Payments to suppliers, contractors and employees		(186,639.94)	(215,450.20)
Net cash provided/(used) in operating activities	10	<u>(36,329.60)</u>	<u>(12,458.50)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant; equipment and motor vehicles		-	(538.35)
Net cash used in investing activities		<u>-</u>	<u>(538.35)</u>
NET INCREASE/(DECREASE) IN CASH HELD		(36,329.60)	(12,996.85)
Cash at the beginning of the year		79,795.23	92,792.08
CASH AT THE END OF THE YEAR	10	<u><u>43,465.63</u></u>	<u><u>79,795.23</u></u>

BLUE MOUNTAINS WORLD HERITAGE INSTITUTE LIMITED
ABN 16 108 583 151

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

1 STATEMENT OF ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with the Australian Accounting Standards (Including Australian Accounting Interpretations) and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions.

The financial report is for the entity, Blue Mountains World Heritage Institute Limited as an individual entity. Blue Mountains World Heritage Institute Limited is a company limited by guarantee, incorporated and domiciled in Australia. The financial report is presented in Australian currency.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies adopted by the company have been consistently applied, unless otherwise stated.

Basis of Preparation

Reporting Basis and Conventions

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

Accounting Policies

(a) Income Tax

Throughout the year the company has maintained its income tax exempt status. Accordingly, there has been no provision made for income tax on the net result of the company.

(b) Members' Guarantee

The company is limited by guarantee and in the event of the company being wound up, each member or those ceasing to be have been members within one year, undertake to contribute to the assets of the company to an amount not exceeding \$10 each.

At 30 June 2010, the number of members was 8.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

1 STATEMENT OF ACCOUNTING POLICIES (cont'd)

(c) Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining the recoverable amount.

(d) Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing basis over their estimated useful lives to the company commencing from the time the asset has been held ready for use.

The depreciation rates used for each class of depreciable assets are:

<u>Class of Fixed Asset</u>	<u>Depreciation Rate</u>
Office Equipment	10 - 15%
Computer Equipment	30 - 50%

Gains or losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(f) Revenue Recognition

Membership and donations received are recognised in the year to which it relates.

Grant revenue is recognised in the income statement when the company obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

All revenue is stated net of the amount of goods and services tax (GST).

Revenues, expenses and assets are recognised net of the amount of GST. Receivables and payables in the Balance Sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

BLUE MOUNTAINS WORLD HERITAGE INSTITUTE LIMITED
ABN 16 108 583 151

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

1 STATEMENT OF ACCOUNTING POLICIES (cont'd)

(g) Impairment of Assets

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

(h) Critical accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

	2010	2009
	\$	\$
2 REVENUE		
Operating Activities:		
Contributions	63,000.00	54,444.55
Grants	59,132.40	83,444.09
	122,132.40	137,888.64
Non-operating Activities:		
Interest Received - other persons	1,778.66	3,258.36
Transfer from Public Funds	11,500.00	4,432.73
Other Revenue	5,200.00	-
Donations Received	12,639.28	5,268.25
	153,250.34	150,847.98

3 RESULT FROM ORDINARY ACTIVITIES

The net result from ordinary activities has been determined after;

Expenses:

Depreciation of non-current assets	1,611.10	3,119.63
Remuneration of auditor	5,000.00	5,000.00

BLUE MOUNTAINS WORLD HERITAGE INSTITUTE LIMITED
ABN 16 108 583 151

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	\$	\$
<hr/>		
4 DEALINGS WITH MEMBERS		
As part of normal operations, the Institute may receive grants from members or pay for services rendered by members. During the 2010 financial year, a grant of \$50,000 was received from the NSW Department of Environment, Climate Change and Water.		
Other relatively minor payments for general services have been made to members throughout the year.		
5 CASH AND CASH EQUIVALENTS		
Cash on Hand	124.20	283.60
Community Fee Saver Cheque Account	2,020.47	7,449.51
Cash at Bank - BMWH Fund	6,475.41	5,975.50
Funds on Deposit	34,845.55	66,086.62
	<u>43,465.63</u>	<u>79,795.23</u>

6 RECEIVABLES

Current

Amounts receivable	-	11,440.00
Contributions receivable in kind	-	2,380.00
	<u>-</u>	<u>13,820.00</u>

