



Southern Metropolitan
Cemeteries Trust
New South Wales

*The care we uphold
for each other
Is treasured eternally
in our hearts
For here lies a place
for our memories
Now and for
generations who pass*



Annual Report 2017



Contents

02	Introduction
05	Mission Statement
06	Chairman's Message
10	Chief Executive Officer's Report
16	Board Members & Senior Management
18	Finance Report
20	Our People
22	Corporate Services & Human Resources
26	Our Year of Events
30	Operations Report
34	Strategic Objectives
36	Finance Contents Page
37	Independent Audit Report
39	Trustees Declaration
40	Statement of profit or loss and other comprehensive income
41	Statement of financial position
42	Statement of changes in equity
43	Statement of cash flows
44	Notes to the financial statements



From our community, for our community

*Soaring ever skyward
Intertwined in an eternal embrace
United with a perfect rose
Is our gift of peace and hope.*

*Enfolded in our wings are those you love
Nurtured, cherished, released and free
Yielding compassion in time of loss
Gently uplifting those who grieve.*

*Gliding over our beautiful gardens
Incomparable serenity awaits
Around every corner, a wellspring of hope
In times of need and for each new day.*

*The care we uphold for each other
Is treasured eternally in our hearts
For here lies a place for our memories
Now and for generations who pass.*





Introduction



*A special place
to reflect on
cherished memories*

Cemeteries are places where names are mentioned

Cemeteries are for the living. Creating a monument to loved ones who have passed is crucial to grieving. Whether a loved one wants to be buried, cremated, or scattered to the winds and oceans when they die, we may always place a physical reminder of them in a cemetery and visit that place; a place that becomes sacred, spiritual, and special.

A special place to reflect on cherished memories, a special place to mourn, pray, give thanks and keep in our hearts. A cemetery is a place to come, heal, and remember. It is a place from and for our community. A well-kept cemetery is the home of Community.

For the Southern Metropolitan Cemeteries Trust (SMCT) in NSW, there are close to half a million stories of lives lived. Every gravestone within Eastern Suburbs Memorial Park (ESMP), and Woronora Memorial Park (WMP) has a story to tell. When walking past those plaques and stones, many ponder lives that have gone before. Every day people look at those stones and appreciate those stories. If only those stones could talk?

Hundreds of thousands walk in our cemeteries each year. Sometimes something catches the eye, with a quizzical response that seems to be saying, 'I wonder who this person was? What did they do? I can see they had family. Where are the family now? Who visits here?' The spark is a spark of the community's excitement and curiosity as to what has gone before. Sometimes the look is sad, as the life on the stone shows someone not given the chance to live. However, the stones, the cemeteries, provides a place where names are mentioned. To mention a name is a gift.

At ESMP, one such stone has a story, that of Arthur Stace. Born in Redfern in inner west Sydney in 1885, Stace grew up in poverty, stealing bread and milk and scrounging for scraps in bins to survive. By the age of 12 he was working in a coal mine and was made a ward of the state. As a teenager, he became an alcoholic and was sent to jail at 15. Stace served in WWI, being discharged in 1919.

From such beginnings Stace went on to gain fame as a reformed alcoholic who converted to Christianity and spread his message of hope by chalking the word "Eternity" on footpaths in and

around Sydney, from Martin Place to Parramatta, from 1932 to 1967. Stace was inspired to what became his life's working after hearing two separate sermons on the notion of eternity. Stace later said, "Eternity went ringing through my brain and suddenly I began crying and felt a powerful call from the Lord to write Eternity." Even though Stace was barely able to write his own name legibly, the word "Eternity" poured out of him in beautiful copperplate script. Driven by the hope his message might inspire others to lead a better life, he wrote the word 500,000 times on footpaths, railway station entrances and anywhere else he could think. Attracting the ire of Sydney City Council for the offence of 'defacing pavements', Stace narrowly escaped arrest on at least twenty-four occasions by claiming, "But I had permission from a higher source". Stace bequeathed his body to science, so that it might also help others. Perhaps inspired by his own visions of eternity, his final act of giving his body to science was one of the greatest gifts of all to human kind.

Two years after his death, his earthly remains were laid to rest with those of his wife. In 1999, at the

start of a new millennium and as a fitting tribute to Stace, "Eternity" was emblazoned across Sydney Harbour Bridge as a part of Sydney's New Year's Eve celebrations.

One story among many life stories, some lives very long, other lives too short, some without the chance to breath.

Our cemeteries, our services, have for 122 years at WMP and 124 years at ESMP, made a difference. With vision, planning and good management built on sustainable arrangements, our cemeteries will continue to make a positive difference for our community which is and will be represented through millions of lives for generations, and centuries yet to unfold. Millions of lives that will have names that will be mentioned, millions of lives lived and remembered.



Mission Statement



*We provide iconic
community facilities
for perpetuity*

We exist to provide dignity and empathy for the families and community of the bereaved. The purpose of our existence is to ensure that we provide iconic community facilities for perpetuity. Our mission statement has three interwoven components:

- We have a duty of care to the bereaved
- We have a duty of care to the deceased
- We have a duty of care to the reputation of the SMCT

By providing this service in the most professional manner, the sentiments of the community can crystallise around the competence and expertise of the staff from our cemeteries.

Our Goals

- To conduct and maintain burial and cremations to the highest standard
- To attract families to conduct burials and cremations at our two cemeteries
- To be the preferred choice for burials and cremations in the Southern and Eastern region
- To provide exceptional customer service levels to ensure the family's experience meets and even exceeds expectations
- To ensure the celebration of life for their loved one is achieved

Our Vision

As trustees, management, staff and contractors, we strive daily to maintain our vision of being caring and responsive to a diverse range of faiths, practices and customs. We aim to be an integral part of this diverse community as we strive to be at the forefront of world-class memorial parks. In meeting its vision, the SMCT recognises that it provides its local communities with the following services and benefits:

- A place to grieve and reflect
- Beautiful and peaceful garden and parkland settings
- Cemetery and Crematorium
- Educational resource
- Historical/heritage site
- Recreational space
- Function and reception facilities
- Be innovative and open to new technologies

Our Values

- Quality Service and Personnel
- Community Focus
- Integrity and Accountability
- Respect and Trust
- Caring Service
- Teamwork
- Financial Sustainability
- Leadership



Chairman's Message



*We integrate our
vision and future
with our community*



I am delighted to present my Chairman's report for the 2016/17 year. The Southern Metropolitan Trust (SMCT), consisting of Eastern Suburbs Memorial Park (ESMP) and Woronora Memorial Park (WMP) has once again focussed on the attainment of Community Capital, while obtaining outstanding financial results.

Taphophilia is a passion for and enjoyment of cemeteries. The singular term is a taphophile. Taphophilia involves epitaphs, tours, walking, art, photography, and history of those who have died including finding lost relatives, as well as something which I have not seen for many years, being gravestone rubbings.

For any persons new to taphophilia, there may be thoughts of what to expect and what to look for when visiting our cemeteries. Part of any answer includes history. Cemeteries are places of fascination, a place to explore and a place to find special treasures of history. Our cemeteries are places full of history and dotted with artwork developed during different decades in stone and other materials. To walk through our cemeteries is literally to walk through history.

Each year, more, more, and even more people are visiting our "home", for that is what it is to our staff and our Board. Our home, the home of the community, being a special place of heart, mind, spirit and gathering place. Indeed, across our two major sites, we have approximately half a million visits per annum. Cemeteries are destinations for photographers, walking groups, bike riders, runners, genealogists, historians, dog walkers (on leads) and even those choosing to picnic near a loved one's grave. Our staff have seen many picnickers in some special places, some which pull at heart strings. In our children's areas, we have included water fountains for those who bring children to the picnic, so that those children may play in the same area, as where their siblings are laid at rest. Our cemeteries aim to provide a beautiful physical environment that is an important part of a healing process.

The history in cemeteries is also about cemeteries, such as the reason why 12 First Fleeters have come to rest at ESMP, noting that the First Fleet arrived in 1788 while ESMP operations did not commence until 1893. The answer makes for interesting history. Pioneer

Memorial Park at ESMP was created in 1976 and has several hundred surviving memorials of the many that were transported in 1901 from the early burial grounds of Sydney. The majority of the monuments, including some of those of Sydney's earliest settlers, which had fortunately been relocated by their families from Town Hall Cemetery to the New Sydney Burial Ground in the 1820s, were taken to 25 acres known as Bunnerong Cemetery which was in the custody of the Botany Cemetery Trust, now Southern Metropolitan Cemeteries Trust, incorporating Eastern Suburbs Memorial Park. The reason why this special part of the cemetery now exists has become history in itself, and our creation of a unique memorial in consultation with the Fellowship of First Fleeters for the First Fleeters is an instalment in the ongoing journey of Australia.

Both WMP and ESMP are cemeteries that provide the public with beautiful outdoor places of gathering, and the concept that our cemeteries are an important spoke in the wheel of our community makes it essential that we integrate our vision and our future with that of the community. We have had many examples

in the 2016/17 and previous years where we have opened our cemetery to events that have captured the imagination of our community. I am proud that we have been successful in attracting community events in support of the Baby Lily Grace Awareness Day, to the celebration of the 100-year anniversary of the WWI Australian battles which saw the Chief of Australia's Defence Force open the unique Military Memorial at ESMP on the centennial anniversary of the Battle of Pozieres, France.

In partnership with local Aboriginal Elders we have dedicated a symbolic Stolen Generations memorial; held an open day at WMP which saw 1,500 attendees; established new Jewish burial grounds at WMP; expanded the Greek Orthodox burial areas for both ESMP and WMP; the Pregnancy and Infant Loss Remembrance services are now firmly entrenched as part of the communities grief and loss healing process; All Souls Day Masses meet in particular the needs of the Catholic faith; Mothers and Father's Day services are special for hundreds of families; the special Road Traffic Victims service reminds of such tragic and preventable loss;

Christmas activities including special Candlelight Remembrance services, Christmas Carols as well as decorating of Christmas trees by families for children at our cemeteries continue to attract and invite participation by members of our local communities.

The Trust is well positioned to take advantage of strategic opportunities, positioning and challenges. Our group operating sales for the 2016/17 financial year was \$26.7m, against a budget of \$24.5m, our burials recouped \$19.3m, against a budget of \$17.5m, our cremations and ash memorialisation was \$7.06m, against a budget of \$7.0m, other income at \$0.4m and the surplus for the year is \$12.7m. Total revenue for the SMCT FY 2016/17 was \$31.1m. In addition to this amount, \$2.88m exists in 129 payment plans that will not be recognised until the final instalments are received for individual plans after which the amount will be recognised in future year financial statements.

The SMCT budget for the year 2017/18 reflects CPI improvement in operational revenue. Financial year 2016/17 has seen an increase in sales for burial positions with both cemeteries achieving above prior year results. This increase is expected to taper in FY 17/18, noting that in 16/17 recognition of revenue for \$1.9m in presales of the Ascension of Jesus Christ Mausoleum at ESMP from prior years has been included. Expenses remain under control noting increasing costs in those areas relating to increasing revenue and volume enquiry, such as customer service. Resources will be required for systems and infrastructure development.

