



Southern Metropolitan
Cemeteries NSW

Annual Report 2020



Acknowledgement of Country

Southern Metropolitan Cemeteries NSW acknowledges the traditional custodians of the land, and pays respect to elders past, present and emerging.

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Joanne Muller
CHAIR

Welcome

It is my pleasure as the Chair of Southern Metropolitan Cemeteries NSW (SMCNSW) to introduce our *Annual Report*. The following pages document our journey this year – and what a journey it has been. Our organisation has been significantly impacted by the advent of the Covid-19 pandemic, both in terms of additional and unbudgeted costs associated with responding to new safety and working conditions, and as the result of world circumstances impacting our investment portfolio.

We have weathered the storm despite these setbacks, largely thanks to our dedicated and resilient team. Our small but effective board have contributed by providing strong leadership throughout, implementing a strategic plan that aims to provide future-proofing for our business. The plan articulates the pillars on which we will move forward and plan for recovery and growth. We have invested heavily in infrastructure to scaffold this growth and recovery.

While we do not know what the ‘new normal’ will be, we do know that we will continue to serve our families and our community with plans for increased capacity at our sites and improved services.

The Board is conscious that in moving forward we are building on the legacy of those who have gone before us. We are sad to report after a long journey with cancer, Jennifer Davis, board member from 2018-2019, passed peacefully earlier this year. She will be remembered for her passion for heritage conservation and sadly missed by all.

We also pay tribute to one of my predecessors, Mr John Morrison OAM. John made an enormous contribution for more than a decade, first as a board member and then as our Chair. He is remembered not only for his dedication to our Eastern Suburbs Memorial Park, but also for having the vision to drive the establishment of NSW Police Memorials at both park sites. These memorials are dedicated to honouring fallen police officers and are a tangible acknowledgment of the valiant service they provide to our communities.

Please take the time to read about John and his lifelong contribution to our community. I hope, as we move forward on our growth agenda, that he would be proud of where we are heading from here.



People are at the heart of
everything we do

CHAIR'S MESSAGE

Joanne Muller

CHAIR

This has been a year of transformation for Southern Metropolitan Cemeteries NSW (SMCNSW), consolidating the bringing together of our two memorial parks into a single entity and positioning us for new growth to assist our communities.

This current financial year saw the appointment of General Manager of Operations, Mr Rob Smart, and in July our new CFO, Ms Rachael Kennedy, followed in October by the appointment of new board members Ms Jennifer Hickey and Ms Clare Donnellan.

SMCNSW has since embarked on an ambitious program to bring our systems and technology up to date, and to review the condition of our heritage-listed chapels. Our small but focused Board undertook the work of developing a strategic vision for the organisation, which included consideration of the long-term future of our sites and a heartfelt reflection on our obligations as a land manager providing burial and cremation services in southern metropolitan Sydney.

As part of that reflection, we focused on the need to grow our sites to provide for future interments. We have developed a visionary and ambitious project for Bumborah Point, which has growing support from our local community and especially the La Perouse Aboriginal Land Council. With their help we are designing our vision for a tranquil and respectful community space that will include improved walking paths and beach access, a dedicated Aboriginal cemetery and additional space for lawn burials, sustainable burials, and preservation and extension of native plantings on Bumborah Point. This project represents an opportunity to extend the life of the cemetery and improve community access to a special part of Sydney.

It is with great sadness that the Board acknowledges the passing of Mr John Morrison OAM in January this year. Mr Morrison made significant contributions to our memorial parks, first as a board member, then as Chair of Eastern Suburbs Memorial Park from 2005 to 2012 and, until mid-2013, as administrator for the merger with Woronora Memorial Park. SMCNSW was fortunate to have been led by such a dedicated Chair. His legacy of good stewardship of the land and service to the community is a shining example for the current Board. We were so fortunate to have had the support of Mr Morrison, his wife Marion and their family for many

years and we appreciate their contribution to so much of the fabric of both memorial parks and in particular to the strong ties we have forged with the NSW Police Force. *A life in service is a life well-lived – Vale John Morrison OAM.*

The impact of Covid-19 has had a profound effect on our community, including on the way in which we can farewell our loved ones. We have worked hard this year to improve our ability to provide safe onsite services and live streaming for those unable to attend because of public health restrictions and border closures, while making the experience of those attending services in such changed circumstances as respectful and dignified as we could.

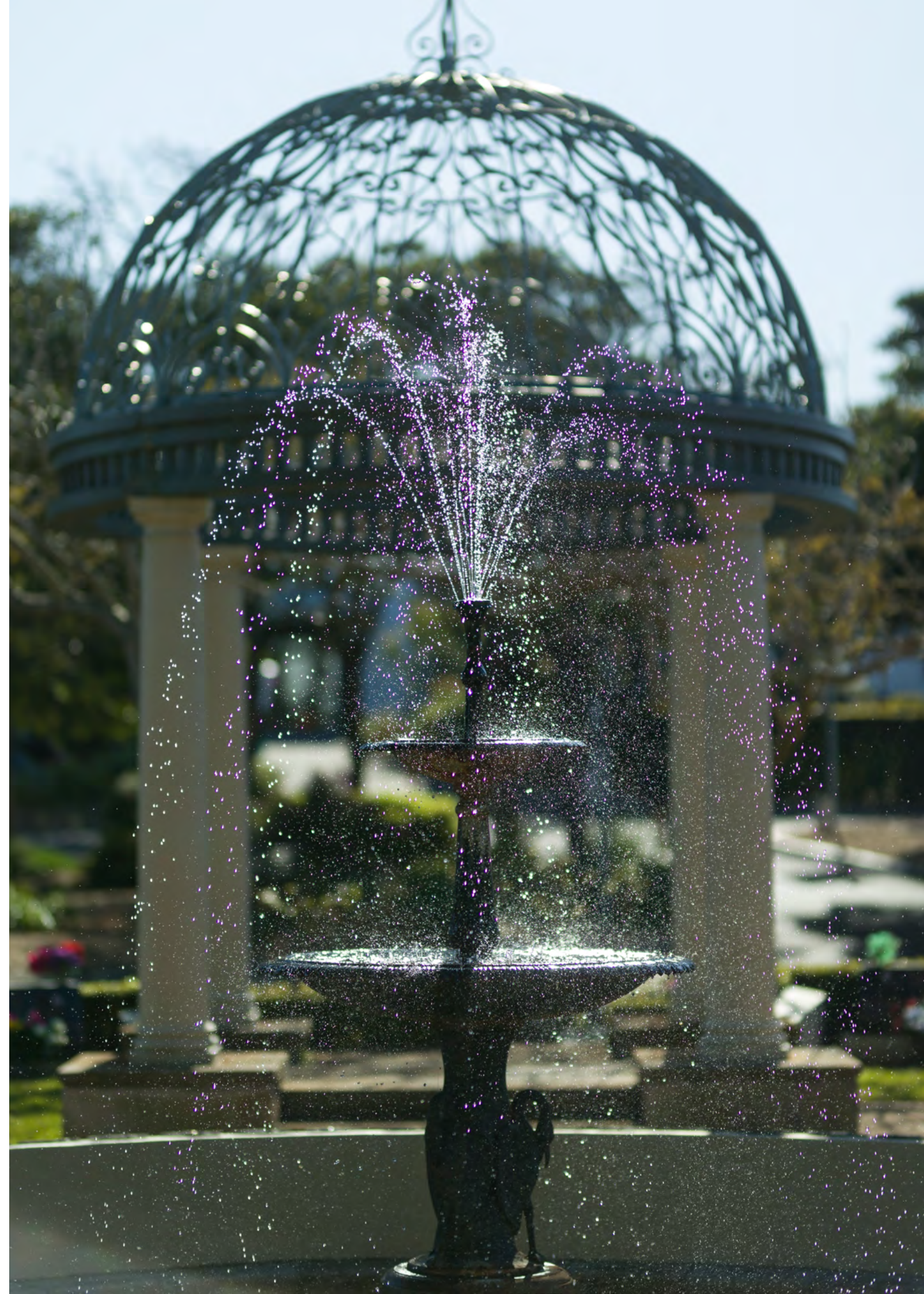
We have also worked with our staff to create a registered Covid Safe business, which has continued to operate through these trying times to look after the land and facilities we manage and provide burial and cremation services for our community. While it has been business as unusual this year, we have continued to move forward with our Strategic Plan, putting people at the heart of everything we do.

This year we have actively participated in a number of government reviews of burial pricing and legislative reform, and worked to maintain a strong relationship with our regulator Cemeteries & Crematoria NSW (CCNSW). I want to congratulate Ms Jennifer Hickey on her recent appointment as CEO of CCNSW. While she is a great loss to our Board, I have no doubt she will make an even greater contribution in her new role for the whole of our sector.

There have been many new beginnings for SMCNSW, no more so than for our leadership team and dedicated staff. Since the beginning of 2020 we have been joined by a number of new staff, including Ms Jennifer Potter in the new role of Manager Marketing and Growth and, in April, a new CEO, Dr Isabelle Meyer. I would like to thank our outgoing CEO, Mr Matthew Youell, for his contribution to our organisation.

We are looking forward to the challenges that lie ahead, fulfilling our responsibilities to preserve the history of our memorial parks in an appropriate way, and building on that as we continue to serve our community into the future.


Joanne Muller
CHAIR



CHIEF EXECUTIVE OFFICER’S REPORT

Dr Isabelle Meyer

CHIEF EXECUTIVE OFFICER

It has been an extraordinary time to join Southern Metropolitan Cemeteries NSW (SMCNSW) and I feel privileged to be working with such a dedicated team.

After a time of significant change, both within the organisation and the community as a whole, it would be easy to take a step back and stay still. This is not the case with SMCNSW.

Our Board has established a visionary and assertive agenda that is aimed at finding new ways to meet our community service obligations. To that end, we have restructured our workforce and established a new focus on community engagement to inform our planning and services. We are deploying new systems and tools to assist us in serving our customers better and to improve our overall business operations.

Because people are our focus, the Customer Care team now reports directly to the CEO, so that I can have a far greater involvement in supporting the customer-facing team which supports those whose loved ones are buried, cremated and memorialised in our parks.

To continue to meet our service obligations to the community in providing burial sites, we have embarked on a project to provide opportunities for families to be interred together, as well as exploring ways we can better use our existing space, while preserving dedicated areas for our communities.

We have also looked at ways we can operate safely and efficiently in a Covid-19 environment and beyond. One of the ways of ensuring good practice is good communication, and we are playing our part in keeping our whole community safe through regular information bulletins to funeral directors to assist them in being aware of their responsibilities. Our way of doing business has changed on many fronts, and I am proud of the way in which our staff have adapted to the challenges imposed on us by working in a Covid Safe way. Our overall awareness of safety across the organisation continues to improve.



We have also worked on ensuring that our structures are securely built and well maintained. To that end our strong focus on quality standards across our cemeteries has meant that memorials within our parks will be both safe and beautiful for years to come.

In the second half of 2020, we are executing a major refresh of our policies and procedures, and the overall governance within our organisation. This is linked in no small part to our plans for the future, and the need for good governance to scaffold our growth. It will also provide us with modern business infrastructure aimed at improving our efficiency.

We have also set out an ambitious program of works to improve our communications, with work beginning on a new website and on improved signage for our sites to assist those visiting our memorial parks to easily locate their loved ones and enjoy the peace and history of our beautiful grounds.

Our delivery on these initiatives is set to continue for the coming year. It will no doubt be a challenging one and I am pleased and proud to be leading a resilient team who are more than equal to the tasks ahead.

A handwritten signature in black ink, appearing to read 'Isabelle Meyer'.

Dr Isabelle Meyer
CHIEF EXECUTIVE OFFICER



BOARD MEMBERS & SENIOR MANAGERS



Board Members FY 2020

Joanne Muller BSc DipED LLB GAICD

Chair

(from February 2019)

Maria Cosmidis BA BSW MM

Board Member

Carol Provan CMC JP MAICD

Board Member

(to 8 October 2019)

Jennifer Davis BFA (UNE) GAICD

Board Member

(to 8 October 2019)

CDRE Stephen McDowall DSM CSM GAICD

Board Member

(to 8 October 2019)

Clare Donnellan BBS, FCCA, GradDipPsych

Interim Board Member

(from 16 October 2019)

Jennifer Hickey LLB

Interim Board Member

(from 16 October 2019 to 30 June 2020)

Senior Management

Jason Masters B.Ec, FAICD

Interim Chief Executive Officer

(from 10 December 2018 to July 2019)

Matthew Youell

Chief Executive Officer

(from 5 August 2019 to 21 April 2020)

Dr Isabelle Meyer BA Hons, MA, PHD

Chief Executive Officer

(from 22 April 2020)

Rachael Kennedy BComm, ACA, GAICD, GIA

Chief Financial Officer

(from 8 August 2019)

Maria Cosmidis BA BSW MM

General Manager, Executive Services

(from July 2019 to January 2020)

Carolyn Dowe JP

Senior Manager, Customer Care

(from May 2018 to 22 May 2020)

Eddie Swat EBSc Arch USyd BArch

UTS MPlan UTS MPIA

Senior Manager, Capital Works

Jennifer Potter

Manager, Marketing & Growth

(from 9 June 2020)

Rob Smart

General Manager, Operations,

Facilities and Assets

(from March 2019)

Sally Dillon MAHRI

Manager, People and Culture

Pictured this page (from left): Joanne Muller, Maria Cosmidis, Clare Donnellan, Jennifer Hickey, Dr Isabelle Meyer.