7 PLANT & EQUIPMENT

Office Equipment	22,368.99	25,571.99
Less Accumulated Depreciation	(20,141.72)	(20,529.40)
	<u>2,227.27</u>	<u>5,042.59</u>

Movements in Carrying Amounts

Movements in the carrying amount of each class of plant and equipment between the beginning and the end of the current financial year:

	Office Eqt	Total
	\$	\$
Balance at beginning of the year	5,042.59	5,042.59
Additions	-	-
Disposals	(3,203.00)	(3,203.00)
Depreciation Expense	(1,611.10)	(1,611.10)
Provision written back	1,998.78	1,998.78
	<u>2,227.27</u>	<u>2,227.27</u>

BLUE MOUNTAINS WORLD HERITAGE INSTITUTE LIMITED
ABN 16 108 583 151

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	\$	\$
8 PAYABLES		
Current		
Accrued Charges	6,406.74	36,302.16
GST Control Account	1,049.30	5,715.74
	<u>7,456.04</u>	<u>42,017.90</u>
9 PROVISIONS		
Current		
Provision for Employee Entitlements	<u>4,458.78</u>	<u>8,705.69</u>
10 CASH FLOW INFORMATION		
Reconciliation of Cash		
Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:		
Cash on Hand	124.20	283.60
Cash at Bank - Community Account	2,020.47	7,449.51
Cash at Bank - BMWHI Public Fund	6,475.41	5,975.50
Funds on Deposit	34,845.55	66,086.62
	<u>43,465.63</u>	<u>79,795.23</u>
Reconciliation of net cash provided by operating activities to result from ordinary activities		
Deficiency from ordinary activities	(14,156.15)	(103,595.68)
Non-cash flows in deficiency from ordinary activities:		
Depreciation	1,611.10	3,119.63
Loss on disposal of depreciable assets	1,204.22	-
Provision for employee entitlements	(4,246.91)	3,458.91
Contributions receivable in kind	(500.00)	(1,944.55)
Expenses offset against contributions in kind	2,880.00	4,223.64
Changes in assets and liabilities		
(Increase)/Decrease in receivables	11,440.00	58,520.00
Increase/(Decrease) in payables	(34,561.86)	23,759.55
Cash flows from operations	<u>(36,329.60)</u>	<u>(12,458.50)</u>

BLUE MOUNTAINS WORLD HERITAGE INSTITUTE LIMITED
ABN 16 108 583 151

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	\$	\$
11 AUDITORS' REMUNERATION		
Remuneration of the auditor for:		
- Auditing or reviewing the financial report	5,000.00	5,000.00
- Other services	-	-

12 EXPENDITURE COMMITMENTS

Included in revenue are various grants received, the retention of which is conditional on the company making appropriate expenditure and meeting appropriate outcomes relevant to the project for which the monies were granted.

13 SEGMENT REPORTING

The company conducts its activities within and adjoining the Greater Blue Mountains World Heritage area.

14 FINANCIAL INSTRUMENTS

Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, accounts receivable and payable.

The company does not have any derivative instruments at 30 June 2009.

Financial Risks

The main risks the company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

(a) Interest Rate risk

The company's exposure to interest rate risk is the risk that a financial instrument's value and future cash flows will fluctuate as a result of changes in market interest rates.

(b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

(c) Liquidity Risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meet obligations related to financial liabilities.

The company manages liquidity risk by monitoring forecast cash flows.

BLUE MOUNTAINS WORLD HERITAGE INSTITUTE LIMITED
ABN 16 108 583 151

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

15 EVENTS AFTER BALANCE DATE

No matters or circumstances have arisen since the end of the financial year that significantly affected or may significantly affect the operations of the entity, the results of those operations or the state of affairs of the entity in subsequent financial years.

16 ENTITY DETAILS

The registered office and principal place of business of the entity is:
Valentine Annexe, UNSW, Sydney, NSW 2052.