Our strategic objectives drive our business plans and our risk assessments. The plans that guided us through the 2016/17 year remain relevant for the 2017/18 FY, which ensure the SMCT is financially sustainable to meet its financial and perpetual liability objectives; to ensure the viability and integrity of our assets in the short and long term; to gain efficiencies through IT consolidation; to align the SMCT with the Cemeteries and Crematoria Act 2013; to develop and construct memorial and burial areas; to maintain and enhance work, health and safety; to actively pursue research and development projects; to ensure that marketing and communication activities are aligned with the strategic plan.

Our strategic goals for the 2016/17 FY have been met, noting that a significant pipeline of capital works and land acquisition covers numerous financial years.

One of the key aspects to the governance framework which forms part of the government reform, is the recognition that all Crown cemeteries will be subject to an actuarial assessment of the monies that are required to be set aside to cover perpetual maintenance obligations. The SMCT has completed an actuary study of both our Eastern Suburbs and Woronora Memorial Parks as at 30th June 2014 and now has an assume understanding of its future perpetual care liability. During FY 2017/18 this actuarial assessment is being updated and enhanced. The basis of the perpetuity modelling allows each cemetery to establish an understanding of the perpetuity cost or amount that is required to be recovered from the sale of future burial positions to cover the perpetuity deficit of the burial positions already sold. This cost per burial position is required to be recovered from future burial position sales to provision for the perpetuity maintenance of the cemetery. The outcomes of the actuarial study showed that both ESMP and WMP have a perpetual care deficit compared to the current financial assets. This means that the assumed future perpetuity maintenance cost of each cemetery is higher than the financial assets of each cemetery. The actuary modelling does show that each cemetery should be on parity between perpetuity deficit and financial assets by 2024-25. This parity achieved by strategic pricing of burial positions to ensure the sale price recovers the perpetuity deficit amount per grave and that the cremations segment of the cemeteries continues to increase at a conservative annual growth rate, as well as investing financial assets under a prudent investment strategy of CPI plus 4%.

The Trust and management are committed to protecting the assets and resources of the SMCT and the Trust will ensure that all the activities and all the property of SMCT have a risk management policy and an asset register that is revised annually or more frequently as required.

Both ESMP and WMP have an IT strategy that focuses on functional and non-functional requirements of the organisation. Functional requirements include processes that directly support the business activities such as funeral



*The care we uphold
for each other
Is treasured eternally
in our hearts*

bookings and billings, cemetery management, and financial systems. The non-functional requirements encompass performance, security, efficiency, backups, and disaster recovery.

We owe a special debt of acknowledgement to many funeral directors who continue to choose ESMP and WMP as their preferred choice of cemetery and/or crematoria. We have a special relationship with the funeral directors and thank them for their continued support.

The key to our past success and our future prosperity relates to our enthusiastic and committed staff at SMCT, who have values aligned with that of the Trust and community. Our CEO, Graham Boyd is an impressive leader and it is no surprise that the continuity and performance of our organisation remains at the highest level with financial and community engagement results the highest achieved in the Trust's history. Graham continues to have the reputation of being one of the stand-out CEO's in the Industry. Shane Donaghy, Chief Financial Officer, excels. Cheryl Williams has built a team of marketing and sales professionals and combines this task with human

resources that make her an integral team member. Steve Donaldson has a focused and methodical approach and expertise for SMCT operations.

In conclusion, I would like to thank my fellow Board members who have all supported me and the management team in the pursuit of excellence for our organisation. I am fortunate to have an integrated and enthusiastic team of Board members and I thank them all for their contribution.

Yours sincerely,

*Anthony Charles Simpson
LLB MAICD
Chairman*





Chief Executive Officer's Report



*Embrace innovation
and foster relationships
of substance*



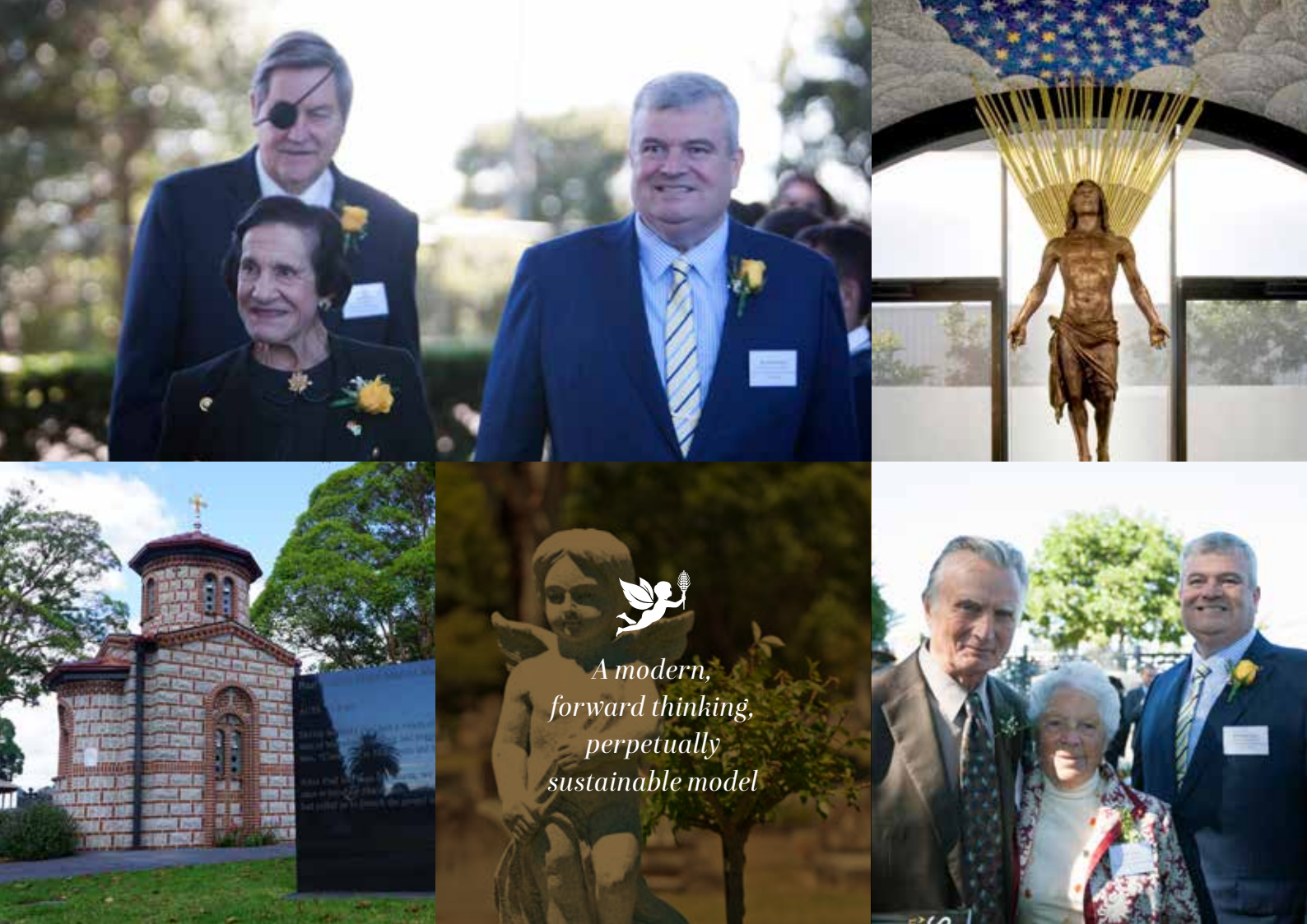
Throughout Australia, the Southern Metropolitan Cemeteries Trust (SMCT) in NSW is known to have cemeteries which embrace innovation, create viability, and foster relationships of substance within the community. The SMCT team is proud to be involved with our iconic cemeteries that are so rich with history. We strive to make our cemeteries personal although they are large, dealing with over 5,000 families each year. Our cemeteries are places created from the community for the community that are spiritual, reflective, healing and centred on relationships. Our “home” is the communities home. Our cemeteries, our services, have for 122 years at Woronora Memorial Park (WMP) and 124 years at Eastern Suburbs Memorial Park (ESMP) made a difference. As our community has evolved over many generations, our cemeteries have sought to honour emerging needs by pioneering new ways of memorialisation and opening opportunities to remember those who have gone before. With vision, planning and good management built on sustainable arrangements, our cemeteries will continue to make a positive difference for our community which is and will be represented through millions of lives for generations, and centuries yet to unfold.

SMCT is the most significant burial provider in Sydney's south and east. SMCT is the largest crematoria operation amongst the Crown Reserve Trusts in NSW. The Trust revolves around teams, its Board and sub committees, mentors, community as well as others who stand for and with this special entity with such a long history of very special purpose. A cohesive group with strong team structure brings ideas and creativity that an individual would never achieve. Part of success is an ability to unlock and combine skill sets from the many people with whom SMCT works and associates to achieve more than what the separate parts would be able to complete. Teams with right culture are where success and making lasting difference resides. SMCT's organisational structure covers two major sites which requires delegated authority to managers at each site and flexible management able to travel as required to meet local obligations. Combining cultures for WMP and ESMP, the management team have also implemented numerous enabling plans that have allowed SMCT to progress in its ongoing journey of a modern, forward thinking and perpetually sustainable model with regional responsibilities.

SMCT's structure has areas specialising in finance; customer care services along with HR; and outdoor operations. The structure acts with cooperation. Senior team members at both ESMP and WMP have undergone management scenarios and have obtained exceptional outcomes through achievement by cooperation, as participants saw the holistic picture of one entity rather than two major cemeteries or different business silos. The SMCT team communicates regularly, which shows in high service levels as well as improvement that leads, by the nature of service, to increased and positive activity for our cemetery and crematoria operations, including financials.

Throughout FY 2016/17 SMCT has consolidated its skills and has a significant high-level understanding of the dynamic environment that surrounds cemeteries and crematoria in NSW. The industry faces challenges including consolidation relating to economies of scale and capital management. The management team ensures SMCT cemeteries and crematoria remain a relevant part of the distribution and value chain within the bereavement industry. In just over three decades, Australia will experience an absolute increase in deaths of over 100% compared

with today. SMCT remains aware and continues to put in processes for planning for these increasing numbers which have consequences both in terms of relationships and responding to the community's grief that requires vision and planning. Planning is important, both for our cemeteries and spheres of influence within the state of NSW and for some community engagements that have influence on the nation itself. The Management team has worked with the Cemeteries and Crematoria NSW (CC NSW) on cemetery capacity for Sydney. Such reviews assist with planning for land, planning for efficient capacity and compliment strategies around new technology and improved processes; new equipment; skilled staff and comprehensive training. Along with our Chairman, I am a member of CC NSW's Industry Consultation Group comprising industry stakeholders and reviewing such things as an industry Consumer Guide and a voluntary Industry Code of Practice. SMCT is grateful to CCNSW for their positive involvement with potential cemetery sites in southern Sydney within Wollongong local government area, particularly the site adjacent to the Garrawarra Aged Care Centre at Helensburgh.