Opposite page: Rachael Kennedy, Eddie Swat, Jennifer Potter, Rob Smart, Sally Dillon.

Statutory Meetings for FY 2020

Board Meeting	27/07/19	29/10/19	18/02/20	1/04/20	22/04/20	2/06/20	30/06/20
Joanne Muller (appointed Chair, July 2019)	✓	✓	✓	✓	✓	✓	✓
CDRE Stephen McDowall (service concluded 8 October 2019)	✓	N/A	N/A	N/A	N/A	N/A	N/A
Carol Provan (service concluded 8 October 2019)	✓	N/A	N/A	N/A	N/A	N/A	N/A
Jennifer Davis (service concluded 8 October 2019)	✓	N/A	N/A	N/A	N/A	N/A	N/A
Maria Cosmidis	✓	N/A	✓	✓	✓	✓	✓
Jennifer Hickey (appointed interim Board Member 16 October 2019)	N/A	✓	✓	✓	✓	✓	✓
Clare Donnellan (appointed interim Board Member 16 October 2019)	N/A	✓	✓	✓	✓	✓	✓

Finance Committee Meetings	27/07/19	30/06/20
CDRE Stephen McDowall (Chair service concluded 8 October 2019)	✓	N/A
Joanne Muller	✓	✓
Jennifer Davis	✓	N/A
By invitation Maria Cosmidis	✓	✓
Jennifer Hickey	N/A	✓
Clare Donnellan (appointed Chair, 30 June 2020)	N/A	✓

Community Committee Meetings	27/07/19	1/04/20	5/06/20
Maria Cosmidis (appointed Chair, April 2020)	✓	✓	✓
Joanne Muller (Chair service concluded February 2020)	✓	✓	✓
CDRE Stephen McDowall	✓	N/A	N/A
Carol Provan	✓	N/A	N/A
Jennifer Hickey	N/A	✓	✓
Clare Donnellan	N/A	✓	✓

Audit, Governance & Risk Committee Meetings	27/07/19	2/10/19	30/06/20
CDRE Stephen McDowall (appointed Acting Chair, July 2019 service concluded 8 October 2019)	✓	✓	N/A
Joanne Muller	✓	✓	✓
Jennifer Davis	✓	✓	N/A
By invitation Carol Provan	N/A	✓	N/A
By invitation Maria Cosmidis (appointed Chair, 30 June 2020)	✓	N/A	✓
Jennifer Hickey	N/A	N/A	✓
Clare Donnellan	N/A	N/A	✓



We are a **sustainable** organisation



Eddie Swat
SENIOR MANAGER, CAPITAL WORKS

With major planning projects either complete or nearing completion and the Board approving the most ambitious pipeline of Capital Works projects in the history of Southern Metropolitan Cemeteries NSW (SMCNSW), the 2019-20 financial year represents a most exciting time for the Capital Works team, which has quickly gained momentum since its creation in 2018.

Key achievements – Eastern Suburbs and Woronora Memorial Parks

Stormwater Master Plans and *Asset Register & Conditions Reports* have been successfully completed and two *Heritage Conservation Management Plans* are now also mostly complete for the Eastern Suburbs Memorial Park (ESMP) and Woronora Memorial Park (WMP). These pre-planning studies pave the way for the commencement of Plans of Management that will provide the structure for the ESMP and WMP's day-to-day operations while also identifying future business development opportunities appropriate for both memorial parks.

A 10-year Capital Works project pipeline has been approved, with investment more heavily focused on ESMP to address the critical shortage of burial space for the surrounding Eastern Suburbs community.

However, one of the most significant developments this year is the NSW Department of Planning, Industry and Environment's Gateway Determination which, on May 22, 2020, approved changes to Randwick Council's Local Environment Plan which now allows cemetery use on Crown Land at Bumborah Point.

SMCNSW Land Manager – Land Supply

Land supply is an issue of special concern for all Cemetery Land Managers in metropolitan Sydney. *The Metropolitan Sydney Cemeteries Capacity Report* (November 2017) foreshadowed an extreme shortage of burial space for Sydney in the short to medium term. The supply of burial space at ESMP is the most pressing issue for SMCNSW. SMCNSW also completed feasibility studies into expanding WMP westward into 13.4 hectares of Crown Land called Prince Edward Park and 31 hectares of land being offered by the Department of Health at Garrawarra. These studies revealed that both sites cannot feasibly be used for cemetery purposes. A remaining 4.35-hectare site at Bumborah Point continues to be one of only two immediate areas to expand ESMP. The other is land that is currently owned but undeveloped on the site of the former Bunnerong Power Station. The Capital Works team is finalising a master plan for what is now called Bunnerong Precinct and intends to lodge a Development Application for the concept before year's end.



In October 2019, the NSW Premier asked the Greater Sydney Commission to advise on the strategic planning aspects of increasing available and accessible space for the interment of Sydney’s population. SMCNSW has placed further land-supply projects on hold while it awaits the Commission’s advice.

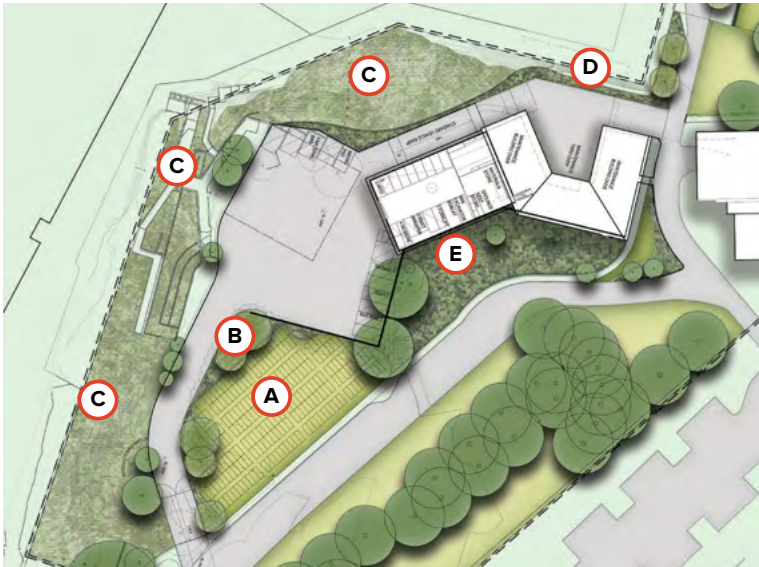
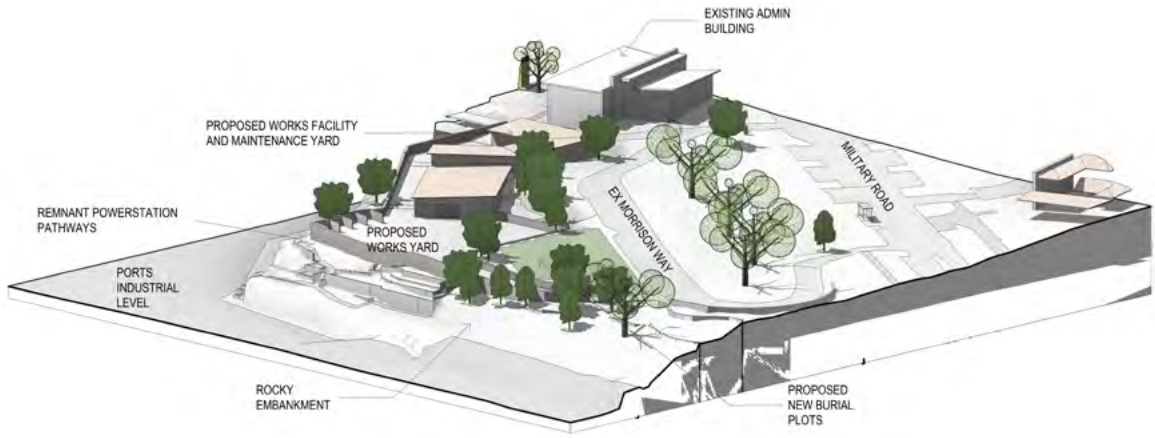
Forward Planning
Plans of Management

SMCNSW is preparing to go to market to deliver the respective Plans of Management for ESMP and WMP. Planning support studies will initially encompass landscape planning; infrastructure services; traffic and parking; urban design; wayfinding and signage; branding; market research; operational planning; and financial modelling and commercial services. We expect that both Plans of Management will be commenced in late 2020 and drafts submitted for the Minister’s approval in early 2022.

Capital Work Projects Implementation
Chapels Refurbishment

SMCNSW has identified that the heritage Art Deco chapels and crematorium building at ESMP and the heritage Art Deco chapels building at WMP each require repair and maintenance. Following our investigations and condition assessments carried out during the year, Capital Works has confirmed that a considerable investment will be needed to remediate, refurbish and upgrade both buildings to provide the community with a high-quality service, as well as offer new interment products and services.

The Capital Works team is currently out to market with an Expression of Interest for Early Contractor Involvement (ECI) to complete scoping and costing works for both buildings. The ECI will culminate in a Guaranteed Maximum Price Design and Construct contract, with construction expected to commence in early 2021.



ESMP – Bunnerong Precinct

The delivery of Bunnerong Precinct has been broken into two streams: North and South. The areas include significant portions of the Bunnerong Power Station heritage conservation area and other land currently occupied by a worker’s compound located adjacent to the existing heritage chapel and crematorium building. Bunnerong Precinct promises to deliver 2,800 double-depth burial plots and a considerable but staged supply of ash interment stock.

- A** Lawn plots
- B** Screening planting to works yard driveway
- C** Existing vegetation and heritage features to be retained
- D** Northern boundary planting
- E** Massed planting and trees to be retained



Space activation plus environment and heritage conservation are key to all new developments.

ESMP – Bumborah Point

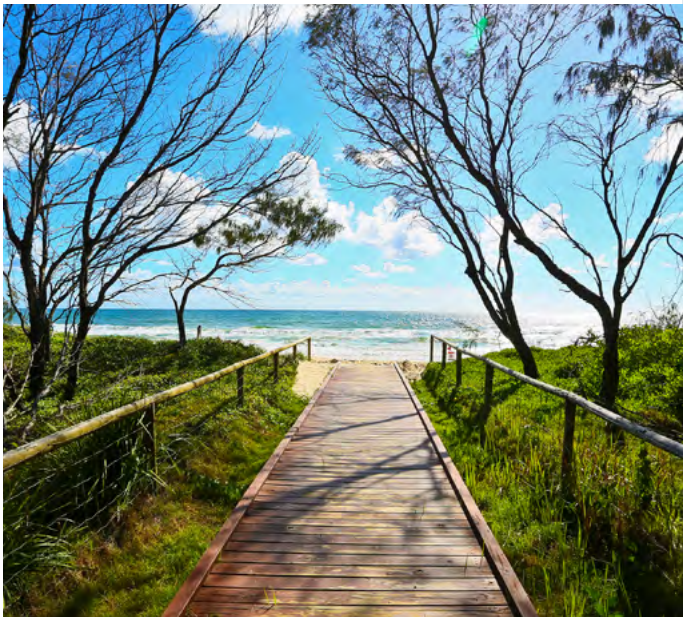
Holding the promise of approximately 4,000 double-depth burial plots in a parkland setting, the expansion of ESMP into Crown Land at Bumborah Point offers the best opportunity to deliver a sustainable burial supply for Sydney’s central and south-eastern communities.

Following the Gateway Determination which approved changes to Randwick Council’s Local Environment Plan 2012 (LEP) allowing cemetery use at Bumborah Point, a statutory process is now underway to prepare and publicly exhibit a Development Control Plan and proposed changes to Randwick Council’s LEP, which, if approved will see SMCNSW appointed as Bumborah Point’s Land Manager under the Crown Land Management Act 2016.

The Bumborah Point development demonstrates the long-standing relationship SMCNSW enjoys with the local Aboriginal community. The La Perouse Local Aboriginal Land Council (LPLALC) has lifted its land claim over Bumborah Point in exchange for SMCNSW developing and returning an Aboriginal cemetery to their community. The Capital Works team is currently collaborating with the LPLALC and their artisans to develop a design for this special section of Bumborah Point.

The social and cultural significance for Aboriginal people to be buried on country makes the Bumborah Point project unique and one that will deliver in multiple ways, including socially and economically, to local Aboriginal communities as well as to the people of Sydney.

The proposed urban design for Bumborah Point proposes a sustainable lawn-style cemetery offering renewable interment within an open parkland setting, accessible pathways, boardwalks and a cycleway linking an existing car park to Yarra Beach and the surrounds. If approved, the development and upkeep of Bumborah Point by SMCNSW will see the rehabilitation of a degraded part of the coastline along with the creation of public amenities, walking paths and improved beach access for local residents.



Indigenous plant species will be propagated as part of the landscaping of Bumborah Point to maintain the existing appearance of the headland.



Rob Smart
GENERAL MANAGER, OPERATIONS, FACILITIES AND ASSETS

Consolidation and planning have been major themes for our Operations, Facilities and Assets teams with a specific focus on safety, future-proofing and building team capabilities.