BLUE MOUNTAINS WORLD HERITAGE INSTITUTE LIMITED
ABN 16 108 583 151

DIRECTORS' DECLARATION

The directors of the entity declare that:

1. the financial statements and notes, as set out on pages 14 to 24 are in accordance with the *Corporations Act 2001* , and:
 - (a) comply with Accounting Standards; and
 - (b) give a true and fair view of the company's financial position as at 30 June 2010 and of its performance for the financial year ended on that date; and
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Director: _____
Dr Donald Stammer

Director: _____
Dr. Rosalie Chapple

Dated this **day of October 2010**



Mitchell & Partners
CHARTERED ACCOUNTANTS

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
BLUE MOUNTAINS WORLD HERITAGE INSTITUTE LIMITED
ABN 16 108 583 151**

Report on the financial report

We have reviewed the accompanying financial report of Blue Mountains World Heritage Institute Limited which comprises the statement of financial position as at 30 June 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration for Blue Mountains World Heritage Institute Limited.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls that the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud and error.

Auditor's Responsibility

Our responsibility is to express a conclusion of the financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2415 *Review of Financial Report - Company Limited by Guarantee*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 30 June 2010 and its performance for the year ended on that date; and complying with the Australian Accounting Standards and *Corporations Regulations 2001*. ASRE 2415 requires that we comply with the ethical requirements relevant to the review of the financial report.

A review of a financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

All mail to: G.P.O. Box 5460 Sydney NSW 2001 Australia

Level 7 | 10 Barrack Street Sydney | NSW 2000 Australia | TELEPHONE: 02 9392 8686 | FACSIMILE: 02 9299 8195 | EMAIL: reception@mitchellpartners.com.au

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
BLUE MOUNTAINS WORLD HERITAGE INSTITUTE LIMITED
ABN 16 108 583 151**

Independence

In conducting our review, we have complied with the independence requirements the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Blue Mountains World Heritage Institute Limited on 22 October 2010, would be in the same terms if provided to the directors as at the date of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Blue Mountains World Heritage Institute Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and *Corporations Regulations 2001*.

Name of Firm: MITCHELL & PARTNERS
Chartered Accountants

Name of Partner: _____
Steven John DANIELSON

Address: Level 7, 10 Barrack Street, SYDNEY, 2000

Dated this day of 2010

BLUE MOUNTAINS WORLD HERITAGE INSTITUTE LIMITED
ABN 16 108 583 151

COMBINED PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	\$	\$
INCOME		
Contributions Received	62,500.00	52,500.00
Contributions Receivable - In Kind	500.00	1,944.55
	<u>63,000.00</u>	<u>54,444.55</u>
OTHER INCOME		
Grants Received		
- Project Allocations	55,682.40	24,968.23
- Managerial and Administration allocations	3,450.00	58,475.86
	<u>59,132.40</u>	<u>83,444.09</u>
Transfer from Public Fund	11,500.00	4,432.73
Interest Received	1,778.66	3,258.36
Donations Received	12,639.28	5,268.25
Other Revenue	5,200.00	-
	<u>90,250.34</u>	<u>96,403.43</u>
TOTAL INCOME	<u>153,250.34</u>	<u>150,847.98</u>
EXPENSES		
Auditors' remuneration	-	5,000.00
Bank charges	149.07	522.75
Board meetings	-	-
Bookkeeping	6,365.81	6,592.17
Cleaning	275.47	1,072.23
Computer and website support	160.22	537.97
Depreciation	1,611.10	3,119.63
Electricity	459.71	1,223.22
Filing fees	40.00	105.00
Insurance	370.99	2,521.63
Loss on disposal of depreciable assets	1,204.22	-
Media and marketing	2,880.00	20,188.47
Memberships	280.91	453.64
Postage and freight	204.55	495.40
Printing and stationery	315.14	942.44

BLUE MOUNTAINS WORLD HERITAGE INSTITUTE LIMITED
ABN 16 108 583 151

COMBINED PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	\$	\$
Project Costs:		
- Subcontractors	16,556.00	28,356.11
- Field consumables and catering	969.24	1,336.96
- Motor vehicle, travel& accommodation	7,424.29	450.00
- Office supplies	2,136.89	199.87
- Workshops and courses	500.00	-
- Reference material	-	2,677.11
- Minor equipment purchases	515.68	-
- Salaries and wages	-	4,519.38
- Superannuation	-	68.12
- Scholarship	10,000.00	-
- Telephone	468.19	-
- Donation	-	1,932.73
- Website & Advertising	-	1,411.82
Provision for employee entitlements adjustment	(4,246.91)	3,458.91
Professional development	-	1,100.00
Repairs and maintenance	126.64	583.08
Salaries & administration personnel	93,115.79	142,115.07
Security	124.00	457.00
Seminars and workshops	-	320.91
Staff advertising	1,021.14	-
Staff amenities	496.44	1,033.65
Superannuation	8,030.42	11,407.07
Telephone and internet charges	2,457.07	2,483.56
Transfer from Public Fund	11,500.00	4,432.73
Travel expenses	170.00	1,962.63
Travelling allowance	1,585.92	-
Workers compensation insurance	138.50	1,362.40
	<u>167,406.49</u>	<u>254,443.66</u>
NET DEFICIENCY	<u>(14,156.15)</u>	<u>(103,595.68)</u>