During 2016/17 SMCT relinquished the “Market Gardens” site next to ESMP as it was unsuitable for cemetery purposes. SMCT signed a Deed with the La Perouse Aboriginal Land Council and the NSW Aboriginal Land Council. The Deed, unique in NSW’s history, released three Aboriginal Land Claims over a site at Bumborah Point, Botany (which adjoins ESMP) in return for the establishment of an Aboriginal cemetery within the new development. Following the signing of the Deed, Randwick Council provided in principle support for a rezoning application at Bumborah Point for cemetery use subject to a detailed assessment of all relevant planning and environmental issues in the planning proposal.

High-level numbers highlight excellent metrics.

Type of Service	FY 2016/17	FY 2015/16
Burial Interments	1,322	1,420
Cremations	3,134	3,007
Total Revenue for SMCT	\$31,064,654	\$25,400,072

In the 2016/17 FY, SMCT facilitated 2,656 chapel services in addition to community activities within

our chapels. The provision of chapel facilities with concierge service is important to ensure workflow for crematoria operations.

At its cemetery and crematoria operations, SMCT has enhanced service delivery across all business areas, reviewed market conditions and enhanced revenue flows along with significant infrastructure activity. SMCT has strong financial surpluses which are required for strategic purpose. In the five years between F2012 to F2017 over \$40.0m has been added to the cash/ financial asset component of the statement of financial position along with infrastructure funded through operational surplus, achieved via strong revenue and cost controls. Strong surpluses add to the reserves that ensure an ability to meet perpetual obligations. Surpluses and reserves relate to sustainability and allow achievement of mission and vision with values. SMCT has undertaken an actuarial review with the accounting firm KPMG, built on assumptions about the WMP and ESMP lifecycles, risks, pricing and other factors. This has been aligned with the development of an investment policy of CPI plus 4% based on acceptable risk with parameters that, over the long term, create strong financial building blocks

for the SMCT. SMCT’s investment portfolio has been designed to generate returns over the long term with regular cycles of review and transparent processes for investment manager evaluation. Contingent perpetual liability obligations against financial assets will be reviewed by KPMG during F2018.

SMCT continues to complete major capital works and in F2017 the Ascension of Jesus Christ Mausoleum (AJCM) at ESMP (\$5.2m) was completed. The project aligned with SMCT values which is to be a source of spiritual sustenance for a wide range of faiths. The AJCM is designed particularly around European Christian faith, celebrating the resurrection and ascension of Jesus Christ. The AJCM won the small enterprise category at the 38th Italian of Commerce and Industry in Australia Incorporated Award at a gala function which has been used in promotional activity within the Italian heritage community demographic. The AJCM is a premium product with relevance to the Italian community and will continue to fill need amongst current and future generations. The equivalent at WMP is the “Gardens of Pieta” Mausoleum also designed around European Christian faith. During the year a series of morning events have been undertaken for our community to ask questions about Mausoleums.

Woronora’s Western ground development has a new Jewish grave area that was consecrated by Rabbi Chaim Ingram representing the Sydney Beth Din with the aim to serve the growing Bankstown, Hurstville and Wollongong-based Jewish communities. A Greek Orthodox area at WMP is expanding by staged developed determined by crystallising community demand. The Northern precinct at ESMP may see, in the last stage of development, a unique civil engineering multi story catacomb structure tailored on the top most level with a novel concept allowing grave renewal using co-located ossuary voids. Progression of the new state of the art crematorium at WMP featuring the largest cremators in the southern hemisphere (Major Furnace Australia engineered HD 120’s) within a flexible building design that has capacity for alkaline hydrolysis and/ or mercury abatement filtration equipment as future options has taken place, with building to commence in F2018.

SMCT is a value-based organisation sustainable for the long term. SMCT’s by-line “from our community for our community” has been a foundation from which relationships of substance have been

poured and set. Each funeral, each good bye, each community engagement generates interaction. Important social interactions that are unique with many generating tears of grief yet hope. Those interactions ripple with other interactions, and as each combine, perspective provides reality against the many hundreds of thousands of visitors each year who come to our cemeteries with millions of subsequent interactions between visitors and the wider community. A full understanding of how far these interactions reach is not measurable.

SMCT has a high-level community engagement that includes events of significance. If SMCT’s iconic cemeteries’ reputations were able to be measured in terms of community value, they have the potential to be worth a considerable sum. Each year, hundreds of thousands of visitors come to our cemeteries, meet, and engage with ground staff; concierge; customer care services; finance personnel, and who walk away with an impression. All SMCT staff strive to leave a good impression by the maintenance of our grounds, the presentation and manner of our staff, and from those that we collaborate with in the provision of various services.

Many community engagements have been undertaken that include such things as All Soul’s Day with focus on special services conducted by the Catholic Church; Father’s Day and Mother’s Day services; special activities focused on the Greek Orthodox faith; services associated with the unique Macedonian Orthodox Chapel. Each year sees positive incremental advancement of community engagement. Standing back after a period of years show significant development over time with impressive “before and after” progression.

WMP’s Military Memorial has unique elements, being opened by the Governor of NSW in the centennial years since WWI, which has become part of our ongoing history. A memorial to both those service personnel who gave their all, and the families who also suffered as a result. In early 2017, WMP installed additional features, including a memorial encasing over 2,000 symbolic paddle pop crosses created by local school children. At ESMP, a special edition was installed at its military memorial, being a small windmill, in granite. The windmill’s blades represent 6,741 Australian lives lost at Pozieres. The windmill is symbolic of the Pozieres windmill in France that is owned by the Australian War memorial. Australia’s

WWI official war historian, Charles Bean, suggested the purchase of the windmill site because, "The Windmill site marks a ridge more densely sown with Australian sacrifice than any place on earth". On the 11th of November 1993, soil from the windmill site was cast over the coffin of Australia's unknown soldier during his funeral at the Australian War Memorial in Canberra. In the leadup to Anzac Day 2017, Legacy, an iconic charity created after WW1, placed two wreaths at Woronora Memorial Park as well as a wreath laying at Eastern Suburbs Memorial Park's military memorials. The WMP and ESMP military memorials are special to the Legacy "family", as each memorial incorporates a child holding out a note to their WWI father saying, "Miss you Dad". At the Eastern Suburbs Memorial, a widow is holding a baby, with Australian flag (in bronze) draped over her arm.

The Pregnancy and Infant Loss service continues to see the involvement of several support organisations including SANDS, Stillbirth Foundation, Red Nose, Bears of Hope, Pillars of Strength, The Compassionate Friends, HeartKids, Running for Premature Babies and attendance over the two sites of several hundred people on October 15 each year. The Baby Lily Grace Awareness Day is conducted pre-dawn, with the unique awareness day remembering all children who die with unknown heritage in Australia, both found and for the many never located. Local Police Memorials have been opened by the former NSW Police Commissioner, the first of its type in NSW at Woronora in 2014/15 and the ESMP Local Police Memorial opened by the NSW Police Commissioner in 2015/16. Special plaques to Police Legacy have now been installed next to both local Police Memorials to remember the cost to families of our fallen heroes.

The unique First Fleeters Memorial has been described by some members of the Fellowship of First Fleeters in Sydney as being the best memorial for First Fleeters in Australia, noting that ESMP has 12 First Fleeters at permanent rest. The First Fleeters Memorial is set within Pioneer Park, being the first stage of a development with historic theme. Pioneer Park is a unique component with a core being the historic sea journey to commence Australia's modern history that began on 13th May 1787, from Portsmouth, England. 229 years later, the ESMP First Fleeters' Memorial was officially opened by The Honourable Mark Speakman, SC MP, who was then

Minister for the Environment, Minister for Heritage, and Assistant Minister for Planning. Surrounded by the largest collection of historic gravestones from the earliest days of the Colony in Australia, this special memorial has a footprint which is of the same size as the smallest ship of the First Fleet, the "Friendship". Placed along the borders and garden walk, positions provide family and friends an opportunity to reflect on loved ones with a plaque in a setting that becomes part of times passage. However, the history of people and the land goes back to times which can only be described not by time, but by dreaming, to the indigenous occupation which goes back before the ancient pyramids.

On 26 May 2017 ESMP officially opened a new memorial dedicated to the Aboriginal community, remembering Aboriginal children who were taken away from their parents, and those parents who were laid to rest at ESMP before their children returned home. On National Sorry Day, the former Governor of NSW, Professor the Honourable Dame Marie Bashir joined leading state politicians, Park representatives and local indigenous elders at ESMP to dedicate the state's first memorial to the Stolen Generations within a major cemetery. Around 400 people attended, including many students.

WMP and ESMP have been involved with numerous interviews and created advertising that include Sydney radio AM stations being 2GB, 2CH and 2UE. These stations have a listener age/ demographic relevant to our cemeteries. ABC radio has also conducted many interviews. Radio ads have been aired in support of SMCT's community positioning through community activities as well as branding for pre-purchase of product and services. Community service ads (CSA's) have been created. The Macquarie Radio Network produces and airs these CSA's including prime time at no charge, in view of the fact that SMCT has ATO charitable status. Several articles have appeared in local newspapers as well as papers with state and national reach, with some articles promoted by international papers and websites. A number of live interviews have taken place on national television programs principally concerning community activities facilitated within our cemeteries, as well as novel infrastructure initiatives.

The impact of social media is expanding the sphere of influence of SMCT's reputation, trust, services and products. The Stolen Generations memorial was



videoed and placed on Facebook. The short video post reached over 9,000 people within a week.

SMCT's strategic objectives align with organisational mission. At the opening of the Stolen Generations memorial, I reflected on that memorial's deep purpose. "We cannot undo the wrong that was done. Those cries of children sobbing without their parents will echo forever. Many of those children are here today. I hope and pray that those who were impacted and now rest in our cemeteries will sense us in our gathering and, in spirit, that they know that we remember, that we care. Today, we recount their names. This memorial is a beacon... our gathering today shows that together we will find ways to a future of united efforts filled with dignity and, above all, hope." For our cemeteries, beacons form from and for the community that have or will become defining beacons that generate positive difference. SMCT's community "capital" continues to grow through trusted reputation, profile, more people visiting, and then the community seeking services and memorialisation. The community keeps supporting and contributing to "their" cemeteries which become for such communities "our" cemeteries as a swirl of community engagement,

meaningful events and excellent service results in positive sales creating revenue which creates further and naturally occurring opportunity of community relevance in an upward spiralling cycle of community success building on SMCT success. Strong community engagement is only possible through strong and sustainable financials, along with a supportive Board, good management team, and empathy as well as an objective to "make a difference". For cemeteries, perspective must be both short and long term, working always with a background to meet community need.