The Grounds team has been planning and implementing long-term planting, including the targeted use of endemic native-plant species. Other projects include the development of sustainable garden beds, increasing drought tolerance, devising appropriate displays of colour with longevity, constructing feature plantings, and carrying out revegetation and stabilisation. We have been systematically working through specific areas to lift their appeal, complement their individual style with plant material, bank and erosion stabilisation techniques to create a long-term sense of place for both the Eastern Suburbs Memorial Park (ESMP) and Woronora Memorial Park (WMP).

We carried out ongoing maintenance work in line with our *Annual Tree Audit and Safety Report*. Due to the 2019 drought through 2019 winter and into spring and summer, the memorial parks were under strict NSW government water restrictions. The severely dry weather has impacted many trees which have required specific arboreal attention.

We have initiated a Monument Safety Program, completing the first year of a five-year audit of every monument within ESMP and WMP. We aim to make monuments of imminent risk to public safety secure. All others are progressively being inspected and documented so families can be notified of the rectification work required.

Burial teams have undertaken training for working in confined spaces or at heights for specific tasks in and around crypts and mausoleums. Ongoing investigations into alternate machinery and grave-shoring equipment continues with up-to-date engineering certification of current techniques received.

We produced a comprehensive *Asset Register and Condition Report* to keep the SMCNSW informed of current and future asset-planning requirements.

ESMP’s condolence centre, café and florist were upgraded and refreshed in line with the new caterer there and to ensure the safe and functional facilities are provided for visitors. Also at ESMP, the works compound and chapel carpark received a facelift with new asphalt and line marking which markedly improved the main carparking area.

In the 2020/2021 financial year we will introduce our new cemetery management system which marks a move into the digital era for the Operations team. The new system will allow greater capture of information, statistics, and tracking of works and safety.

Operations, Facilities and Assets has a large works program focusing on improvements to the sense of place for burial and ash memorialisation areas. Our planning has an emphasis on the family’s experience when placing or visiting a loved one. Centenary Court and Palm Court at WMP and the Glade and Gazebo Gardens are among proposed renovation works as well as road resurfacing, and general building maintenance and upkeep. The Grounds team will continue to carry out weed management, lawn topdressing and turfing upgrades.

We will continue to review efficiencies with the crematoriums and the machinery and equipment used for both grounds maintenance and burial processes and we are constantly testing and exploring new and innovative ways to implement our projects.

A VERY SPECIAL MEMORIAL



“In my father’s professional life as a police officer and Divisional Commander he carried his passion and dedication for community service into the job. He felt it a great privilege to be able to serve his community in this way but also took great pride in leading and developing the officers under his charge. I am so pleased he has been able to bring honour to the memory of our fallen officers but to also draw our attention the sacrifice of service that all police officers face.”

Scott Morrison

John Douglas Morrison OAM

2 DECEMBER 1934 – 22 JANUARY 2020

John Douglas Morrison OAM (2 December 1934 – 22 January 2020) served as an Australian Police Officer for the New South Wales Police Force for close to 40 years and dedicated his life to serving his local community. His police career saw him rise to the rank of Chief Inspector.

He married Marion Elsie Smith (b.1943) in 1963 and is the father of Alan Morrison A.S.M. Chief Superintendent, NSW Ambulance, and Scott Morrison, the Prime Minister of Australia.

First elected in 1968 as an Independent Alderman, John went on to actively participate in Local Government for more than 10 years as an Alderman, Deputy Mayor (1985-6) and Mayor of the Municipality of Waverley (1986-7).

John’s concern for the social fabric of Sydney’s Eastern Suburbs saw him spearhead efforts to limit and manage the levels of development that were occurring in Waverley at the time. He was recognised as having saved “many of the free-standing homes in Bronte”. He founded the local Boys’ Brigade Company in Waverley (later relocated to Bondi Junction), played rugby for Randwick and was an active member of Bronte R.S.L. He completed his National Service (Army) in 1953

and three years in the C.M.F. He was a dedicated Elder at The Church in the Marketplace Bondi Junction.

John was also very concerned about families of police servicemen and women who had lost their lives while on duty. As Chairman of the Board, Eastern Suburbs Memorial Park (2005-12), he was instrumental in setting up the Police Memorial at the Eastern Suburbs Memorial Park.





Sally Dillon

MANAGER, PEOPLE AND CULTURE

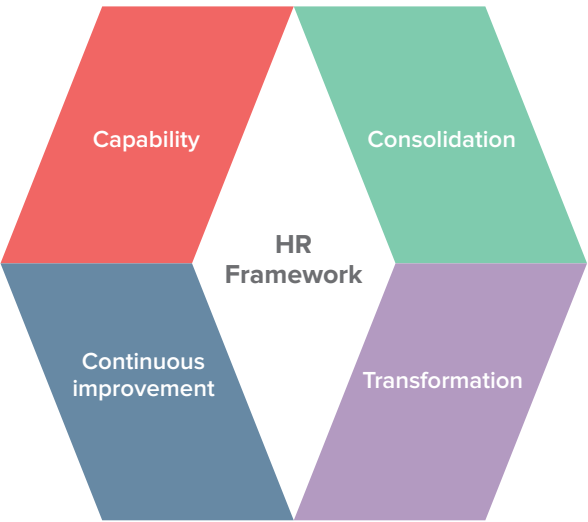
People continue to be at the heart of everything we do, a principle which has now been formalised as one of our priorities in our 2020-2023 Strategic Plan.

Over the last 12 months, People and Culture has had a strong focus on improving WHS standards across the business, fostering a positive culture based on our values, attracting and retaining high-calibre candidates who embody our values and culture, and improving leadership capability across all levels.

Our HR framework underpins each of our areas of focus and flows into our Strategic Plan.

Strategic Review of the Business to Drive Change

We have undertaken a strategic review of the business and simplified our organisational structure and identified several key positions that will help our organisation grow in the future. We have reviewed our labour costs, operational practices, staffing hours and aligned our workforce and rosters to meet our current needs, as well as identifying opportunities to strengthen our business and meet future requirements as they evolve.



We have undertaken a review of our labour hire and specialist suppliers in the consulting and labour-hire space, renegotiated supplier agreements and identified new suppliers that will provide us with effective and efficient services and cost savings to Southern Metropolitan Cemeteries NSW (SMCNSW).

These changes will be the key to building a stronger, more resilient workforce and business, and ensure that we can continue to provide compassionate and high-quality services to our stakeholders. While decisions impacting our people can be difficult to make, they will also ensure we are in a better position to identify and resource growth opportunities in the future.

Recruitment and Retention

We have continued to improve upon the HR framework that we commenced in 2018 and, for the 2019-2020 year, we have had a specific focus on attraction and retention of high-quality staff. Our leaders have been given coaching and support on merit-based recruitment practices and we have shown a strong retention rate of both long-term employees and staff employed for less than 12 months. We have invested further in training to improve leadership capability in our team leaders and supervisors as well as identifying and developing future leaders.

Transformation

The 2020-2021 People and Culture framework is focused on HR strategies that support organisational transformation via the implementation of key advisory and resources to consolidate the design of processes and pathways that identify, define and improve capabilities in our people and structure. We aim to enhance the capability of the organisational structure through the definition of roles and the appointment of people who align to the SMCNSW strategy, culture and values. We will guide our people through change with the implementation of continuous-improvement methodologies and measurable practices.

Continuous Improvement

A continuous-improvement approach fosters change by enhancing capability throughout our people and structure to support the achievement of a consolidated and transformed culture at SMCNSW.

We have strengthened our continuous feedback and improvement practices and continue to build a respectful, collaborative and inclusive workplace.

WGEA Reporting

To meet the compliance requirements under the Workplace Gender Equality Act 2012, SMCNSW lodged its first annual public report with the Workplace Gender Equality Agency.

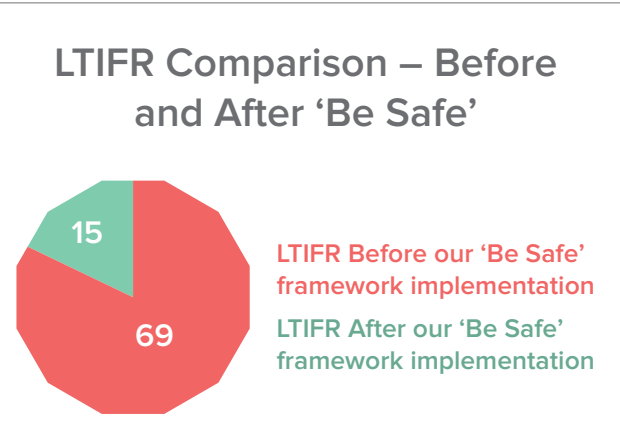
Moving forward we are working towards a formal diversity and inclusion strategy and framework, further broadening the scope of gender equality. Our aim is to build a workforce of people from a diverse range of backgrounds, foster a high-performing workplace and enhance inclusiveness by cultivating a respectful culture that offers engagement, collaboration, flexibility and innovation to ensure our employees can perform to their full potential and to maximise the benefits of diversity in our organisation.

WHS

SMCNSW's safety culture is one of collaboration and empowerment, where everyone is encouraged to speak up about safety and work together to find solutions. We have continued to implement and widen the scope of our 'Be Safe' framework, which is made up of WHS policies, procedures, SWMS, forms, registers, staff feedback and training, which is

designed to improve safety standards and embed a proactive safety culture across SMCNSW.

Our Be Safe program has strengthened our safety practices and embedded positive changes in our practices and processes, and the changes are highlighted in our injury statistics. Over the last 12 months, we have seen a significant decline in lost time injuries.



The above graph reflects our previous Lost Time Injury Frequency Rate (LTIFR) before and after the implementation of our Be Safe framework and shows our teams' hard work and dedication to improving safety.

We are committed to achieving safety excellence through the identification and implementation of industry-leading safety and wellbeing practices throughout the organisation, and further enhancing our Be Safe management systems and processes.





We build and maintain relationships
with **families** and **communities**
and **other stakeholders**

COMMUNITY ENGAGEMENT & MARKETING



Jennifer Potter
MANAGER, MARKETING AND GROWTH

Southern Metropolitan Cemeteries NSW (SMCNSW) is committed to be a marketing-led organisation, implementing key strategies that deliver to its Strategic Plan.

Community Engagement

Our first Community Engagement Plan was developed earlier this year and is being rolled out across our diverse communities, assisting SMCNSW to gain valuable insights into customers and stakeholders, helping build on existing relationships and fostering new ones, and placing SMCNSW in a position to be ready for the future. This activity will help in planning and delivering products and services to cater for our community requirements. Although Covid-19 has thrown us some challenges, we have been able to engage in online workshops and one-on-one meetings, where possible, to meet our timelines. All onsite events have been cancelled for 2020.

Marketing

This year has been a period of transition and change for the organisation placing SMCNSW in a stronger position by fostering closer relationships with our communities and stakeholders, and future-proofing to continue as successful Crown Land Managers.

We continue to maintain open, relevant and timely communication with our communities and stakeholders to create emotional connection with our brand. To this end, we are investing in the delivery of a new website which will promote SMCNSW and educate our communities with relevant product and service offerings across both our sites, Eastern Suburbs Memorial Park (ESMP) and Woronora Memorial Park (WMP), adding strength to our position as a Crown Land Manager.

The new website will support our marketing approach, relationship building and will help deliver consumer insights. There will be several marketing campaigns throughout the year aimed at increasing awareness of our products and services, starting new conversations in the community and positioning SMCNSW an industry thought leader.

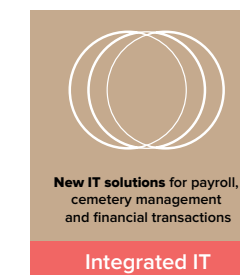
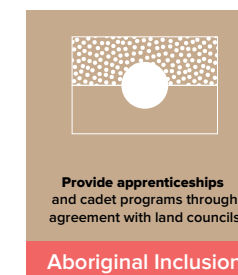
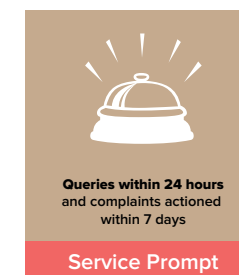
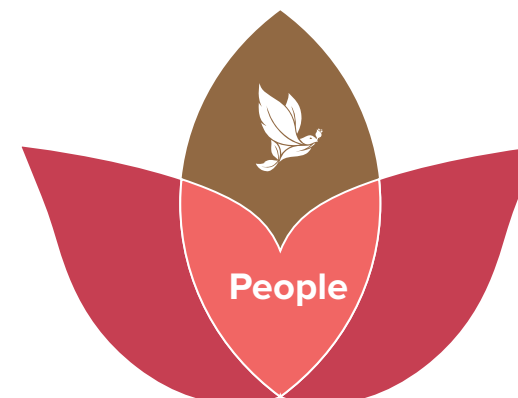
At the start of Covid-19, we installed live streaming for our chapel services at both ESMP and WMP which has proved to be very popular with families and stakeholders. SMCNSW will continue to review and refine this product offering, helping grieving families and friends to come together in these challenging and uncertain times.

SMCNSW continued to invest in new technologies, which will open exciting opportunities for the organisation to build upon and gain valuable insights while we continue to work closely with our communities and stakeholders to deliver relevant products and services.