BLUE MOUNTAINS WORLD HERITAGE INSTITUTE LIMITED
ABN 16 108 583 151

PROFIT AND LOSS ACCOUNT - GENERAL FUNDS
FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	\$	\$
INCOME		
Contributions Received	62,500.00	52,500.00
Contributions Receivable - In Kind	500.00	1,944.55
	<u>63,000.00</u>	<u>54,444.55</u>
OTHER INCOME		
Grants Received		
- Project Allocations	55,682.40	24,968.23
- Managerial and Administration allocations	3,450.00	58,475.86
	<u>59,132.40</u>	<u>83,444.09</u>
Transfer from Public Fund	11,500.00	4,432.73
Interest Received	1,778.03	3,258.02
Donations Received	640.00	-
Other Revenue	5,200.00	-
	<u>78,250.43</u>	<u>91,134.84</u>
TOTAL INCOME	<u>141,250.43</u>	<u>145,579.39</u>
EXPENSES		
Auditors' remuneration	-	5,000.00
Bank charges	149.07	522.75
Board meetings	-	-
Bookkeeping	6,365.81	6,592.17
Cleaning	275.47	1,072.23
Computer and website support	160.22	537.97
Depreciation	1,611.10	3,119.63
Electricity	459.71	1,223.22
Filing fees	40.00	105.00
Insurance	370.99	2,521.63
Loss on disposal of depreciable assets	1,204.22	-
Media and marketing	2,880.00	20,188.47
Memberships	280.91	453.64
Postage and freight	204.55	495.40
Printing and stationery	315.14	942.44

BLUE MOUNTAINS WORLD HERITAGE INSTITUTE LIMITED
ABN 16 108 583 151

PROFIT AND LOSS ACCOUNT - GENERAL FUNDS
FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	\$	\$
Project Costs:		
- Subcontractors	16,556.00	28,356.11
- Field consumables and catering	969.24	1,336.96
- Motor vehicle, travel& accommodation	7,424.29	450.00
- Office supplies	2,136.89	199.87
- Workshops and courses	500.00	-
- Materials	-	2,677.11
- Minor equipment purchases	515.68	-
- Wages	-	4,519.38
- Superannuation	-	68.12
- Scholarship	10,000.00	-
- Telephone	468.19	-
- Donation	-	1,932.73
- Website & Advertising	-	1,411.82
Provision for employee entitlements adjustment	(4,246.91)	3,458.91
Professional development	-	1,100.00
Repairs and maintenance	126.64	583.08
Salaries & administration personnel	93,115.79	142,115.07
Security	124.00	457.00
Seminars and workshops	-	320.91
Staff advertising	1,021.14	-
Staff amenities	496.44	1,033.65
Superannuation	8,030.42	11,407.07
Telephone and internet charges	2,457.07	2,483.56
Travel expenses	170.00	1,962.63
Travelling allowance	1,585.92	-
Workers compensation insurance	138.50	1,362.40
	<u>155,906.49</u>	<u>250,010.93</u>
NET DEFICIENCY	<u>(14,656.06)</u>	<u>(104,431.54)</u>

BLUE MOUNTAINS WORLD HERITAGE INSTITUTE LIMITED
ABN 16 108 583 151

PROFIT AND LOSS ACCOUNT - PUBLIC FUND
FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	\$	\$
<hr/>		
RECEIPTS		
Interest Received	0.63	0.34
Donations Received	<u>11,999.28</u>	<u>5,268.25</u>
TOTAL RECEIPTS	<u>11,999.91</u>	<u>5,268.59</u>
EXPENSES		
Transfer to Main Account	<u>11,500.00</u>	<u>4,432.73</u>
	<u>11,500.00</u>	<u>4,432.73</u>
NET SURPLUS	<u><u>499.91</u></u>	<u><u>835.86</u></u>