Yours sincerely,

Graham Boyd
B.Com (Hons) MBA CPA MAICD
Chief Executive Officer





Anthony Charles Simpson
LLB MAICD
CHAIRMAN

Board Members & Senior Management



Anthony Lee
GAICD MBA BEng
BOARD MEMBER



Steven Pambris
A.I.C.M.
BOARD MEMBER



*United with a
perfect rose
is our gift of
peace and hope*



Ivona Kadlec
B.Com DipLaw CPA GAICD
BOARD MEMBER



Michael McMahon
BBus(LG) CAPC MLGP GAICD JP
BOARD MEMBER



Heather Scheibenstock
AAICD
BOARD MEMBER



Graham Boyd
B.Com (Hons) CPA MBA MAICD
CHIEF EXECUTIVE OFFICER



Cheryl Williams
MAICD
SMCT EXECUTIVE MANAGER,
CORPORATE SERVICES



Shane Donaghy
MCOMPA GAICD
SMCT CHIEF FINANCIAL OFFICER



Steve Donaldson
JP
SMCT EXECUTIVE MANAGER,
SITE OPERATIONS



Board Meetings	20/7/16	21/9/16	30/11/16	15/2/17	26/4/17
Anthony Simpson	✓	✓	✓	✓	✓
Anthony Lee	✓	—	✓	✓	✓
Michael McMahon	✓	✓	✓	✓	✓
Ivona Kadlec	✓	✓	✓	✓	✓
Steve Pambris	✓	✓	✓	✓	✓
Heather Scheibenstock	✓	✓	✓	✓	✓

Finance Committee Meetings	18/7/16	13/9/16	28/11/16	14/2/17	24/4/17
Michael McMahon (Chair)	✓	✓	✓	✓	✓
Steve Pambris	✓	—	✓	✓	✓
Graham Boyd	✓	✓	✓	✓	✓
Shane Donaghy	✓	✓	✓	✓	✓

Audit, Governance & Risk Committee Meetings	20/7/16	30/11/16	15/2/17	26/4/17
Anthony Lee (Chair)	✓	✓	✓	✓
Ivona Kadlec	✓	✓	✓	—
Heather Scheibenstock	✓	✓	✓	✓
Graham Boyd	✓	✓	✓	✓
Steve Donaldson	✓	✓	✓	✓
Shane Donaghy	✓	✓	✓	✓

Community Committee Meetings	20/7/16	21/9/16	30/11/16	15/2/17	26/4/17
Heather Scheibenstock (Chair)	✓	✓	✓	✓	✓
Graham Boyd	✓	✓	✓	✓	✓
Cheryl Williams	✓	✓	✓	✓	✓



Finance Report



*Around every corner
a wellspring of hope*



Financial Performance

The Financial year 2016/17 for the SMCT realised operational revenue of \$26.7m. This result was 1% up on budget and 10% on prior year. The significant increase of revenue from prior year was due to the pre-sold revenue recognition for the Ascension Jesus Christ Mausoleum (AJCM) at Eastern Suburbs Memorial Park. FY 2016/17 resulted in 94 recognised sales of crypts (43 from pre-sales) at Eastern Suburbs Memorial Park and 20 at Woronora Memorial Park. Revenue from the investments portfolio returned \$4.2m with this amount going back into the portfolio which forms the future provision for our perpetual care liability for SMCT cemeteries. Total revenue for FY 2016/17 was \$31.1m, an increase on prior year of 22.3% driven from revenue increases across all operational segments of our cemeteries and net realised gains on the investment portfolio.

Expenses were as expected and on budget, with increases on prior year for Cost of Sales from the sale of crypts in the AJCM. A review of the Trust's fixed assets led to disposal of assets that were no longer in use or not valued at their depreciated balance. From this a write off expense was incurred.

The Trust achieved a net surplus of \$12.7m being 10% up on budget and 58% on prior year. This is a fantastic result for the SMCT and as noted above allows for the surplus to be redistributed to the perpetual liability requirements of both Woronora and ESMP.

Services and Units

Total burial interment (non-ashes) for FY 2016/17 were 1,322 across the SMCT. For cremations, the SMCT performed 3,134 which was up 6% on prior year. The SMCT throughout the Sydney region performs approx. 20% of all cremations and 20% of all burial interments (non-ashes). Total Interment Rights sales were 1,118 being on budget and prior year sales. In addition to these Interment Rights sales, the SMCT also added 117 payment plans for Interment Rights. The payment plans are paid off over a 12 – 36 months period with revenue recognised at the final payment of the contract. Ashes memorialisation positions and Memorial only positions sold were 1,534 and in line with prior year sales. The memorialisation rate for SMCT for the 2016/17 was 65%.

Payment Plans

The offering of payment plans for Interment Rights sales has again shown to have been a convenient option for customers throughout 2016/17. As noted above, 117 additional payment plans were added in 2016/17 for the of amount of \$2.1m. Total payment plan contracts as at 30 June 2017 were 129 off for a total amount of \$2.88m. These payment plans are structured to be paid off over a 12 – 36 month period (depending on the amount) with revenue only being recognised after the final payment of each payment plan contract is received.

Capital Expenditure

The SMCT allocated \$5.1m on its capital projects and other depreciable replacement assets. The main capital works project undertaken in FY 2016/17 was the upgrade of the Installation of Hydrant Infrastructure & Cold Water Reticulation at Woronora Memorial Park. Other projects included various burial areas in the Western Grounds at Woronora Memorial Park and the Northern Precinct at Eastern Suburbs Memorial Park. Other assets added were upgrades to cemetery compound offices and also a reconfiguration of the audio visual equipment at Eastern Suburbs Memorial Park chapels.

Type of Service	2016/17	2015/16
Burial interments	1,322	1,420
Cremations	3,134	3,007
Total Services	4,456	4,427

Shane Donaghy
SMCT Chief Financial Officer

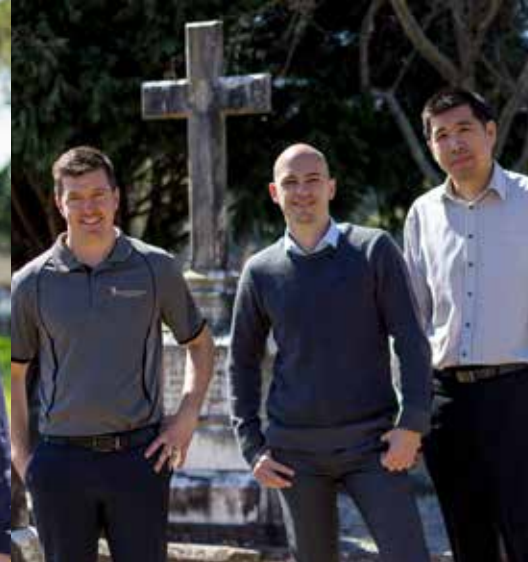




Our People



*Having the right people
in the right place
doing the right things
at the right time
for the right reasons*





Corporate Services & Human Resources

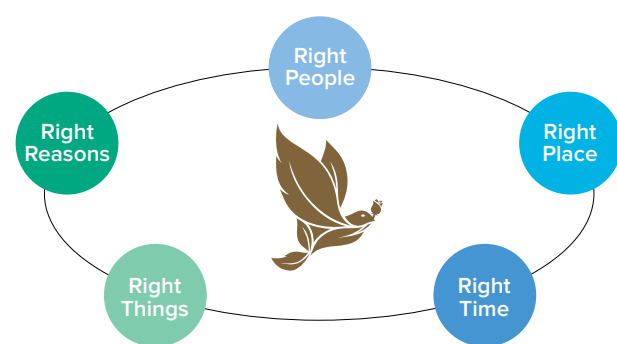


Our values are the principles by which our organisation lives



Organisational Structure

SMCT's Organisational Structure organises SMCT activities into distinct groups which allows us to maximise efficiencies across the breadth of our responsibilities. Our organisation depends on the fundamental health and productivity of each group, which is why we place a strong emphasis on a holistic and multidisciplinary approach.



This is encapsulated by our "5 Rights" policy: "Having the Right People, in the Right Place, at the Right Time, Doing the Right Things for the Right Reasons.

Our Values and Culture

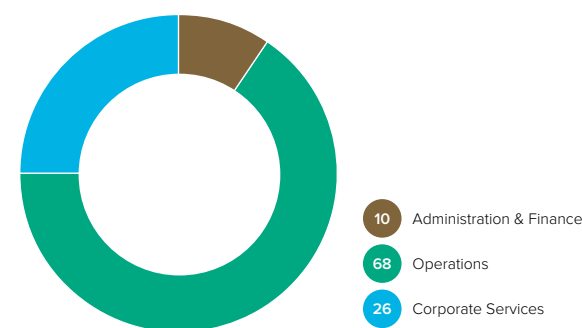
Our Values are the principles by which our organisation lives. Our Culture is reflected how we demonstrate those values in every interaction or activity, whether with a customer or community member, supplier or colleague.

Our Values and Culture are determined by the Strategic Planning Process and directly aligned to our Vision and Mission.

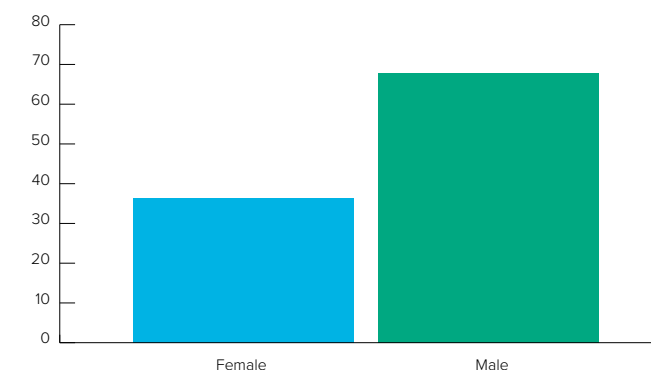
The Values of our organisation are:

- Quality – pursuing personal, team and business excellence
- Community – be responsive and welcoming to those we serve
- Accountability – own one's actions
- Respect and Trust – show integrity in everything we do
- Teamwork – one team, one dream
- Leadership – be the person others choose to follow
- Caring Service – delighting customers
- Financial Sustainability – maintaining the health of our organisation