The 2020 Strategic Plan is made up of four strategic priorities with key deliverables designed to move the organisation forward and position SMCNSW as an industry leader:

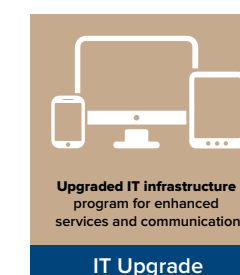
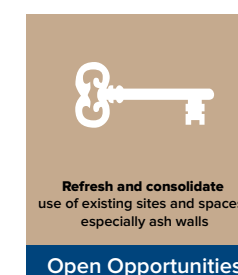
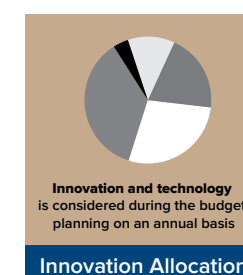
People are at the heart of everything we do

- We deliver a **high standard of service throughout the entire customer journey**, from customer service and facilities, to grounds and services
- We have activated place making and spaces which are **meaningful and attractive to visitors** and focus on **maximising the commercial and social use of our facilities** and assets
- Our **staff are fully supported** to do their job
- We have a merit-based, **diverse workforce that are supported, engaged, adaptable and high performing** under one brand across multiple sites

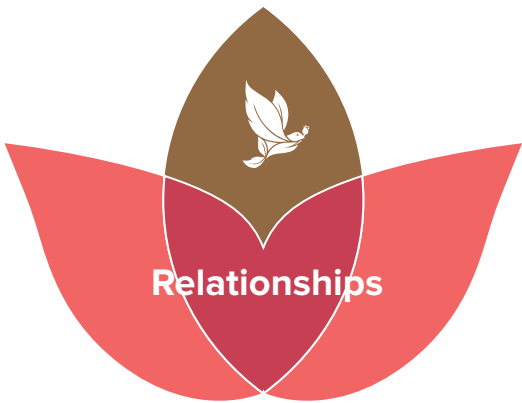


We are prepared for the future

- We operate in an **informed environment** based on best available evidence and research which shapes our agreed vision
- We **demonstrate leadership** through challenging our current approach and **encouraging innovative thinking**
- We seek **opportunities** for business development to ensure we can **serve our future growing communities**
- We embrace **innovation and developments in technology** that enhance our services



Strategic Plan 2020–2023



We build and maintain relationships with families and communities and other stakeholders

- We **actively engage** with our customers and the community **to understand and provide options to meet** their diverse needs
- We have an **established and engaged stakeholder network** and seek to deepen engagement
- We **influence** government reform. We lobby effectively for the sector and ensure cemeteries and the **essential services we provide are on the NSW Planning agenda**




Community Engagement Plan
developed for and informed by local communities

Local Matters



Connect with stakeholders:
regulatory body, local/state/federal governments, relevant community and religious groups

Plan of Engagement



Align major capital works
with government land use and strategic management plans

Coordinated Effort




Ensure all planning for capital works
reflects our stakeholders, local indigenous and spiritual communities

Staying True




We are a sustainable organisation

- Our **asset management policy** is sustainable
- Our **environmental performance** is sustainable
- Our **financial performance** is sustainable, **accountable and transparent**
- Our organisation is **fully compliant** with government legislation and other applicable standards
- We provide a **safe and accessible** environment



Implement a sustainable
Family Reunite program

Family Reunite



Develop achievable emissions
reduction targets, including offsets via plantings

Emissions Reduction



Communicate pricing clearly
and ensure it is competitive by benchmarked standards

Transparent Pricing



Systems in place
for scheduled reviews of policies and procedures

100% Compliant





Rachael Kennedy
CHIEF FINANCIAL OFFICER

Delivering the IT transformation program which will completely overhaul all IT infrastructure provides the framework that will allow us to utilise platforms to identify and implement greater efficiencies in processes. The first phase of the project is in its final stages of deployment – a significant achievement under the social-distancing constraints imposed by the Covid-19 pandemic. This disruptive influence has affected financial performance, restricted sales opportunities, created additional operating costs (cleaning, protective equipment, IT equipment and communication), diminished investment values, and manifested technological challenges for the support of online customer products and employee technology in working from home arrangements. The adoption of new accounting standards has increased finance costs and recognised performance obligations previously captured in retained earnings.

Trading Performance

The combined impacts of a pandemic, upgrade and replacement of all IT infrastructure, adoption of new accounting standards and a transformation program have contributed to challenging the results for the current year, cumulating in a reported loss of \$4.2m (2019: Loss \$1.5m). This result is mainly attributable to

the diminution of the value of investments (a loss of) \$6.4m caused by the economic downturn.

Total income from operations across both Eastern Suburbs and Woronora Memorial Parks was \$18.5m in 2020 (2019: \$21m). This fall of 12% is attributable to a number of factors present in the year’s difficult trading conditions including the lack of available burial stock, restriction of ability to deliver services under the pandemic conditions and change in customer sentiment to move away from memorialisation services under those constraints.

We continue to offer a vast choice of interment rights positions across both cemeteries to all our communities. These interment rights sales are from modern and heritage areas of the cemetery. The pandemic has impacted the ability to sell and memorialisation sales have been delayed. The refurbishment of the chapels and development of a new website will encourage leads which will impact the conversion to memorialisation in future years.

Remaining agile and understanding the impact of the pandemic to customer requirements will be a priority to ensure recovery of sales. Total expenses from all transactions for the year (excluding impairment) were \$21.3m (2019: \$20.3m). The increase (5%) reflects the demands of dealing with the Covid-19 pandemic and the strategic projects in which SMCNSW is engaged. Finance costs of \$0.2m are now recognised due to the adoption of the revenue standard. Investment income reduced by approximately \$0.8m (17%), reflecting the current state of both domestic and international markets.

The Board are currently reviewing the Investment Policy and have met a number of times with the external adviser to ensure that the portfolio is well positioned for the economic uncertainty being encountered in the markets. The SMCNSW investment strategy continues to incorporate a long-term view to ensure the growth of financial assets in line with the risk appetite of the Board.

The Board have assessed the asset balances and have determined an increment to the Crown Land valuation of \$0.001m was required to align the asset values to independent valuations. The Strategic Plan for the next three years has been finalised and identifies a number of projects which will be undertaken in the areas of WHS, people

management, IT infrastructure, operations and record management. Consultants were employed to assist management and the board with specialised skills to support strategic capability decisions. These fees will continue in the next financial year in the delivery of a number of projects including the Plans of Management for both sites.

Financial Position

Southern Metropolitan Cemeteries NSW (SMCNSW) net assets as at 2019/20 are \$151.9m, reflecting a drop of \$8m to the prior year. This movement in net assets was essentially attributable to the \$4.2m trading loss and diminution of value of investments caused by economic impacts of the pandemic. Land was independently valued at \$25.8m (2019: \$25.8m)

Total services 5,792 ▼ Down 381 The Covid-19 pandemic has restricted gathering sizes and impacted sales.	Burial interments 1,215 ▼ Down 28 Stock availability at Eastern Suburbs has restricted sales. The Covid-19 pandemic has also lessened opportunities with restricted demand and ability to hold face-to-face meetings and organise pre-need sales.	Ash interments 1,619 ▼ Down 213 Consumer preferences have been impacted by the Covid-19 pandemic with memorialisation on hold for many families.	Cremations 2,958 ▼ Down 140 The refurbishment of the chapels is impacting lead generation and subsequent sales of cremations and other items.
Revenue from contracts with customers \$18.5m ▼ Down \$2.5m Reflects restricted activity and service levels and factors noted above (particularly over past six months).	Crematorium and cemetery expenditure \$6.0m ▼ Down \$0.8M Reflects lower scale of service and activity (but includes higher costs in addressing historic maintenance issues, costs of operating safely during the bushfires and pandemic.	Net assets \$151.9m ▼ Down \$8.2m Result of trading loss for the 2020 year (\$4.2m) and impact of adoption of new accounting standards \$4.0m.	Investment income \$3.9m ▼ Down \$0.8m Result of lower yields on investments and lower interest rates on deposits becoming available in global markets. Markets impacted by challenging economic environment and volatility.
Other gains / (losses) \$(5.2)m ▼ Down \$6.5m Reflects unrealised fall in value of SMCNSW investment portfolio given volatile global and domestic investment markets.	Administration expenses \$3.2m ▲ Up \$0.1m Reflects additional consulting fees to address policy and implement appropriate frameworks.	Finance costs \$0.2m ▲ Up by \$0.2m Result of adoption of AASB 15 Revenue standard.	Retained earnings \$126.1m ▼ Down \$8.2m Result of trading loss for the 2020 year (\$4.2m), together with impact of adoption of new accounting standards \$4.0m.
Cash and investments \$99.4m ▼ Down \$5.2m Cash impacted by \$5.9m investment in IT systems and property which offset net operating cash gain of \$6.8m. Value of SMCNSW portfolio impacted by global markets and economic environment.	Inventories \$16.8m ▼ Down \$0.8m Inventories reduced by sale. Minimal burial stock developed. Existing ash memorialisation stock will not be replaced to sufficient long term-supply.	Contract liabilities \$8.3m ▲ Up \$6.1m Represents deferred revenue recognised through adoption of AASB 15 Revenue standard. To be recognised in revenue in future years as performance obligations are delivered.	Provisions \$1.4m ▼ Down \$0.8m Release of provision for restoration post completion of work and release of prior provision for obligations arising under cremation certificates.

Service and Units

The indicators presented below evidence some fall in the scale of activity and service provided to customers in 2020. These decreases reflect a number of social, economic and operational constraints. Included among these are the impact on customer preferences toward funeral services and subsequent memorialisation. These services have been directly impacted by social-gathering restrictions. It is envisaged that this currently experienced loss of sales will be largely recovered and will not constitute a permanent change in interment preferences.

The Family Unite program will be launched to focus directly on the optimisation of available interment space within existing stock. The availability of burial stock and desirability of the remaining ash stock will be assessed to evaluate options to offer further rights and product offerings to customers to bolster revenue streams. A refresh of identified slow-moving stock has been budgeted to enhance the appeal of tired product.

Type of Service	2019/20	2018/2019
Burial Interments	1,215	1,243
Cremations	2,958	3,098
Ashes Interments	1,619	1,832
Total Services	5,792	6,173



Insurances

The Trust obtains independent insurance advice through an insurance broker. Our property assets are protected under an insurance policy called Industrial Special Risks Policy and we have additional insurance cover for public and products liability, cyber, motor fleet, management liability, voluntary workers and business travel.

Grants and sponsorships

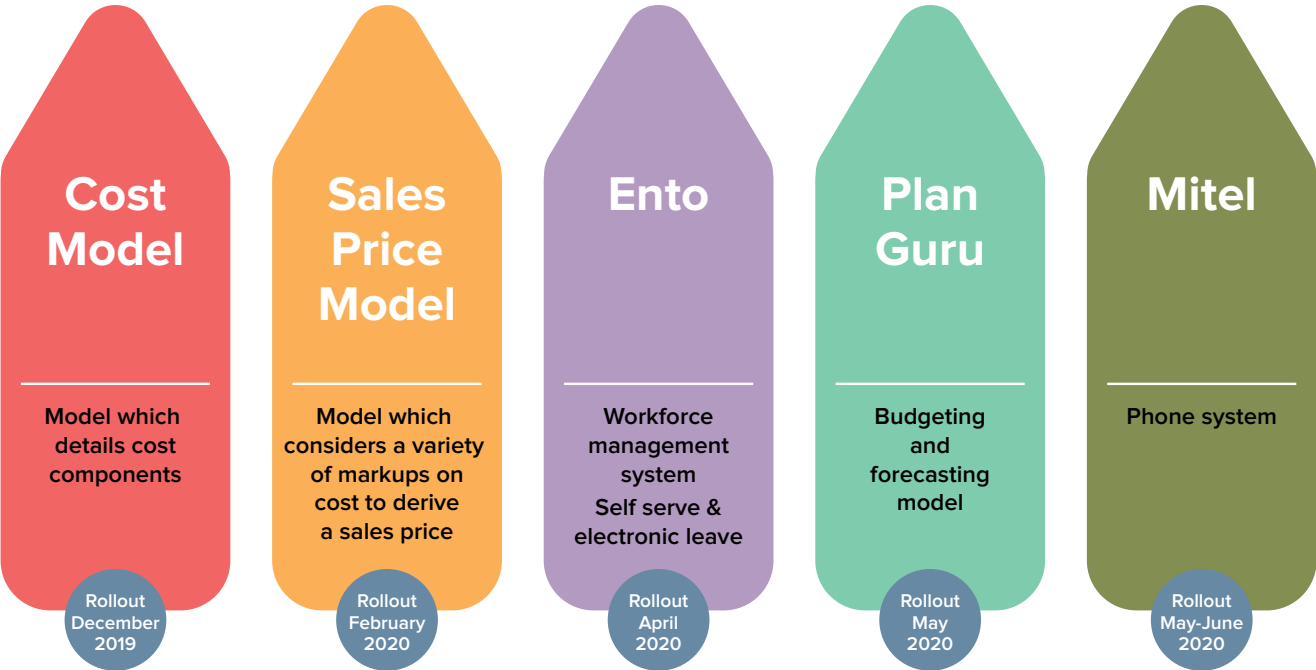
No grants or sponsorships were provided in the current financial year.