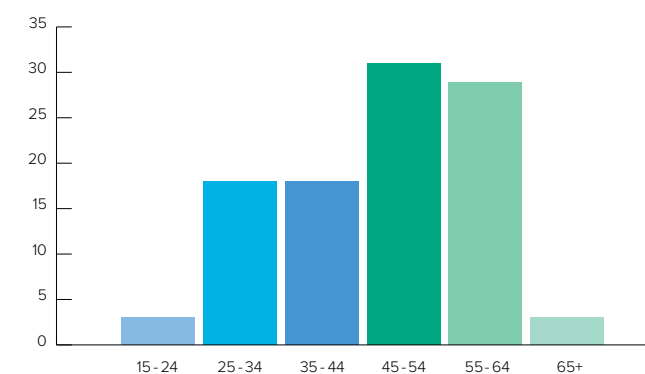
SMCT Employees by Area



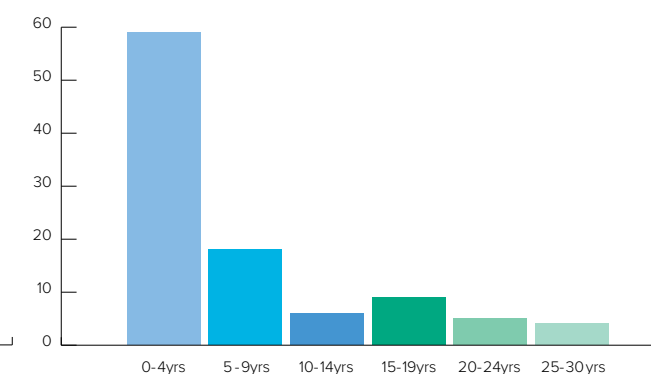
SMCT Employees by Gender



SMCT Employees Age Bracket



SMCT Employees by Length of Service



Management is continually engaged with demonstrating and reinforcing our values within the SMCT culture. This is achieved across all activities and includes:

- Recruiting and working with the best people who share the values of the organisation
- Leading by example
- Identifying and developing people within the organisation
- Providing a friendly and safe working environment
- Encouraging an open and honest atmosphere
- Ensuring new ideas are heard
- Fostering a culture of opportunity
- Making time to listen

Our People

Our People are at the heart of what we do. Our organisation is committed to creating a supportive, safe and dynamic environment where everyone is encouraged to explore opportunities and discover their potential.

Customer Care

Our Customer Care teams at both ESMP and WMP are handpicked for their dedication to providing

deeply caring service to families at one of the most difficult and emotional times of their lives. The team works seamlessly with Funeral Directors and family members to ensure that their wishes are met, with thoughtful, professional and sympathetic discretion.

Operations

Our 68 Operations Staff cover a total of 220 acres across both cemetery sites. While nominally engaged in physical maintenance of the cemeteries, the truth is that our ground staff play a special role in fostering warm relations with the community. Their level of incidental community interaction is high, which makes them in many ways, the "face" of SMCT.

We're immensely proud of the work our grounds teams play, not just in helping to create and maintain our cemeteries at a consistently high level, but also for their kind and welcoming attitude towards the people who come here, whether to visit loved ones or to enjoy our unique and beautiful surrounds. In recognising this important role, our corporate team have extended customer relations training to Operations, with positive results.

Development and Training

SMCT embraces a culture of professional development and mentorship that gives our people the best possible environment in which to strengthen their skillsets and grow their careers. Much of this development and training is provided 'on the job', with some courses also offered externally.

Our employees have engaged in a range of education opportunities, including:

- MBA Studies
- Return to Work Coordinator
- Safe Manual Handling skills
- First Aid
- Chainsaw training
- Team supervision
- Grave digging
- Computer skills
- TAFE apprenticeships

Customer Pledge

Our Customer Pledge is a unique in-house training package designed to support any and all customer interactions. The framework has been implemented for the Customer Care team for three years and has been warmly welcomed by our people.

Following on from the success of this implementation, the training has been adapted for our Operations Team. The aim of this training is to further embed the organisational values across all sectors and to help support our ground staff in their unique and important function as unofficial 'ambassadors' for both ESMP and WMP.

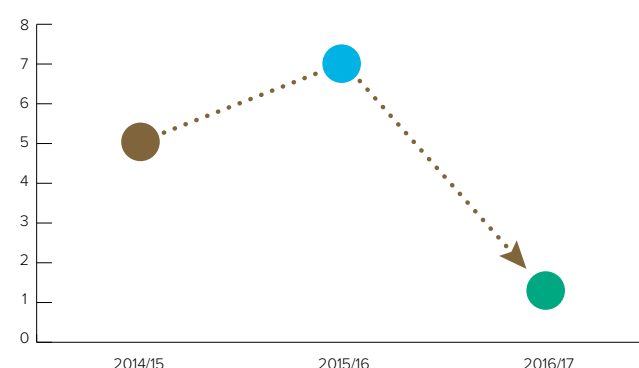
Providing opportunity for all

SMCT is proud to be continuing our partnership with Civic Disabilities Services Limited to provide work placement opportunities in our Operations Team. Each week we engage a team of five Civic employees, plus their Supervisor to work alongside our operations teams to care for our grounds and gardens.

Caring for our People

SMCT believes that a healthy, happy workforce is a productive and resilient one. Studies have shown that adopting healthy behaviours and work can contribute to positive outcomes for the organisation, its people and their families.

SMCT Lost Time Injuries



We have continued our commitment to supporting the safety, health and wellness of our people with a range of initiatives. These include:

- Employee Assistance Program
- Annual Skin Cancer Screening
- Flu immunisation; Hep B and Tetanus non-compulsory vaccinations
- Quit Smoking Assistance through the Workplace Smoking Policy
- Bi-annual Audiometric Testing
- Random Drug and Alcohol Testing
- Grief Awareness
- Manual Handling Techniques

We also provide a range of E-learning modules focused on the following areas:

- Bullying and Harassment
- Mental Health in the Workplace
- Safe Lifting Techniques
- Conflict Resolution
- Work and Health Safety Fundamentals
- Injury Management for Employees

Cheryl Williams
Executive Manager
Corporate Services



Staff Testimonials



*Enfolded in our wings
are those you love*

"I highly enjoy working at ESMP. It is rewarding, presents new challenges and potentials (being in the environmental location our site is) every day making it a unique and interesting place to work. I look forward to watching the park continue to grow and evolve."

Kirsty

Grounds Operations Supervisor
Eastern Suburbs Memorial Park

"There is always a genuine friendly atmosphere in our office and we are all aware of different cultural values and needs. I have had the opportunity to complete many varied courses, all of which I have enjoyed and have been beneficial to my role."

Jenny

Customer Relations Consultant
Woronora Memorial Park

"As a team, we enjoy talking to and helping the public; we wear our name badges with pride and the regulars always say hi to us. We are always ready to help and enjoy the challenge of helping someone struggling to find their loved ones."

Adam

Broad Acre Team Leader
Eastern Suburbs Memorial Park

"During the 18 years there has been many changes at Woronora, but what remains the same is our commitment to providing a quality service to the community. I really enjoy leading a dedicated team and appreciate the continued support from management."

Sean

Crematorium Operations Supervisor
Woronora Memorial Park

"I started at Woronora 18 months ago after having worked in the finance industry for the previous 30 years. I love the job and for the first time in a long while I feel I am really helping people. The support I get from my co-workers and management make it worthwhile."

Toni

Customer Care Support
Woronora Memorial Park

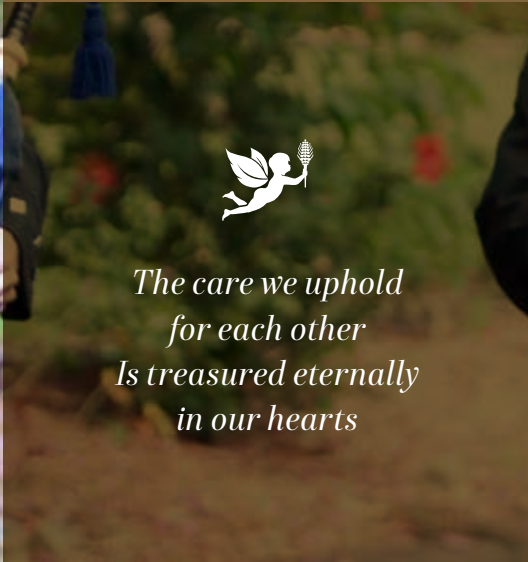
"I started at Eastern Suburbs three months ago and have found my role in Customer Care to be varied, challenging and incredibly rewarding. I am passionate about customer service and building strong relationships with families, funeral directors and our community."

Susan

Customer Care Support
Eastern Suburbs Memorial Park



Our Year of Events



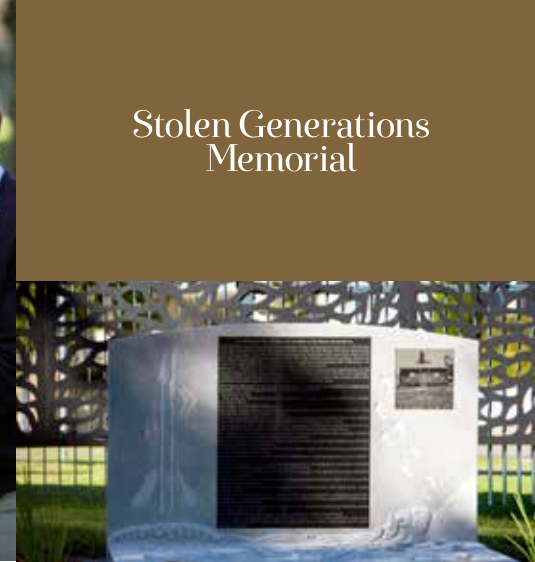
The care we uphold
for each other
Is treasured eternally
in our hearts



Open Day

Baby Lily Grace
Awareness Day

Pregnancy
& Infant Loss





Operations Report



*For here lies a place
for our memories
for generations to come*



Providing burials, cremations and memorialisation for the community that are of the highest standard is one of SMCT's core operational responsibilities. The Operations teams are responsible for creating and maintaining beautiful and peaceful gardens across both ESMP and WMP to give our visitors a positive experience.

In order for our parks to continue to meet the needs of the community in the years ahead, strategic planning is required that incorporates conceptual ideas for reuse of graves. Crucially, we must engage with various community and religious groups for the requirements of future generations.

The future of our cemeteries

In order to continue our vital role in the community, the acquisition of more land and the creative use of our existing space is vital. SMCT has secured Crown licenses over prime adjoining parcels of land for future development that will extend the life of the Cemeteries and provide much needed burial space.

After long-running negotiations, we have achieved the approval from stakeholders to acquire Bumborah Point on the Eastern boundary of ESMP, which will provide space for approximately 2,000 graves.

With the increasing shortage of land for Cemeteries, SMCT is also endeavouring to expand further to the south of Woronora as well as develop previously unusable areas at ESMP by building "efficient burial systems" that use the underground area for modern catacombs or crypts. We are also developing a concept that allows families to re-use family graves, by giving them the opportunity to remove and place bones in an ossuary box placed into an in-ground structure in front of the grave.

Improving facilities for the community

We're committed to providing better facilities and improving our existing structures for the benefit of our visitors. The refurbishment of the Chapels has improved the comfort of guests at services, with extra seating provided to accommodate more than 120 mourners. We have received approval to construct toilet amenity at the Gardens of the Pieta, and others are planned elsewhere in WMP. We're also on track to build a new, state-of-the-art crematorium operations building at WMP, which will ensure SMCT delivers benchmark services into the future.



Operations Report



*Gliding over our
beautiful gardens
incomparable
serenity awaits*



Building our future

During the financial year ending June 2017, significant progress was made in implementing a range of measures to upgrade, improve and create new spaces within both WMP and ESMP.

The following is a brief summary of projects begun, progressed or completed in the last financial year for each site.

Eastern Suburbs Memorial Park Works in Progress

Bumborah Point

This year, SMCT achieved a significant result over the site known as Bumborah Point. This 3.8-hectare plot of land has been the subject of lengthy negotiations with Randwick Council and both the NSW Aboriginal Land Council and the La Perouse Local Aboriginal Land Council. In a historic decision, the indigenous owners have agreed to waive their traditional claims on the land, while Randwick Council has offered principle support for rezoning.

This is the first lifting of a land claim in NSW and SMCT is deeply appreciative of the efforts of all stakeholders in supporting the Trust's vision for

the future. Our plan is to use the site to house approximately 2,000 new graves, amid beautifully landscaped gardens. We also intend to construct our first dedicated Aboriginal cemetery, which will allow indigenous members of our community to be buried "on country".

Northern Precinct

Construction of Stage 1 was nearing completion at the end of the financial year, with the completion of 222 Full Monumental Graves, concrete foundations and paths. Stage 2, which includes the creation of catacombs – another first for SMCT – is progressing with our engineers.

Bunnerong Rd Fencing

In order to improve security, this comprehensive fencing project began with the perimeter along Bunnerong Rd, which was completed in 2017. Quotes for Stage 2, which encompasses the south-eastern perimeter are being sought.

Greek Chapel

Designed to meet the growing demand from our local Greek community, the new Greek Chapel has been completed and is currently awaiting its

Occupational Certificate from Randwick Council. It will then be handed over to the Greek Orthodox Archdiocese of Australia.

Ascension of Jesus Christ Mausoleum Roadway

Presenting a well-kept and welcoming entrance is a top priority for our sites. Works on the new, revitalised entrance to AJCM roadway started on 4 April 2017 and were completed by 12 May 2017.

West Chapel

Enhancing both capacity and comfort were the key considerations in the delivery of the West Chapel upgrade. The project incorporated new seating, carpet and fresh paint, with a concierge booth and new audio visual equipment to facilitate modern funeral requirements. Beginning in February 2017, the refurbishment was completed in April 2017.

Woronoral Memorial Park Works in Progress

"Kimitiria" Greek 2

The increasing needs of the Greek community are being met with a dedicated new site for Orthodox burial. The project began in March 2016 and the entire complement of 192 Full Monumental graves were successfully completed by July 2017.

Gardens of the Pieta

One of the jewels of WMP, the Gardens of the Pieta has attracted plans for an amenities upgrade to improve the comfort of visitors and families. A formal application is in progress and discussions are continuing with Council.

New Crematorium

SMCT prides itself on being a benchmark operation for burials and cremations. To maintain our industry leading offering, we have devised plans for a new, state-of-the-art crematorium which will enable us to meet growing demand in the years ahead. A Development Application was registered with Sutherland Council on 22 May, 2017.

Jewish Area

WMP's Jewish community is growing and an opportunity to create a dedicated cemetery that caters to the specific needs of this community began in July 2016. Before commencement, this area was consecrated by Rabbi Chaim Ingram. It includes 21 Full Monumental graves and 18 Monumental Lawn graves and was nearing completing at the end of the financial year 2016-17.

Operations Report

Backup Generator

Blackouts and brownouts severely impact the productivity and appeal of WMP. In the event of a power outage, our new diesel Backup Generator will deliver power to the entire site and has a 30-hour running time capacity.

Prince Edward Park

To plan for future burials, WMP is looking at acquiring an adjacent 13.5-hectare parcel of land within Prince Edward Park, located on the western border of WMP. Such projects are often highly sensitive, due to existing land claims and this is no exception. Building on our experience with Bumborah Point, we are currently in preliminary discussions, and are in the process of building good relations with the local Gandangarra Aboriginal Land Council to help understand the particular importance of the site to their people.

Fire Hydrant

A project to upgrade our Fire Hydrant Service and add Conduits to meet regulatory requirements began in December 2016. The project includes extra conduits for power and IT cabling and was nearing completion by the end of June 2017.

South and West Chapels Upgrade

Plans for the refurbishment of both our beautiful Art Deco Chapels have begun and were completed during this financial year.

Grave Rectification Program

One of our most important ongoing works is the Grave Rectification Program, to safeguard visitors and staff from collapsed graves. Each site is assessed individually and the entire program involves thousands of graves.

*Steve Donaldson
Executive Manager
Site Operations*





Strategic Objectives

Strategic Area	Key Areas	Strategic Objective	Outcomes
Strengthen Relationships with community and stakeholders	<ul style="list-style-type: none"> Funeral Directors Other community and religious groups 	<ul style="list-style-type: none"> Ensure our services are available to the needs of our communities & Funeral Directors Improve the reputation of our cemeteries within the communities by providing quality services and memorial options Provide products and services that cater to the communities needs while embracing innovations for the future Events that allow for marketing of our cemeteries and cater to many sections of the local communities 	<ul style="list-style-type: none"> Continue and expand Funeral Director visitation program Listen to the needs of community and religious groups and act upon those needs as appropriate and viable Develop and grow our people to ensure a heightened customer experience and retain and continually improve organisational reputation Showcase our cemeteries via Open Days and events
Capital Works & other land developments Land acquisitions	<ul style="list-style-type: none"> Cemetery land usage and maintenance Facilities expansion Land acquisitions for future cemetery use 	<ul style="list-style-type: none"> Ensure there are burial and other memorialisation areas to cater for the communities needs All capital works projects to adhere to the SMCT Capital Works policy with strict business cases completed Construct capital works projects that expand the cemetery facilities for the current and future needs of the communities Work towards additional land acquisitions close to our cemeteries and other areas that may be used for cemetery purposes 	<ul style="list-style-type: none"> Monitor inventory levels and construct precincts when and where required Ensure projects are planned appropriately and presented to the Board for approval Liaise with community and religious groups and research any requirements to ensure proper planning Engage the assistance of Crown Lands to acquire suitable land

Strategic Area	Key Areas	Strategic Objective	Outcomes
Strong financial leadership and sustainability	<ul style="list-style-type: none"> Financial strategy for growth Financial assets Processes and controls improvements Strong Corporate Governance 	<ul style="list-style-type: none"> Ensure the SMCT is financially sustainable and able to meet its long term financial and perpetuity obligations Be financially sustainable through cost control and assisting sales departments with future revenue growth possibilities Ensure cemetery land usage is maintained for future burial and other memorialisation 	<ul style="list-style-type: none"> Continuing to provide for future perpetual maintenance obligations through effective management of all revenue and business costs Focus on operational and administration costs requirements with reductions where applicable SMCT understands its current and future burial area needs. Monthly meetings with key staff to discuss growth area requirements
Our People, Our Culture	<ul style="list-style-type: none"> Culture WH&S Right fit for each position Skills & improvement Succession Planning 	<ul style="list-style-type: none"> To be seen as an employer of choice in our industry and local areas Ensure safety is always at the centre of our work practices through diligent WH&S All staff to understand their role within the Trust and to embrace the Trust vision and values 	<ul style="list-style-type: none"> Empower our people to advocate the positive work environment at SMCT Educate our people to strengthen their commitment to WHS and safe work practices Continue interactions with our people at all levels of the business to communicate and strengthen commitment to SMCT Structure, Vision and Values
Innovation	<ul style="list-style-type: none"> Customer Relationship Systems Enterprise Resource Planning systems Common IT contractor for SMCT Common IT policies and controls for SMCT 	<ul style="list-style-type: none"> Implement a common industry leader CRM & ERP system across both cemetery sites which will allow for common cemetery business processes and future cemetery expansion Move towards a single IT contractor for the SMCT 	<ul style="list-style-type: none"> SMCT continues to progress towards a common CRM / ERP system Further progress in FY 2018 is required to move to tender stage and appointment of preferred provider Single IT contractor, First Focus Pty Ltd, has been appointed across both SMCT cemetery sites

Finance Contents

37	Independent Audit Report
39	Trustees Declaration
40	Statement of profit or loss and other comprehensive income
41	Statement of financial position
42	Statement of changes in equity
43	Statement of cash flows
44	Notes to the financial statements

Deloitte.

Deloitte Touche Tohmatsu
A.C.N. 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1217 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

Independent Auditor's Report to the Trustees of Southern Metropolitan Cemeteries Trust

Opinion

We have audited the financial report of Southern Metropolitan Cemeteries Trust (the "Trust") which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and Trustees' declaration as set out on pages 39 to 60.

In our opinion, the accompanying financial report presents fairly, in all material respects, the Entity's financial position as at 30 June 2017 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

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 Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management of the Trust is responsible for the preparation of the financial report in accordance with Australian Accounting Standards and for such internal control as management determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the ability of the Entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Touche Tohmatsu Limited

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management and Those Charged with Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

A. COLEMAN

Andrew J Coleman
Partner
Chartered Accountants
Sydney, 25 October 2017

Southern Metropolitan Cemeteries Trust Trustee's declaration for the financial year ended 30 June 2017

Trustees' declaration

The financial statements have been prepared in accordance with the reporting requirements of the Cemeteries and Crematoria NSW (CC NSW). Southern Metropolitan Cemeteries Trust (the "Trust") has been confirmed by CC NSW as a reporting entity for the purpose of the Public Finance and Audit Act 1983 (PFAA). Accordingly, this financial report has been prepared to satisfy the trustees' reporting requirements under the Cemeteries and Crematoria Act 2013.

The trustees declare that:

- in the trustees' opinion, there are reasonable grounds, to believe that the Trust will be able to pay its debts as and when they become due and payable; and
- in the trustees' opinion, the attached financial statements and notes thereto are in accordance with the Australian Accounting Standards and give a true and fair view of the financial position and performance of the Trust.

Signed in accordance with a resolution of the trustees.