Leases, licences and permits

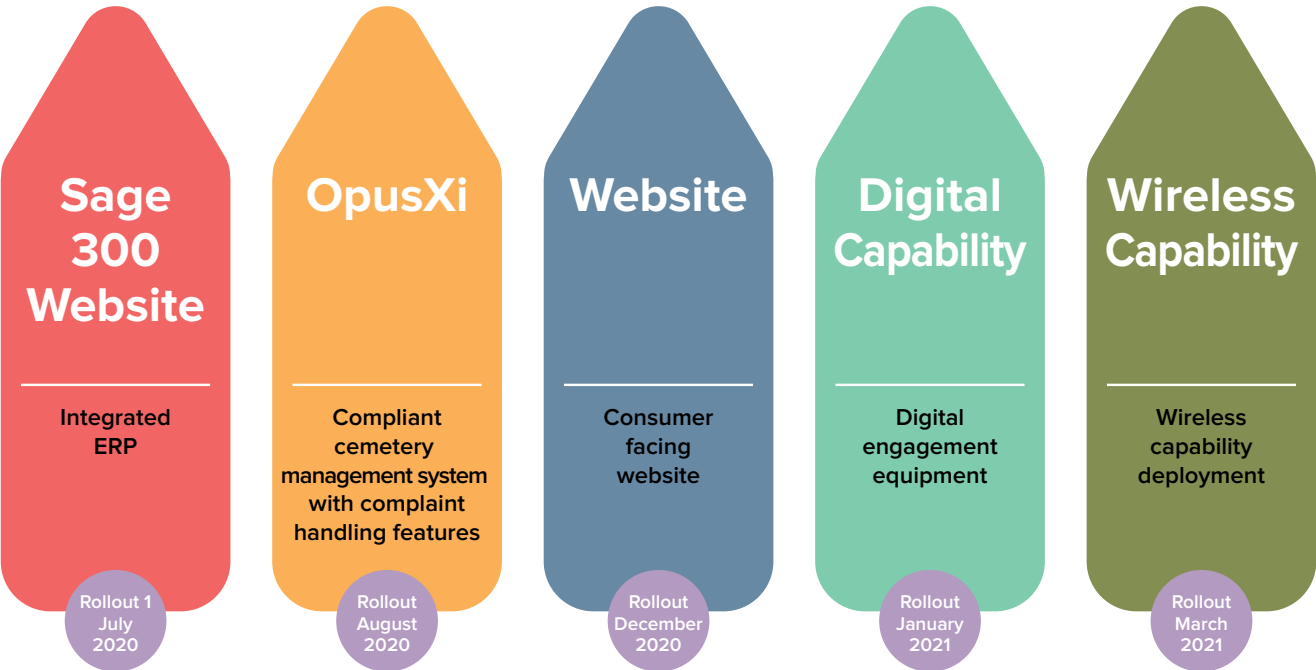
The following table outlines the leases and licences in effect for the 2019/20 financial year.

Facility	Tenant Name	Purpose Description
ESMP Café, Florist and Condolence Centre	Celeste Catering Pty Ltd (from November 2019) Pelema Retail Pty Ltd (to November 2019)	Café, Florist and Condolence Centre
Woronora Tea Rooms, Florist and Condolence Centre	Celeste Catering Pty Ltd	Tea Rooms, Florist and Condolence Centre
ESMP Funeral Home	Joseph Medcalf Funeral Services	Funeral Home

Projects delivered to date



Strategic projects for the future



SMCNSW continued to invest in IT infrastructure, property, plant and equipment with capital expenditure of \$4.7m occurring in 2020. Highlight achievements included delivery of the first modules of the new Cemetery Management System, implementation of the new Financial Management System and deployment of the Workforce Management System, new VoIP Communication System and stability of servers/IT infrastructure achieved.

Use of consultants

Consultant	Work performed	Current year spend \$
AI Group	HR Consulting Services	12,002
Arup Australia Pty Ltd	Fire Engineering Services works review	1,000
Ausgrid	Excavation & restoration works at ESMP	311,627
BDO	Feasibility Study, Enterprise System & other financial advice	249,541
BDO East Coast Partnership	ASIC & ATO related	6,239
Capital Insight Pty Limited	WMP Crematorium Incident Investigation consulting	6,090
Charter Keck Cramer	IPART review of interment costs & pricing	3,000
City Plan	Analytics and mapping of Sydney Cemetery catchments for CEO Workshop	4,639
Converge International Pty Ltd	EAP Retainer Fee	7,598
Cooper & Richards	Consulting - Field Survey for Macedonian Burial Plots	1,600
Corporate Scorecard	Financial Viability Assessment - Celeste Catering	299
D.J.Hall Consulting Civil and Structural Engineer	Structural Engineering consulting	7,400
Dave Grosvenor Advisory	Procurement advice	2,600
Deloitte Risk Advisory Pty Ltd	Risk Advisory service	53,778
Epic Enviromental Pty Ltd	Project Management	12,611
First Focus IT Pty Ltd	Strategy Planning - Consulting Fee	13,200
Fox Construction Group Pty Ltd	Trial Foundation for monuments within Northern Precinct	2,310
Greencap	Emergency management system, Hazmat Survey ESMP	10,860
Habitat Architects- Human Scale Architecture	ESMP Chapels Locate and issue available plans of existing buildings	711
HLB Mann Judd (NSW) Pty Ltd	HR Advice	1,000
Justine Carter Consulting - Blend Marketing	Consulting - Marketing Creative development, digital, print production GL2 retaining wall	530
Keighran & Associates Pty Ltd	Consultant Project management - liaise with facilities manager & geotechnical engineer	1,050
Landsdown, Fiona	Secretariat support for written submission	3,950
Mojo Media	Public Relations Support re: Cemetery relocation issue Review of documentation.	2,500
Nexia Australia	AASB 15 Review	25,000
NSW Government Public Works Advisory	Request for Crematorium archive plans	154

Use of consultants (cont)

O'Connor Marsden & Associates Pty Ltd	Heritage Conservation Plan RFT (20 May 19 to 31 July 19)	5,100
Opteon Property Group Pty Ltd	Land valuation fee	6,400
Protiviti Pty Ltd	Professional fees for Internal Audit Strategy and Plan from July 2019 - August 2019	26,164
Safety Services Australia Pty Ltd	WHS consultancy	21,713
Sage Software Australia Pty Ltd	Internal audit project	5,286
The Insight Group	Performance Development Framework Advice	45,000
Wilde And Woollard Pacific Pty Ltd	Cost Planning service, Asset Register Tender Reviews	8,460
Total spend 2019 / 2020		859,412

Disclosure of amounts over \$50k spend

Project Description	Site	Amount
Bumborah Point Feasibility study		\$121,301
ML68 - development of inventory	ESMP	\$161,843
Compound Upgrade	ESMP	\$263,398
Condolence & Cafe Refurbishment	ESMP	\$263,556
Security Management System	ESMP and WMP	\$265,857
Bunnerong Project - development of inventory plan	ESMP	\$347,685
Centenary Park Ponds	ESMP	\$82,289
Carpark Resurfacing	ESMP	\$204,265
Prince Edward Park Feasibility Study	WMP	\$70,721
Administration office extension	WMP	\$555,331
2Easy to Phoenix interim CMS for WMP	WMP	\$86,443
Compounds Lunch & Change Room	WMP	\$69,270
Implementation of Opus - CMS	ESMP and WMP	\$405,479
Implementation of Sage300 - ERP	ESMP and WMP	\$225,379
Retaining Wall GL 2 - Site improvements	ESMP	\$406,769
Total		\$3,529,586



This year the Board have commissioned several major internal audits, including a review of Business Continuity Planning and Covid-19 Response Planning. The outcomes of these reviews have resulted in the development of a series of projects for ongoing business continuity planning and emergency response. A Covid-19 Response Plan is now in place and has been regularly reviewed throughout the year. An important component of this plan has been WHS provisions for staff and establishing working from home arrangements for the majority of the administrative staff. These have generated extra unbudgeted costs for the organisation related to the provision of extra computer and telephony equipment and additional technology support arrangements. We have also focused on communication to funeral directors to advise them of their compliance requirements under Public Health Orders. Southern Metropolitan Cemeteries NSW (SMCNSW) is now a Covid Safe registered business. In addition to these activities, the Board also undertook a review of leadership capability for the organisation.

The results have informed the development of a new performance-management framework for the organisation and supported the planned restructure of the executive team. As part of this restructure, a new role of Manager, Marketing and Growth was implemented. Given the importance of customer care functions to the organisation, the Customer Care team now reports directly to the CEO, with the former role of Senior Manager, Customer Care redundant. These changes reflect decisions of the Board to re-focus the team and develop strategic and specialist marketing and community engagement capability within the organisation, and to improve the overall quality of customer service we provide. The Board has significantly revised its Risk Register and updated the operations of its Risk and Audit Committee to reflect the current operating environment. The Board receives regular updates on compliance with the Covid-19 Response Plan. As part of its own compliance activities, meetings are now conducted via teams, and external events and other meetings are conducted according to Covid Safe principles.





To the Board of Directors of Southern Metropolitan Cemeteries Land Manager

Auditor’s Independence Declaration under Subdivision 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*

As lead audit partner for the audit of the financial statements of Southern Metropolitan Cemeteries Land Manager for the financial year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Nexia Sydney Audit Pty Ltd

Joseph Santangelo
Director

Dated: 8 October 2020
Sydney

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Independent Auditor’s Report to the Members of Southern Metropolitan Cemeteries Land Manager

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Southern Metropolitan Cemeteries Land Manager (the Land Manager), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors’ declaration.

In our opinion, the accompanying financial report of the Land Manager is in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:

- i) giving a true and fair view of the Land Manager’s financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- ii) complying with Australian Accounting Standards and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the ‘auditor’s responsibilities for the audit of the financial report’ section of our report. We are independent of the Land Manager in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other information

The directors are responsible for the other information. The other information comprises the information in Southern Metropolitan Cemeteries Land Manager’s annual report for the year ended 30 June 2020, but does not include the financial report and the auditor’s report thereon. Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report that fact. On the date of this report, we have not received the other information to be included in the annual report. We will review this information when it is available.

Directors’ responsibility for the financial report

The directors of the Land Manager are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Act 2012 and for such internal control as the directors determine is necessary

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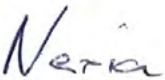
to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

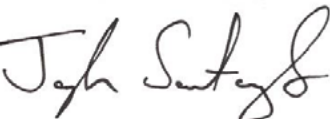
In preparing the financial report, the directors are responsible for assessing the Land Manager’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Land Manager or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibility for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_files/ar4.pdf. This description forms part of our auditor’s report.


Nexia Sydney Audit Pty Ltd


Joseph Santangelo
Director

Dated: 8 October 2020
Sydney

Southern Metropolitan Cemeteries Land Manager
Directors’ declaration for the financial year ended 30 June 2020


Directors’ Declaration


In the opinion of the Directors’ of Southern Metropolitan Cemeteries Land Manager:

- a. The Land Manager is publicly accountable;
- b. The Financial statements and notes are in accordance with the Australian Charities and Not-for-Profits Commission Act 2012, including:
 - i. Giving a true and fair view of the Land Manager’s financial position as at 30 June 2020 and of its performance for the year ended on that date; and
 - ii. Complying with Australian Accounting Standards and the Australian Charities and Not-for Profits Commission Regulations 2013; and
- c. There are reasonable grounds to believe that the Land Manager will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

On behalf of the Board


Chair


Board Member

Sydney, 7 October 2020

Statement of profit or loss and other comprehensive income

for the financial year ended 30 June 2020

	Notes	Year ended 30/06/2020 \$	Year ended 30/06/2019 \$
Revenue from contracts with customers	5	18,517,640	20,706,326
Investment income	6	3,898,514	4,682,718
Other (losses)/gains	7	(5,244,549)	1,291,243
Employee benefit expenses	8	(9,976,467)	(8,258,863)
Administrative expenses		(3,202,786)	(3,089,007)
Crematorium and cemetery expenditure	8	(6,046,869)	(6,806,781)
Depreciation and amortisation	8	(1,935,336)	(2,170,037)
Impairment of receivables		(12,233)	-
Finance costs	8	(220,779)	-
Impairment of buildings and land	14	-	(7,906,717)
Loss for the year		(4,222,864)	(1,551,118)
Other comprehensive income for the year			
Items that will be reclassified subsequently to profit or loss			
Revaluation increment on Crown land		12,693	-
Total comprehensive loss for the year		(4,210,171)	(1,551,118)

Notes to the financial statements are included on pages 42 to 69.

Statement of financial position

as at 30 June 2020

	Notes	Year ended 30/06/2020 \$	Year ended 30/06/2019 \$
ASSETS			
Current assets			
Cash and cash equivalents	24	3,961,129	9,248,259
Trade and other receivables	9	2,549,383	4,250,079
Contract asset	10	2,139,607	-
Financial assets	11	22,340,000	19,800,000
Other assets	12	284,473	139,024
Inventories	13	1,205,449	1,547,103
Total current assets		32,480,041	34,984,465
Non-current assets			
Trade and other receivables	9	-	423,054
Financial assets	11	73,132,006	75,613,318
Inventories	13	15,670,903	16,159,325
Property, plant and equipment	14	41,478,264	39,916,213
Right-of-use asset	15	39,081	-
Intangible assets	16	270,832	1,000
Total non-current assets		130,591,086	132,112,910
Total assets		163,071,127	167,097,375
LIABILITIES			
Current liabilities			
Trade and other payables	17	1,374,292	967,341
Contract liability	18	8,282,248	2,168,346
Lease liability	15	14,796	-
Provisions	19	1,224,561	1,975,705
Total current liabilities		10,895,897	5,111,392
Non-current liabilities			
Contract liability	18	-	1,600,400
Lease liability	15	26,030	-
Provisions	19	217,724	221,549
Total non-current liabilities		243,754	1,821,949
Total liabilities		11,139,651	6,933,341
Net assets		151,931,476	160,164,034
Equity			
Accumulated funds	20	126,077,558	134,322,809
Reserves	21	25,853,918	25,841,225
Total equity		151,931,476	160,164,034

Notes to the financial statements are included on pages 42 to 69.

Statement of changes in equity

for the financial year ended 30 June 2020

	Accumulated funds \$	Available-for- sale reserve \$	Asset revaluation reserve \$	Total \$
Balance at 30 June 2018 restated	129,485,978	6,387,949	25,841,225	161,715,152
Loss for the year	(1,551,118)	-	-	(1,551,118)
Reclassification of Available for Sale investments due to AASB 9 'Financial Instruments'	6,387,949	(6,387,949)	-	-
Total comprehensive income (loss) for the year	4,836,831	(6,387,949)	-	(1,551,118)
Balance at 30 June 2019	134,322,809	-	25,841,225	160,164,034
Impact of adoption of AASB 15 'Revenue from Contracts with Customers'	(4,022,387)	-	-	(4,022,387)
	130,300,422	-	25,841,225	156,141,647
Loss for the year	(4,222,864)	-	-	(4,222,864)
Revaluation increment on Crown land	-	-	12,693	12,693
Total comprehensive income (loss) for the year	(4,222,864)	-	12,693	(4,210,171)
Balance at 30 June 2020	126,077,558	-	25,853,918	151,931,476

Notes to the financial statements are included on pages 42 to 69.

Statement of cash flows

for the financial year ended 30 June 2020

	Notes	Year ended 30/06/2020 \$	Year ended 30/06/2019 \$
Cash flows from operating activities			
Receipts from customers		20,600,119	24,207,549
Payments to suppliers and employees		(19,598,818)	(17,922,208)
Receipts from Government Grants		592,223	-
Finance income received		470,060	537,693
Dividend income received		3,629,020	3,852,067
Interest paid		(680)	-
Net cash provided by operating activities	24	5,691,924	10,675,101
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		244,574	265,827
Purchase of plant, equipment & buildings		(4,718,415)	(3,670,793)
Purchase of intangibles		(332,436)	-
Proceeds from investments		76,819,499	100,560,866
Purchase of investments		(82,979,683)	(104,899,351)
Net cash used in investing activities		(10,966,461)	(7,743,451)
Cash flows from financing activities			
Repayment of leases		(12,593)	-
Net cash used in financing activities		(12,593)	-
Net (decrease) increase in cash and cash equivalents		(5,287,130)	2,931,650
Cash and cash equivalents at the beginning of the year		9,248,259	6,316,609
Cash and cash equivalents at the end of the year	24	3,961,129	9,248,259

Notes to the financial statements are included on pages 42 to 69.

1. General information

Southern Metropolitan Cemeteries Land Manager (the “Land Manager” or “SMCNSW”) is incorporated under the New South Wales Crown Lands Act 1989 and operates under the Cemeteries and Crematoria Act 2013 (NSW).

SMCNSW is primarily involved in the provision of burial, cremation and memorialisation services for the public.

SMCNSW is a registered charity with the Australian Charities and Not-for-Profits Commission and is exempt from income tax.

The registered office of the entity and its principal place of business is:

121 Linden Street, Sutherland, NSW 2232

The financial report of SMCNSW for the year ended 30 June 2020 was authorised for issue with a resolution of the directors on 7 October 2020.

2. Significant accounting policies

Reporting entity

The financial statements are general purpose financial statements which have been prepared in accordance with the Australian Accounting Standards (AASB), the Australian Charities and Not-for-profits Commission Act 2012 and the Australian Charities and Not-for-profits Commission Regulation 2013 (ACNC).

Basis of Preparation

The financial statements have been prepared on the basis of historical cost, except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the SMCNSW takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 102 ‘Inventories’ or value in use in AASB 136 ‘Impairment of Assets’.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

Where necessary, comparative amounts have been reclassified and repositioned for consistency with current year accounting policy and disclosures. Further details on the nature and reason for amounts that have been reclassified and repositioned for consistency with current year accounting policy and disclosures, where considered material, are referred to separately in the financial statements or notes thereto.

The principal accounting policies adopted in the presentation of the financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

(a) Income tax

No provision for income tax or income tax expense is necessary as SMCNSW is exempt from income tax under the Income Tax Assessment Act 1997 as SMCNSW is a charity endorsed by ACNC.

(b) Financial assets

Financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the entity has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or (ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mismatch. Except for effective hedging instruments, derivatives are also categorised as fair value through profit or loss. Fair value movements are recognised in profit or loss.

Impairment of financial assets

SMCNSW assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

(c) Financial liabilities

Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

SMCNSW derecognises financial liabilities when, and only when, SMCNSW obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment of assets

At the end of each reporting period, SMCNSW assesses whether there is any indication that an asset may be impaired. The assessment will include considering external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

2. Significant accounting policies (cont'd)

Where it is not possible to estimate the recoverable amount of an individual asset, SMCNSW estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(d) Revenue recognition

The entity recognises revenue as follows:

Revenue from contracts with customers

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

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Refund liabilities are recognised where SMCNSW receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which SMCNSW does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology. Refer to Note 3 for details on the nature of these transactions regarding the initial impact of the adoption of AASB 15 – Revenue from contracts with customers.

Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to SMCNSW and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to SMCNSW and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Grant Income

Grant income from governments is recognised at fair value in the period in which the services are provided, having regard to the stage of completion of the service obligations, where a performance and return obligation exists. When no such obligation exists (as is the case with income received under the JobKeeper Payment Scheme made available by the Commonwealth Government) grant income is recognised when the right to receive the grant is established as grants are received or receivable.

(e) Rental income

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(f) Employee benefits

Short-term and long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries and annual leave in the period the related service is rendered. Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by SMCNSW in respect of services provided by employees up to reporting date.

Provision is made for the SMCNSW liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Retirement benefits costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

(g) Property, plant and equipment

Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Class of fixed asset	Useful life	Depreciation rate
Buildings	10 to 40 years	2.5% to 10%
Office furniture and equipment	3 to 10 years	10% to 33%
Motor vehicles	5 years	20%
Roadwork and ground	5 to 20 years	5% to 20%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2. Significant accounting policies (cont'd)

(h) Right-of-use assets

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

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

The entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less. Lease payments on these assets are expensed on a straight-line basis over the remaining lease term.

(i) Intangible assets

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives as follows:

Class of intangible asset	Useful life	Amortisation rate
Software	1 to 5 years	20% to 100%

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average cost basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

The current balance is based on the expected units to be sold within 12 months of the reporting period.

(k) Provisions

Provisions are recognised when SMCNSW has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefit will result and that outflow can be reliably measured.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(l) Goods and services tax (GST)

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 taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

(m) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three month or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities in the statement of financial position.

(n) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

The entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any allowance for expected credit loss.

(o) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

(p) Trade and other payables

These amounts represent liabilities for goods and services provided to the entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(q) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase

2. Significant accounting policies (cont'd)

option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

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

(r) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

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

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(s) Comparative figures

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

(t) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the entity for the annual reporting period ended 30 June 2020. The entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

3. New or amended Accounting Standards and Interpretations adopted

SMCNSW has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the entity:

AASB 15 Revenue from Contracts with Customers

The entity has adopted AASB 15 from 1 July 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

Under AASB 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The directors have determined that SMCNSW's performance obligations relating to cemetery and crematorium operations are satisfied at the points in time the contracted goods and services are transferred to the customer. Consequently, revenue relating to cemetery and crematorium operations is recognised at those points in time.

The entity has elected to apply the modified retrospective transition method with respect to implementation of AASB 15. In this case, AASB 15 is applied retrospectively to only the current period presented in the financial statements with no restatement of the comparative period. As such, the cumulative effect of initially applying AASB 15 will be recognised as an adjustment to retained earnings as at 1 July 2019 (the date of initial application). On this basis, there is no impact to retained earnings as at 30 June 2019. SMCNSW has elected to apply the "completed contracts exemption" in paragraph C7 of AASB 15. This exemption allows an entity not to restate previous contracts where the entity has transferred all of the goods or services identified under AASB 118 Revenue.

Notes to the financial statements

for the financial year ended 30 June 2020

3. New or amended Accounting Standards and Interpretations adopted (cont'd)

(a) Impact on the financial statements

The following tables show the final adjustments recognised for each individual line item:

Statement of financial position	As at 30 June 2019 As originally presented \$	AASB 15 \$	1 July 2019 Restated \$
ASSETS			
Current			
Cash and cash equivalents	9,248,259	-	9,248,259
Trade and other receivables	4,250,079	(1,380,092)	2,869,987
Contract assets	-	2,014,112	2,014,112
Financial assets	19,800,000	-	19,800,000
Prepayments	139,024	-	139,024
Inventories	1,547,103	-	1,547,103
Total current assets	34,984,465	634,020	35,618,485
Non-Current assets			
Trade and other receivables	423,054	(423,054)	-
Financial assets	75,613,318	-	75,613,318
Inventories	16,159,325	-	16,159,325
Property, plant and equipment	39,916,213	-	39,916,213
Right-of-use assets	-	-	-
Intangible assets	1,000	-	1,000
Total non-current assets	132,112,910	(423,054)	131,689,856
Total assets	167,097,375	210,966	167,308,341

Notes to the financial statements

for the financial year ended 30 June 2020

(a) Impact on the financial statements (cont'd)

Statement of financial position	As at 30 June 2019 As originally presented \$	AASB 15 \$	1 July 2019 Restated \$
LIABILITIES			
Current liabilities			
Trade and other payables	967,341	-	967,341
Contract liabilities	2,168,346	6,085,021	8,253,367
Lease liabilities	-	-	-
Provisions	1,975,705	(251,268)	1,724,437
Total current liabilities	5,111,392	5,833,753	10,945,145
Non-Current Liabilities			
Contract liabilities	1,600,400	(1,600,400)	-
Lease liabilities	-	-	-
Provisions	221,549	-	221,549
Total non-current liabilities	1,821,949	(1,600,400)	221,549
Total liabilities	6,933,341	4,233,353	11,166,694
Net assets	160,164,034	(4,022,387)	156,141,647
Equity			
Accumulated funds	134,322,809	(4,022,387)	130,300,422
Reserves	25,841,225	-	25,841,225
Total equity	160,164,034	(4,022,387)	156,141,647

3. New or amended Accounting Standards and Interpretations adopted (cont'd)

(b) Impact of adoption and changes to accounting policies

In accordance with the transition provisions in AASB 15: Revenue from Contracts with Customers, the Land Manager has adopted the new rules prospectively from 1 July 2019 and was not required to restate comparatives for the 2019 financial year. The new rules have resulted in changes in accounting policies and the following adjustments were made to the amounts recognised in the balance sheet and retained earnings at the date of initial application on 1 July 2019:

(Table 1) Transition adjustments

	AASB 118 carrying amount 30 June 2019 \$	Funeral and Payment Plans 30 June 2019 \$	Cemetery & Cremation Services 30 June 2019 \$	Subtotal \$	AASB 15 carrying amount 1 July 2019 \$
Balance Sheet					
Assets					
Contract Assets	-	2,012,199	1,913	2,014,112	2,014,112
Trade and other Receivables	4,673,133	(1,803,146)	-	(1,803,146)	2,869,987
Liabilities					
Provisions	2,197,254	-	(251,268)	(251,268)	1,945,986
Contract liabilities	3,768,746	896,037	3,588,584	4,484,621	8,253,367
Equity					
Accumulated funds	134,322,809	(686,983)	(3,335,404)	(4,022,387)	130,300,422

The majority of the increase in contract liabilities in 2020 was mainly due to the \$216,765 in new contracts recognised in the year. In 2020 \$220,099 was recognised as the finance cost on the re assessment of the liability at year end. The majority of the increase in contract assets was mainly due to \$177,863 in new contracts recognised in 2020.

The following table shows how much of the revenue recognised in the current reporting period relates to carried forward contract liabilities:

	2020
Funeral and Payment Plans	72,364
Cemetery and Cremation Services	85,896

(i) Accounting for prepaid funeral service contracts from 1 July 2019

Impact of adoption of AASB 15

SMCNSW is the recipient of consideration under Funeral Plan contracts once performance obligations are satisfied to the customer. Under the new standard, SMCNSW will continue to defer recognition of revenue until the time performance obligations are satisfied but will now initially recognise a contract liability equal to the agreed value of the funeral plan contract. The contract liability is subsequently remeasured for the time value of money to reflect the significant financing component in the contract. SMCNSW will also recognise a contract asset reflecting its entitlement to the redemption value of the funds held by the Funeral Plan Management company which are payable to SMCNSW.