On behalf of the trustees


Trustee

Sydney, 25th October 2017

Statement of profit or loss and other comprehensive income
for the financial year ended 30 June 2017

	Note	2017 \$	2016 \$
Revenue	4	26,719,701	24,233,331
Investment income	5	2,875,563	2,267,045
Other gains / (losses)	6	1,469,390	(1,100,304)
Employee benefit expenses	7	(7,048,459)	(6,527,600)
Administrative expenses		(2,416,904)	(2,014,210)
Crematorium and cemetery expenditure		(7,669,501)	(6,366,677)
Depreciation		(1,223,435)	(1,230,425)
Financial assets impairment charge	7	–	(1,202,670)
Profit for the year		12,706,355	8,058,490
Other comprehensive income for the year			
Items that will be reclassified subsequently to profit or loss			
Fair value gain / (loss) on available-on-sale investments		5,524,385	(824,127)
Reclassification adjustments relating to available-for-sale financial assets disposed in the period		(842,941)	(987,777)
Revaluation gain on Crown Land		25,841,225	
Total comprehensive income for the year		43,229,024	6,246,586

Statement of financial position
as at 30 June 2017

	Note	2017 \$	2016 \$
ASSETS			
Current assets			
Cash and cash equivalents	21	4,104,763	4,586,886
Trade and other receivables	8	2,434,646	2,363,814
Other financial assets	9	21,838,521	14,403,028
Inventories	10	1,771,049	1,622,348
Total current assets		30,148,979	22,976,076
Non-current assets			
Trade and other receivables	8	280,393	194,437
Other financial assets	9	58,156,727	49,086,586
Inventories	10	18,473,011	19,120,994
Property, plant and equipment	11	45,080,702	17,909,156
Intangible assets	12	1,000	1,000
Total non-current assets		121,991,833	86,312,173
Total assets		152,140,812	109,288,249
LIABILITIES			
Current liabilities			
Trade and other payables	13	717,399	891,118
Deferred revenue	14	1,752,525	2,430,922
Provisions	15	991,796	919,505
Total current liabilities		3,461,720	4,241,545
Non-current liabilities			
Deferred revenue	14	1,161,743	743,990
Provisions	15	356,585	370,974
Total non-current liabilities		1,518,328	1,114,964
Total liabilities		4,980,048	5,356,509
Net assets		147,160,764	103,931,740
Equity			
Issued capital	16	21,130,980	21,130,980
Reserves	17	28,871,876	(1,650,793)
Retained earnings	18	97,157,908	84,451,553
Total equity		147,160,764	103,931,740

Statement of changes in equity
for the financial year ended 30 June 2017

	Issued Capital	Retained earnings	Available- for-sale reserve	Asset revaluation reserve	Total
	\$	\$	\$	\$	\$
Balance at 30 June 2015	21,130,980	76,393,063	161,111	–	97,685,154
Profit for the year	–	8,058,490	–	–	8,058,490
Fair value (loss) on available-on-sale investments	–	–	(824,127)	–	(824,127)
Reclassification adjustment relating to available for sale financial assets disposed in the period	–	–	(987,777)	–	(987,777)
Total comprehensive income for the year	–	8,058,490	(1,811,904)	–	6,246,586
Write off in current year	–	–	–	–	–
Balance at 30 June 2016	21,130,980	84,451,553	(1,650,793)	–	103,931,740
Profit for the year	–	12,706,355	–	–	12,706,355
Fair value gain on available-on-sale investments	–	–	5,524,385	–	5,524,385
Reclassification adjustments relating to available-for-sale financial assets disposed in the period	–	–	(842,941)	–	(842,941)
Revaluation gain on Crown Land				25,841,225	25,841,225
Total comprehensive income for the year	–	12,706,355	4,681,444	25,841,225	43,229,024
Write off in current year	–	–	–	–	–
Balance at 30 June 2017	21,130,980	97,157,908	3,030,651	25,841,225	147,160,764

Statement of cash flows
for the financial year ended 30 June 2017

	Note	2017 \$	2016 \$
Cash flows from operating activities			
Receipts from customers		28,930,581	26,232,576
Payments to suppliers and employees		(19,381,452)	(21,076,110)
Finance income received		345,513	426,011
Dividend income received		2,534,428	1,859,629
Net cash provided by operating activities	21	12,429,070	7,442,106
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		645,517	848,552
Purchase of plant, equipment & buildings		(3,083,982)	(2,771,179)
Proceeds from investments		38,230,693	31,917,091
Purchase of investments		(48,703,421)	(39,481,513)
Payments for intangible assets		–	(1,000)
Net cash used in investing activities		(12,911,193)	(9,488,049)
Cash flows from financing activities		–	–
Net cash used in financing activities		–	–
Net (decrease) / increase in cash and cash equivalents		(482,123)	(2,045,943)
Cash and cash equivalents at the beginning of the year		4,586,886	6,632,829
Cash and cash equivalents at the end of the year	21	4,104,763	4,586,886

Notes to the financial statements

for the financial year ended 30 June 2017

1 Significant accounting policies

The financial statements are for the Southern Metropolitan Cemeteries Trust (the “Trust”), which is incorporated under that New South Wales Crown Lands Act 1989. By virtue of this method of incorporation the Trust is not subject to the Corporations Act 2001. These financial statements are general purpose financial statements which have been prepared in accordance with the Accounting Standards and Interpretations, and comply with other requirements of the law. For the purposes of preparing the financial statements, the Trust is a not-for-profit entity. Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Trust comply with International Financial Reporting Standards (‘IFRS’). The financial statements were authorised for issue by the trustees on 25 October 2017.

Basis of Preparation

The financial statements have been prepared on the basis of historical cost, except for certain financial instruments that are measured at revalued amounts or 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 Trust 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 leasing transactions that are within the scope of AASB 117, and 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.

(a) Income tax

No provision for income tax or income tax expense is necessary as the Trust is exempt from Income Tax.

(b) Financial assets

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument.

Initial recognition and measurement

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly

Notes to the financial statements

for the financial year ended 30 June 2017

attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets are classified into the following specified categories: financial assets ‘at fair value through profit or loss’ (FVTPL), ‘held-to-maturity’ investments, ‘available-for-sale’ (AFS) financial assets and ‘loans and receivables’. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as ‘loans and receivables’. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Held-to-maturity investments

Held-to-maturity investments are non-current assets, except for those which are expected to mature within 12 months after reporting date, which will be classified as current assets.

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the Trust has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

Available-for-sale financial assets

Listed shares and listed redeemable notes held by the Trust that are traded in an active market are classified as AFS and are stated at fair value. The Trust also has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value (because the trustees consider that fair value can be reliably measured). Fair value is determined in the manner described. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. Dividends on AFS equity instruments are recognised in profit or loss when the Trust’s right to receive the dividends is established.

Notes to the financial statements

for the financial year ended 30 June 2017

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity instruments, including listed or unlisted shares, objective evidence of impairment includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered. A significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment for unlisted shares classified as available-for-sale.

For all other financial assets, including redeemable notes classified as available-for-sale and finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed for impairment on a collective basis even if they were assessed not to be impaired individually.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Derecognition

The Trust derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Trust neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Trust recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Trust retains substantially all the risks and rewards of ownership of a transferred financial asset, the Trust continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Trust retains an option to repurchase part of a transferred asset), the Trust allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that

Notes to the financial statements

for the financial year ended 30 June 2017

continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

(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

The Trust derecognises financial liabilities when, and only when, the Trust's 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, the Trust 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.

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

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

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

Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Trust has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Trust retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Trust; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the servicing for the product sold; and
- revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

Notes to the financial statements
for the financial year ended 30 June 2017

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 the Trust 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 the Trust 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.

Rental income

The Trust’s policy for recognition of revenue from operating leases is described below.

(e) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Trust as lessor:

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 the Trust in respect of services provided by employees up to reporting date.

Provision is made for the Trust’s 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

Each class of property, plant and equipment (excluding Crown Land) is carried at cost or fair value as indicated, less, where applicable, any accumulated depreciation and impairment losses.

Crown Land is carried at revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Notes to the financial statements
for the financial year ended 30 June 2017

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation

The depreciable amount of all fixed assets including buildings, but excluding freehold land, is depreciated on a straight-line basis over the asset’s useful life to the Trust commencing from the time the asset is held ready for use. Freehold land is not depreciated.

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

Class of fixed asset	Depreciation rate
Buildings	2.5% to 10%
Office furniture and equipment	4% to 33%
Motor vehicles	20%
Plant and machinery	10% to 25%
Roadwork and fencing	5% to 20%
Crematorium and furnaces	10% to 20%

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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.

(h) 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. 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.

(i) 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.

Notes to the financial statements
for the financial year ended 30 June 2017

(j) Provisions

Provisions are recognised when the Trust 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.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Trust has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

(k) 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.

(l) 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.

(m) Comparative figures

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

Notes to the financial statements
for the financial year ended 30 June 2017

2 Critical accounting judgments and key sources of estimation uncertainty

In the application of the Trust’s accounting policies, which are described in note 1, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation certainty

Impairment

The Trustees assess impairment at each reporting period by evaluating of conditions specific to the Trust that may be indicative of impairment triggers.

Critical judgments in applying accounting policies

There are no critical judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

3 Application of new and revised Accounting Standards

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Trust has decided not to early adopt.

Standards and Interpretations in issue not yet adopted

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2017-2 ‘Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107’	1 January 2017	30 June 2018
AASB 9 ‘Financial Instruments’, and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 ‘Revenue from Contracts with Customers’, AASB 2014-5 ‘Amendments to Australian Accounting Standards arising from AASB 15’, AASB 2015-8 ‘Amendments to Australian Accounting Standards – Effective date of AASB 15’	1 January 2018	30 June 2019
AASB 16 ‘Leases’	1 January 2019	30 June 2020

Notes to the financial statements
for the financial year ended 30 June 2017

	2017	2016
	\$	\$
4 Revenue		
Income from cemetery	19,260,231	17,045,431
Income from crematorium	7,055,073	6,818,973
Sundry income	404,397	368,927
	26,719,701	24,233,331
5 Investment income		
Interest income	341,135	407,416
Dividend income	2,534,428	1,859,629
	2,875,563	2,267,045
6 Other gains and losses		
Loss on disposal of available-for-sale investments	–	(1,544,894)
Gain on disposal of available-for-sale investments	1,351,462	307,100
Other	117,928	137,490
	1,469,390	(1,100,304)
7 Profit for the Year		
Profit for the year from continuing operations has been arrived at after charging		
a) Employee benefit expenses		
Post employment benefits	516,199	444,063
Other employee benefits	6,532,260	6,083,537
	7,048,459	6,527,600
All employees of the Trust are entitled to benefits from three superannuation plans on retirement, disability or death. The Trust participates in defined contribution plans. The benefits provided under these plans are based on accumulated contributions and earnings for each employee. The Trust's liability is limited to paying the contributions to the plans.		
b) Financial assets impairment charge		
Financial assets impairment charge	–	1,202,670
	–	1,202,670

The decision to impair the investment in HeavenAddress in 2016 was based on the financial performance to date and uncertainty of future cash flow projections. The performance of HeavenAddress will be reviewed annually and recognition of the investment may be made within the financial statements in future years.