To reflect this change in policy, SMCNSW has recognised a contract liability in relation to its funeral plan obligations not yet delivered at 1 July 2019 of \$2.699m. The contract liability has been disclosed in these accounts as a current liability as SMCNSW does not have a right to defer settlement of its obligations under those contracts for a period of more than 12 months after balance date. The amount of this contract liability expected to be realised within one year (based on recent experience) is \$79,000, with the balance of the contract liability expected to be realised after that one year. A contract asset of \$2.012m has also been recognised at 1 July 2019 representing SMCNSWs right to receive the redemption value of those funeral plans from the relevant funeral plan management company. This contract asset has been disclosed in these accounts as a current asset on the basis that the asset and the liability originate from the same contract and can not be realised or settled independently of each other.

The amount of this contract asset expected to be realised within one year (based on recent experience) is \$53,000, with the balance of the contract asset expected to be realised after that one year.

Under the new standard SMCNSW has also amended the method of accounting for income received in relation to payment plans in which customers may choose (in appropriate circumstances) to pay for interment rights by instalments over a period of time. Previously, SMCNSW recognised a receivable and deferred income in relation to unpaid instalments under payment plans. Revenue was, and continues to be, recognised at the point in time when the right of interment is transferred to a customer. As a customer can terminate a payment plan contract without penalty, a contract asset or receivable is no longer recognised in relation to unpaid instalments under a payment plan contract and from 1 July, 2019 instalments received from a customer are recognised as a contract liability until final payment is made and the interment right is transferred to the customer.

(ii) Accounting for Cemetery and Crematorium Services from 1 July 2019

SMCNSW will recognise revenue as required by the new standard when (or as) a performance obligation is satisfied i.e. when “control” of the goods or services underlying a performance obligation is transferred to a customer.

Included in SMCNSW’s deliverables under cemetery and crematoria contracts are:

Interment rights – An interment right is the right to be committed in a designated space in a cemetery in perpetuity. The specific site is allocated at the time of signing the contract. Upon receipt of full payment, a certificate of exclusive right of interment is issued to the customer. Revenue is recognised at this time of grant of right of interment to the customer.

Interment and Crematorium services – Revenue is recognised at the time the service is performed.

Memorialisation services – Revenue is recognised at the time the memorialisation is installed.

SMCNSW has also entered into some contracts with customers in which deliverables are “bundled” together, often with an interment right. These additional deliverables may include a headstone, candilli, granite tablet, plaque and placement and/or lettering. Each distinct performance obligation within these “bundled” contracts will be identified and revenue allocated to each performance obligation based on a reasonable estimate of their standalone alone prices. Revenue will then be recognised when each of the performance obligations is satisfied. Where the contract contains a significant financing component this revenue will be adjusted to reflect the time value of money

SMCNSW has also recognised a contract liability in relation to its current business policy of processing valid requests for refunds of interment rights. Consideration that is expected to be returned as a refund is recorded as a contract liability, and not as revenue. SMCNSW has also recognised a contract asset in relation to its right to recover the interment right on settling the refund liability.

Impact of adoption of AASB 15

Under AASB 15 the main impact on SMCNSW’s revenue recognition practice arises from the change from a ‘risk and rewards’ model under AASB 118 to a ‘control’ based model under AASB 15. The transfer of control of these distinct performance obligations determines when revenue should be recognised.

Based on the assessment of the impacts of AASB 15, SMCNSW reviewed its open contracts (and in particular contracts where deliverables were bundled together) as at 1 July 2019. As a result of this review total revenue of \$4.485 million previously recognised has now been recognised as a contract liability and will be released as revenue in future years under AASB 15 as performance obligations to customers are completed.

Notes to the financial statements

for the financial year ended 30 June 2020

3. New or amended Accounting Standards and Interpretations adopted (cont'd)

(iii) Matters affecting both Prepaid Funeral Plan Contracts and Contracts for Cemetery and Crematorium Services from 1 July 2019 – Inclusion of financing component

SMCNSW has contracts where the period between payment by the customer and completion of the performance obligation exceeds one year. As a result SMCNSW will adjust its contract liabilities to include a financing component by using a discount rate that results in revenue being recognised that approximates the cash price the customer would have paid if the consideration was paid at the time the performance obligation was completed.

AASB 16 Leases

The entity has adopted AASB 16 'Leases' from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in Amortisation - ROU) and an interest expense on the recognised lease liabilities (included in finance cost). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. For classification within the statement of cash flows, the interest portion and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Management have applied the modified retrospective approach, whereby the initial measurement of the lease liability is calculated as the present value of future lease payments. The right-of-use asset is initially measured at the same amount as the lease liability, adjusted for payments made and incentives received before the initial application of the lease as well as estimated costs for dismantling, removing and restoring. As a result, there is no adjustment to opening retained earnings.

The adoption of this new Standard resulted in the entity recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as short-term.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months the entity has applied the practical expedient not to recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

When measuring lease liabilities for leases that were previously classified as operating leases, the entity discounted lease payments using its incremental borrowing rate as at 1 July 2019. The weighted average rate applied is 1.42%.

The right-of-use asset is depreciated on a straight-line basis over the remaining lease term. The lease liability is unwound over the remaining lease term.

The following is a reconciliation of total operating lease commitments at 30 June 2019 (as disclosed in the financial statements of 30 June 2019) to the lease liabilities recognised at 1 July 2019:

	1 July 2019 \$
Operating lease commitments as at 30 June 2019 under AASB 117	53,419
Effect of discounting using the incremental borrowing rate at 1 July 2019	-
Lease liabilities not recognised under AASB 16 (Short-term exemption)	-
Lease liabilities recognised as at 1 July 2019	53,419
<i>Comprising</i>	
Lease liabilities – current	12,593
Lease liabilities – non-current	40,826
Lease liabilities recognised as at 1 July 2019	53,419

Notes to the financial statements

for the financial year ended 30 June 2020

	1 July 2019 \$
Reconciliation of right-of-use assets as at 1 July 2019:	
Amount equal to lease liability as at 1 July 2019 under AASB 16	53,419
Adjustment	-
Right of use assets as at 1 July 2019	53,419

4. Critical accounting judgments and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances.

The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Estimation of useful lives of assets

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

Impairment of non-financial assets

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

Employee benefits provision

As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

AASB 15 Recognition of Revenue from Contracts with customers

As outlined in Note 3 the recognition of revenue in accordance with AASB 15 requires each distinct performance obligation within a contract to be identified and revenue allocated to each performance obligation based on a reasonable estimate of their "stand alone prices". Where possible, a direct "stand alone" price for a performance obligation has been applied. However, often these contracts will have been entered into many years ago and information as to "stand alone" prices may not be available. SMCNSW has therefore applied reasonable methods of estimation of "stand alone" prices including reference to price indices and third-party price information.

Notes to the financial statements

for the financial year ended 30 June 2020

4. Critical accounting judgments and key sources of estimation uncertainty (cont'd)

As also outlined in Note 3 SMCNSW has contracts where the period between payment by the customer and completion of the performance obligation exceeds one year. SMCNSW therefore adjusts its contract liabilities recognised under AASB 15 to include a financing component (using an estimated discount rate) for the purpose of estimating the cash price the customer would have paid if paying the consideration at the same time as the performance obligation is completed.

Fair Value of Crown Lands

An independent valuation has been obtained to determine the fair value of the Crown lands held by SMCNSW as at 30 June 2020. The valuation report considers that there is estimation uncertainty in relation to the discount rates applied in determining the fair value of lands that have severe restrictions on development potential and usage in the future.

	30 June 2020 \$	30 June 2019 \$
5. Revenue from contracts with customers		
Disaggregation of revenue from contracts with customers		
Revenue from cemetery	12,171,692	14,530,300
Revenue from crematorium	5,632,079	6,078,158
Other revenue	713,869	97,868
	18,517,640	20,706,326

6. Investment income

Interest income	459,201	537,038
Dividend income	2,775,500	3,339,968
Franking credits receivable	663,813	805,712
	3,898,514	4,682,718

7. Other (losses)/gains

Net (decrease)/ increase in fair value of financial assets	(6,376,098)	1,006,048
JobKeeper grant income	904,223	-
Rental Income	369,016	363,561
Other	(141,690)	(78,356)
	(5,244,549)	1,291,243

Net increase in fair value of investments for FY 2020 relates to the recognition of fair value of the financial assets through the profit and loss as per AASB 9 'Financial Instruments'.

Notes to the financial statements

for the financial year ended 30 June 2020

	30 June 2020 \$	30 June 2019 \$
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8. Expenses

Loss for the year from continuing operations has been arrived at after charging:

Cost of sales

Crematorium and cemetery expenditure	6,046,869	6,806,781
--------------------------------------	------------------	------------------

Depreciation

Buildings	490,361	799,413
Furniture, plant and machinery	839,269	887,142
Motor vehicles	195,231	186,177
Roadwork and ground development	333,533	297,305
Total depreciation	1,858,394	2,170,037

Amortisation

Software	62,604	-
Right-of-use assets	14,338	-
Total amortisation	76,942	-
Total depreciation and amortisation	1,935,336	2,170,037

Finance costs

Interest and finance charges on contracts	220,099	-
Leasing finance charges	680	-
	220,779	-

All employees of the SMCNSW are entitled to benefits from three superannuation plans on retirement, disability or death. The SMCNSW participates in defined contribution plans. The benefits provided under these plans are based on accumulated contributions and earnings for each employee. The SMCNSW liability is limited to paying the contributions to the plans.

Employee benefit expenses

Post-employment benefits	737,585	576,355
Other employee benefits	9,238,882	7,682,508
	9,976,467	8,258,863

Notes to the financial statements

for the financial year ended 30 June 2020

	30 June 2020 \$	30 June 2019 \$
9. Trade and other receivables		
Trade receivables	751,913	1,100,859
Less: allowance for expected credit losses	-	-
	751,913	1,100,859
Other receivables	1,725,408	1,877,717
Payment plan receivables	-	1,611,636
Interest accrued	72,062	82,921
	2,549,383	4,673,133
Current	2,549,383	4,250,079
Non-current	-	423,054
	2,549,383	4,673,133

No interest is charged on trade receivables. The amount recognised as an expected credit loss in respect of the year ended 30 June 2020 was nil (2019: nil).

10. Contract assets

Funeral plan contracts	2,136,884	-
Assets from return of inventory	2,723	-
Current	2,139,607	-

Notes to the financial statements

for the financial year ended 30 June 2020

	30 June 2020 \$	30 June 2019 \$
11. Financial assets at fair value through profit or loss		
Term deposits	22,340,000	19,800,000
Shares	73,132,006	75,613,318
	95,472,006	95,413,318
Current	22,340,000	19,800,000
Non-current	73,132,006	75,613,318
	95,472,006	95,314,318

SMCNSW holds term and other deposits that carry interest at variable rate. The weighted average Interest rate on these securities is 2.04% per annum (2019: 2.27%). The deposits have maturity dates ranging between 1 to 12 months from the end of the reporting period.

12. Other assets

Prepayments	284,473	139,024
Current	284,473	139,024

13. Inventories

Crypts and mausoleum	5,566,489	6,425,917
Grave foundations and beams	5,807,153	6,563,346
Garden memorialisations	693,667	760,751
Inventory work-in-progress	953,014	100,384
Future developed areas	3,856,029	3,856,030
	16,876,352	17,706,428
Current	1,205,449	1,547,103
Non-current	15,670,903	16,159,325
	16,876,352	17,706,428

The cost of inventories recognised as an expense during the year was \$2.1 million (2019: \$1.2 million) and has been recognised as part of crematorium and cemetery expenditure on the statement of profit.

Notes to the financial statements

for the financial year ended 30 June 2020

	30 June 2020 \$	30 June 2019 \$
14. Property, plant and equipment		
Buildings – fair value	6,460,777	5,135,801
Less: Accumulated depreciation	(490,361)	-
	5,970,416	5,135,801
Motor vehicles at cost	1,392,895	1,036,081
Less: Accumulated depreciation	(679,440)	(484,209)
	713,455	551,872
Furniture and plant and machinery at cost	8,576,010	7,485,469
Less: Accumulated depreciation	(3,783,012)	(2,927,034)
	4,792,998	4,558,435
Roadwork and ground developments at cost	4,851,371	4,291,725
Less: Accumulated depreciation	(1,472,356)	(1,138,823)
	3,379,015	3,152,902
Land – fair value	25,853,918	25,841,225
	25,853,918	25,841,225
Work in progress	768,462	675,978
Total cost	47,903,433	44,466,279
Total accumulated depreciation	(6,425,169)	(4,550,066)
	41,478,264	39,916,213
Non-current	41,478,264	39,916,213

Notes to the financial statements

for the financial year ended 30 June 2020

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Buildings at Cost \$	Motor Vehicles at Cost \$	Furniture, plant and machinery at Cost \$	Roadwork and ground developments at Cost \$	Land at Cost \$	Crown Land at Revalued Amount \$	Work in progress at Cost \$	Total \$
Balance at 1 July 2018	7,369,205	705,133	2,003,663	2,736,634	2,145,071	25,841,225	5,865,426	46,666,357
Additions	84,034	85,388	730,774	96,200	-	-	2,674,397	3,670,793
Disposals/ write-downs	-	(52,472)	(147,303)	(8,894)	-	-	(65,436)	(274,105)
Depreciation	(799,413)	(186,177)	(887,142)	(297,305)	-	-	-	(2,170,037)
Transfers	4,243,621	-	2,858,443	626,267	(2,145,071)	2,145,071	(7,798,409)	(70,078)
Impairment	(5,761,646)	-	-	-	-	(2,145,071)	-	(7,906,717)
Balance at 30 June 2019	5,135,801	551,872	4,558,435	3,152,902	-	25,841,225	675,978	39,916,213
Cost	5,135,801	1,036,081	7,485,469	4,291,725	-	25,841,225	675,978	44,466,279
Accumulated depreciation	-	(484,209)	(2,927,034)	(1,138,823)	-	-	-	(4,550,066)
Closing balance	5,135,801	551,872	4,558,435	3,152,902	-	25,841,225	675,978	39,916,213
Balance at 1 July 2019	5,135,801	551,872	4,558,435	3,152,902	-	25,841,225	675,978	39,916,213
Additions	122,465	356,815	757,161	115,849	-	-	3,366,125	4,718,415
Revaluation	-	-	-	-	-	12,693	-	12,693
Disposals/ write-downs	-	-	(29,338)	(128,850)	-	-	(228,075)	(386,263)
Depreciation	(542,642)	(195,232)	(851,414)	(269,108)	-	-	-	(1,858,396)
Transfers in/ (out)	1,254,792	-	358,154	508,222	-	-	(3,045,566)	(924,398)
Balance at 30 June 2020	5,970,416	713,455	4,792,998	3,379,015	-	25,853,918	768,462	41,478,264
Cost	6,460,777	1,392,895	8,576,010	4,851,371	-	25,853,918	768,462	47,903,433
Accumulated depreciation	(490,361)	(679,440)	(3,783,012)	(1,472,356)	-	-	-	(6,425,169)
Closing balance	5,970,416	713,455	4,792,998	3,379,015	-	25,853,918	768,462	41,478,264

Notes to the financial statements

for the financial year ended 30 June 2020

14. Property, plant and equipment (cont'd)

SMCNSW operates its cemeteries on Crown Land and the land was valued by the Opteon Property Group at 30 June 2020. The valuation of cemetery land takes into account the restriction of sale or use of the land as per AASB 13 Fair Value Measurement.

The land valuation as at 30 June 2020 from Opteon is as follows:

	ESMP	WMP
The size of the cemetery	33.26 hectares	49.89 hectares
Land Value – Land Under Buildings	\$58,730	\$331,800
Land Value – Land Under Road and Formed pathways	\$4,626,860	\$11,238,500
Land Value – Land for Interment	\$2,308,880	\$3,290,700
Land Value – Land Buried Out	\$1,791,628	\$2,206,820
Valuation of cemetery date	30-Jun-20	30-Jun-20
Valuation of cemetery	\$8,786,098	\$17,067,820
Buried out area discount rate	90%	90%
Basis of the land valuation	Market	Market

Fair Value of Crown Land

Crown Land is stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The fair value measurements of the Crown Land as at 30 June 2020 were performed by Opteon Property Group, independent valuers. Opteon Property Group has the appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations.

The fair value of the Crown land was determined based on the market comparable approach that reflects recent transaction prices for similar properties and discounted by 90% to reflect the restricted use.

Fair value measurements

	Fair value as at 30 June 2020 \$	Fair value as at 30 June 2019 \$	Hierarchy	Valuation technique(s) and key input(s)
Crown Land	25,853,918	25,841,225	Level 3	Market approach discounted at 90%

Impairment of buildings

In 2019, an assessment of the fair value methodology which recognises the current replacement cost, age of the building and discounts for limited use recognised a higher than anticipated impairment when comparing the written down value of the assets to the Valuer's estimate of fair value. The Land Manager has recognised the impairment in full impacting the prior year profit by \$7.9m.

In 2020, the directors have assessed the fair value of the buildings and have determined the valuation performed as at 30 June 2019 does not differ materially from its carrying amount at 30 June 2020.

Notes to the financial statements

for the financial year ended 30 June 2020

30 June 2020
\$

30 June 2019
\$

15. Right-of-use asset and lease liability

The entity has leases for office equipment. With the exception of short-term leases, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The lease of office equipment is limited to 3 years. Lease payments are generally fixed and are not dependent on any index or rate.

Right-of-use asset

Right of use asset	53,419	-
Less: accumulated amortisation	(14,338)	-
	39,081	-
Non-current	39,081	-

Lease liability

Lease liability	40,826	-
Current	14,796	-
Non-current	26,030	-
	40,826	-

The entity has adopted AASB 16 using the modified retrospective approach from 1 July, 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing accounting are therefore recognised in the opening balance sheet on 1 July 2019. The accounting policies are disclosed in note 2(h).

16. Intangible assets

Software	332,436	-
Less: accumulated amortisation	(62,604)	-
	269,832	-
Trademarks	1,000	1,000
Total cost	333,436	1,000
Total accumulated amortisation	(62,604)	-
	270,832	1,000
Non-current	270,832	1,000

Notes to the financial statements

for the financial year ended 30 June 2020

	30 June 2020 \$	30 June 2019 \$
17. Trade and other payables		
Trade and sundry creditors	1,346,885	779,771
GST payable	27,408	60,211
Accrued expenses	-	127,359
	1,374,293	967,341
Current	1,374,293	967,341
18. Contract liability		
Cemetery and crematorium contracts	3,615,950	34,705
Funeral plan contracts	2,982,928	-
Payment plan contracts	1,683,370	3,734,041
	8,282,248	3,768,746
Current	8,282,248	2,168,346
Non-current	-	1,600,400
	8,282,248	3,768,746
19. Provisions		
Provisions for employee benefits:		
Annual and RDO Leave	790,384	652,728
Long Service Leave	651,901	679,458
	1,442,285	1,332,186
Other provisions:		
Provision for onerous contracts(*)	-	251,268
Provision for restoration	-	613,800
	-	865,068
	1,442,285	2,197,254
Current	1,224,561	1,975,705
Non-current	217,724	221,549
	1,442,285	2,197,254

(*) The application of AASB 15 has resulted in the re-assessment of onerous contracts. Based on the entity's assessment these items now form part of the contract liabilities balance.

Notes to the financial statements

for the financial year ended 30 June 2020

	30 June 2020 \$	30 June 2019 \$
20. Accumulated funds		
Balance at beginning of year	134,322,809	129,485,978
Impact of adoption of AASB 15	(4,022,387)	-
Total comprehensive loss for the year	(4,222,864)	(1,551,118)
Reclassification of Available for Sale Investments due to AASB 9 "Financial Instruments"	-	6,387,949
Balance at end of year	126,077,558	134,322,809

21. Reserves

Available for sale investments reserve

Balance at the beginning of the year	-	6,387,949
Net gain arising on the revaluation of available for sale assets	-	-
Reclassification of Available for Sale Investments due to AASB 9 "Financial Instruments"	-	(6,387,949)
Balance at end of year	-	-

The available-for-sale investments reserve represents the cumulative gains and losses arising on the revaluation of available-for-sale financial assets that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

Asset revaluation reserve

Balance at beginning of year	25,841,225	25,841,225
Revaluation gain	12,693	-
Balance at end of the year	25,853,918	25,841,225
Total balance at end of year	25,853,918	25,841,225

Notes to the financial statements

for the financial year ended 30 June 2020

	30 June 2020	30 June 2019
	\$	\$

22. Financial instruments

a) Capital management

The SMCNSW manages its capital to ensure that it will be able to continue as going concern. The SMCNSW overall strategy remains unchanged from 2019. The Land Manager is not subject to any externally imposed capital requirements.

b) Categories of financial instruments

Financial assets		
Cash and cash equivalents	3,961,129	9,248,259
Trade receivables	751,913	2,990,806
Term Deposits	22,340,000	19,800,000
Financial assets at fair value through profit or loss	73,132,006	75,613,318
Financial liabilities		
Trade and other payables	1,374,293	967,341

c) Financial risk management objectives

Market risk

SMCNSW activities expose it primarily to the financial risks of changes in interest rates. There has been no change to the SMCNSW exposure to market risks or the manner in which these risks are managed and measured. The entity's exposure to interest rate risk and the effective weighted average interest rate is limited to the cash held on deposit for which interest is earned at floating rates and term deposits for which interest is earned at pre-determined rates.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to SMCNSW. Trade receivables consist of a large number of customers. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board, which has established an appropriate liquidity risk management framework for the management of SMCNSW short, medium and long-term funding and liquidity management requirements. Trust manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Fair value of financial instruments

Financial assets/ Financial liabilities	Fair value as at 30 June 2020	Fair value as at 30 June 2019	Hierarchy	Valuation technique(s) and key input(s)
Shares in listed companies	73,132,006	75,613,318	Level 1	Quoted bid price in an active market

Notes to the financial statements

for the financial year ended 30 June 2020

	30 June 2020	30 June 2019
	\$	\$

23. Key management personnel compensation

The aggregate compensation made to directors and other members of key management personnel of SMCNSW is set out below:

Short term employee benefits	1,272,209	1,362,571
Other long-term benefits	114,728	109,407
Long-term employee benefits	18,867	(72,186)
Other long-term benefits	165,979	212,127
	1,571,783	1,611,919

24. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

Cash on hand	517	3,400
Cash at bank	3,960,612	9,244,859
	3,961,129	9,248,259

Reconciliation of loss for the year to net cash flows from operating activities

Cash flows from operating activities:

Loss for the year	(4,222,864)	(1,551,118)
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Non-cash transactions

Depreciation and amortisation	1,935,336	2,170,037
Net fair value movement in investments	3,338,192	(1,006,048)
Loss on disposal of financial assets	3,037,906	-
Capital WIP expensed	924,398	-
Loss from sale of property, plant and equipment	141,689	78,356
Property, plant and equipment impairment charge	-	7,906,717

Operating profit before changes in working capital and provisions	5,154,657	7,597,944
(Increase)/decrease in trade receivables	(117,164)	51,279
(Increase)/decrease in inventories	830,076	1,394,623
(Increase)/decrease in other assets	(107,776)	150,479
Increase/(decrease) in trade and other payables	406,951	316,775
Increase/(decrease) in deferred revenue	28,881	442,270
Increase/(decrease) in provisions	(503,701)	721,731
Net cash provided by operating activities	5,691,924	10,675,101

Notes to the financial statements

for the financial year ended 30 June 2020

	30 June 2020	30 June 2019
	\$	\$

25. Operating lease commitments

Land Manager as a lessor

Leasing arrangements

Operating leases relate to the property owned by SMCNSW with lease terms of between 5 to 10 years. All operating lease contracts contain annual market review clauses. The lessee does not have an option to purchase the property at the expiry of the lease period.

Non-cancellable operating lease receivables		
Not later than 1 year	342,814	279,319
Later than 1 year and not longer than 5 years	875,904	1,019,367
Later than 5 years	-	114,218
	1,218,718	1,412,904

The National Cabinet's Mandatory Code of Conduct with regard to SME Commercial Leasing Principles and the NSW Retail and Other Commercial Leases (COVID-19) Regulation 2020 have been complied with and rent relief offered to the lessees based on the reduction of their revenue. It is not possible to quantify the expected reduction in rent under the conditions of the arrangements.

26. Commitments for expenditure

Expenditure commitments		
Inventory development	289,249	-
Computer intangibles	379,819	-
	669,068	-

27. Auditor's remuneration

During the financial year the following fees were paid or payable for services provided by Nexia Sydney, the auditor of the company, its network firms and unrelated firms:

Audit services – Nexia Sydney Audit Pty Limited Audit of the financial statements	65,000	63,000
Other non–assurance services – Nexia Australia Limited Assessment of revenue with respect to AASB 15	23,000	-
	88,000	63,000

Notes to the financial statements

for the financial year ended 30 June 2020

	30 June 2020	30 June 2019
	\$	\$

28. Contingent assets and liabilities

Bank facilities	38,000	38,000
Bank guarantees	72,500	105,500
	110,500	143,500

Contingent liability

On 15 December, 2016, the business entered into a Deed of Agreement with La Perouse Local Aboriginal Land Council and the New South Wales Aboriginal Land Council, the principal obligations being to grant Security Burial Rights, establish an Aboriginal Cemetery and grant Promised Burial Rights.

It was envisaged that the obligations would be fulfilled within a three-year period.

Delays have been experienced with regards to the rezoning of the area. A variation to the Deed with an extended timeframe is currently being negotiated. The Trustees note that upon the expiration of the thirty-six-month term of the Deed, La Perouse LALC may commence using the Security Burial Rights. To date, two interments have occurred. This is an interim measure awaiting the fulfillment of the delivery of the intended Aboriginal Cemetery. No provision has been made in these financial statements as the company's management do not consider that there is any probable loss.

29. Related party disclosures

Transactions with related parties

The consultancy agreement the Southern Metropolitan Cemeteries Land Manager had with Ms. Nadia Lanfranco, wife of Mr. Graham Boyd, former Chief Executive Officer concluded on 3 February 2018. The agreement commenced in February 2017 for Ms. Lanfranco to work in the capacity of a memorialisation expert in addition to assisting with sourcing granite and bronze products for the SMCNSW. Ms. Lanfranco received \$7,140 (plus GST) per month up until February 2018 and upon expiration, the agreement continued month by month until November 2018. Post this date the role was not continued.

Key management personnel

Disclosures relating to key management personnel are set out in note 23.

30. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while the impact has been recognised for the entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect SMCNSW's operations, the results of those operations, or SMCNSW's state of affairs in future financial years.



Southern Metropolitan Cemeteries NSW

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