Notes to the financial statements
for the financial year ended 30 June 2017

	2017	2016
	\$	\$
8 Trade and other receivables		
Trade receivables	994,347	1,712,633
Payment plan receivables	1,495,245	567,720
Prepayments	97,825	145,898
Interest accrued	127,622	132,000
	2,715,039	2,558,251
The average credit period on sale of goods is 30 days. No interest is charged on trade receivables. No allowance for doubtful debts has been recognised for year ended 30 June 2017 (2016: nil).		
Current	2,434,646	2,363,814
Non-current	280,393	194,437
	2,715,039	2,558,251
9 Other financial assets		
Held-to-maturity (i)		
Term deposits	17,511,521	12,065,328
Other deposits	4,000,000	5,750,000
	21,511,521	17,815,328
Available-for-sale		
Listed securities	57,465,227	44,424,286
Others	1,018,500	1,250,000
	58,483,727	45,674,286
Current	21,838,521	14,403,028
Non-current	58,156,727	49,086,586
	79,995,248	63,489,614
(i) The Trust hold term and other deposits that carry interest at variable rate. The weighted average Interest rate on these securities is 3.60% per annum (2016: 4.22%). The deposits have maturity dates ranging between 1 to 29 months from the end of the reporting period.		
10 Inventories		
Crypts and mausoleum	7,495,277	4,144,791
Grave foundations and beams	7,190,222	6,388,609
Garden memorialisations	868,509	784,116
Inventory work-in-progress	524,244	5,260,018
Future developed areas	4,165,808	4,165,808
	20,244,060	20,743,342
The cost of inventories recognised as an expense during the year was \$2.72 million (2016: \$1.96 million) and has been recognised as part of Crematorium and Cemetery expenses.		
Current	1,771,049	1,622,348
Non-current	18,473,011	19,120,994
	20,244,060	20,743,342

Notes to the financial statements

for the financial year ended 30 June 2017

	Buildings at cost	Motor vehicles	Furniture, plant & machinery	Roadwork, ground & development	Land	Crown Land at revalued amount	Work in progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$
11 Property, plant and equipment								
Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.								
Balance at 1 July 2015	8,978,487	227,007	1,159,701	2,006,251	2,145,071	–	2,668,501	17,185,018
Additions	232,299	206,014	744,882	325,191	–	–	1,262,793	2,771,179
Disposals/ write-downs	–	(39,881)	(7,901)	–	–	–	(341,135)	(388,917)
Depreciation	(525,294)	(85,136)	(478,454)	(141,541)	–	–	–	(1,230,425)
Transfers	–	–	–	(266,184)	–	–	(161,515)	(427,699)
Balance at 30 June 2016	8,685,492	308,004	1,418,228	1,923,717	2,145,071	–	3,428,644	17,909,156
Cost	18,806,539	762,176	5,238,905	3,807,835	2,145,071	–	3,428,644	34,189,170
Accumulated depreciation	(10,121,047)	(454,171)	(3,820,677)	(1,884,119)	–	–	–	(16,280,014)
Closing balance	8,685,492	308,005	1,418,228	1,923,716	2,145,071	–	3,428,644	17,909,156
Balance at 1 July 2016	8,685,492	308,005	1,418,228	1,923,716	2,145,071	–	3,428,644	17,909,156
Additions	1,313,071	268,212	1,295,026	208,898	–	–	1,994,491	5,079,698
Disposals/ write-downs	(55,308)	(9,540)	(119,828)	(345,550)	–	–	–	(530,226)
Depreciation	(353,677)	(121,864)	(582,974)	(164,920)	–	–	–	(1,223,435)
Transfers	(168,989)	–	(25,856)	–	–	–	(1,800,871)	(1,995,716)
Revaluation increase	–	–	–	–	–	25,841,225	–	25,841,225
Balance at 30 June 2017	9,420,589	444,813	1,984,596	1,622,144	2,145,071	25,841,225	3,622,264	45,080,702
Cost	18,663,677	1,000,064	3,629,322	2,243,970	2,145,071	25,841,225	4,553,275	58,076,604
Accumulated depreciation	(9,243,088)	(555,251)	(1,644,726)	(621,826)	–	–	(931,011)	(12,995,902)
Closing balance	9,420,589	444,813	1,984,596	1,622,144	2,145,071	25,841,225	3,622,264	45,080,702

Notes to the financial statements

for the financial year ended 30 June 2017

11 Property, plant and equipment (cont'd)

The Trust operates its cemeteries on Crown Land and the land is valued by the Opteon Property Group. A valuation was performed at 30 June 2017. 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 2017 from the Opteon are as follows:

	ESMP	WMP
The size of the cemetery	34.14 hectares	48.38 hectares
Land Value – Land Under Buildings	\$100,750	\$80,600
Land Value – Land Under Road and Formed pathways	\$1,453,625	\$1,162,900
Land Value – Land for Internment	\$4,250,000	\$9,980,000
Land Value – Land Buried Out	\$3,909,556	\$4,903,794
Valuation of cemetery date	30-Jun-17	30-Jun-17
Valuation of cemetery	\$9,713,931	\$16,127,294
Buried Out Area Rate Discount as Percentage	90%	
Basis of the land valuation	Market Approach	

The Trust requested CBRE to perform a reinstatement cost valuation on certain buildings. A valuation was performed at 23 June 2017. The trustees will continue to assess the valuation of the buildings and if appropriate revisit the accounting policy applied. As at 23 June 2017, the value of buildings has been reported in the statement of financial position using the cost method and not the revaluation method.

The building valuation as at 23 June 2017 from CBRE are as follows:

	ESMP	WMP
Cost of demolition and disposal of the building including foundations and external works complete as at policy commencement date:	\$702,000	\$792,000
Reinstatement cost of the building including foundations and external works complete as at policy commencement date:	\$13,803,000	\$14,225,000
Crematorium	\$2,192,000	\$5,478,000
Administration offices	\$2,852,000	\$958,000
Café & Reception	\$2,095,000	\$1,231,000
Maintenance	\$2,128,000	\$1,792,000
Fences	\$785,000	\$738,000
Roads & Pathways	\$502,000	\$4,028,000
Professional fees as at policy commencement date	\$1,160,000	\$1,210,000
Cost (Inclusive GST)	\$17,878,000	\$18,434,000

Notes to the financial statements

for the financial year ended 30 June 2017

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 2017 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 of Crown Land

	Fair value as at 30 June 2017	Hierarchy	Valuation technique(s) and key input(s)	
Crown Land	25,841,225	Level 3	Market approach discounted at 90%	
			2017	2016
			\$	\$
12	Intangible assets			
	Trademarks		1,000	1,000
			1,000	1,000
13	Trade and other payables			
	Trade and sundry creditors		415,145	688,513
	GST payable		153,877	47,706
	Accruals		148,377	154,899
			717,399	891,118
	Current		717,399	891,118
			717,399	891,118
14	Deferred revenue			
	Arising from pre-sales of Crypts		–	1,885,454
	Arising from ESCB Certificates		36,735	61,960
	Arising from Payment plan		2,877,533	1,227,498
			2,914,268	3,174,912
	Current		1,752,525	2,430,922
	Non-current		1,161,743	743,990
			2,914,268	3,174,912

Notes to the financial statements

for the financial year ended 30 June 2017

	2017	2016
	\$	\$
15	Provisions	
	Annual leave	529,499
	Long service leave	551,617
	Onerous contracts	267,265
	1,348,381	1,290,479
	Current	991,796
	Non-current	356,585
	1,348,381	1,290,479
16	Issued capital	
	Trust capital	21,130,980
17	Reserves	
	Available-for-sale investments reserve	
	Balance at beginning of the year	(1,650,793)
	Net gain / (loss) arising on the revaluation of available for sale assets	5,524,385
	Reclassification adjustments relating to available-for-sale financial assets disposed in the period	(842,941)
	3,030,651	(1,650,793)
	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 the year	–
	Revaluation gain	25,841,225
	Balance at end of the year	25,841,225
	28,871,876	(1,650,793)
18	Retained earnings	
	Balance at beginning of year	84,451,553
	Profit attributable to owners of the Trust	12,706,355
	Balance at end of year	97,157,908
	84,451,553	

Notes to the financial statements
for the financial year ended 30 June 2017

	2017	2016
	\$	\$
19 Financial instruments		
a) Capital management		
The Trust manages its capital to ensure that it will be able to continue as going concern. The Trust's overall strategy remains unchanged from 2017. Trust is not subject to any externally imposed capital requirements.		
b) Categories of financial instruments		
Financial assets		
Cash and bank balances	4,104,763	4,586,886
Held-to-maturity investments	21,511,521	17,815,328
Loans and receivables	2,489,592	2,280,353
Available-for-sale financial assets	58,483,727	45,674,286
Financial liabilities		
Trade and other payables	717,399	891,118

c) Financial risk management objectives

Market risk

The Trust's activities expose it primarily to the financial risks of changes in interest rates. There has been no change to the Trust's 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 the Trust. 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 of trustees, which has established an appropriate liquidity risk management framework for the management of the Trust's 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 2017	Fair value as at 30 June 2016	Hierarchy	Valuation technique(s) & key input(s)
Shares in listed companies	57,465,227	44,424,286	Level 1	Quoted bid price in an active market
Shares in non-listed companies	–	–	Level 3	Recent arm's length market price
Bank fixed interest and floating deposits	1,018,500	1,250,000	Level 1	Quoted bid price in an active market

Notes to the financial statements
for the financial year ended 30 June 2017

	2017	2016
	\$	\$
20 Key management personnel compensation		
The aggregate compensation made to directors and other members of key management personnel of the Trust is set out below:		
Short term employee benefits	1,003,312	902,567
Other long term benefits	89,147	76,923
	1,092,459	979,490
21 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	3,400	28,890
Cash at bank	4,101,363	4,557,996
	4,104,763	4,586,886
Reconciliation of profit for the year to net cash flows from operating activities		
Cash flows from operating activities:		
Profit for the year	12,706,355	8,058,490
Non-cash transactions		
Depreciation	1,223,435	1,230,425
Financial assets impairment charge	–	1,202,670
Loss/(Gain) on disposal	(1,466,753)	1,205,858
Changes in assets and liabilities		
Increase in trade and other receivables	(156,788)	(735,375)
Decrease / (Increase) in inventories	499,282	(3,383,032)
Decrease in trade and other payables	(173,719)	(336,004)
(Decrease) / Increase in deferred revenue	(260,644)	262,881
Increase / (Decrease) in provisions	57,902	(63,807)
Net cash used in operating activities	12,429,070	7,442,106

Notes to the financial statements

for the financial year ended 30 June 2017

	2017	2016
	\$	\$
22 Operating lease arrangements		
Trust as a lessor		
Leasing arrangements		
Operating leases relate to the property owned by the Trust 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	368,743	361,512
Later than 1 year and not longer than 5 years	889,420	1,092,094
Later than 5 years	366,391	560,210
	1,624,554	2,013,816
23 Commitments for expenditure		
Capital expenditure commitments		
Plant and equipment	82,309	158,695
	82,309	158,695
24 Auditor's remuneration		
Remuneration of the auditor of the Trust for auditing the financial statements	59,535	56,700
Other	8,200	7,900
	67,735	64,600
25 Contingent liabilities		
Bank facilities	38,000	38,000
Bank guarantees	105,500	105,500
	143,500	143,500

26 Related party disclosures

Transactions with related parties During the prior year, Southern Metropolitan Cemeteries Trust entered into a consultancy agreement with Ms Nadia Lanfranco, wife of Mr Graham Boyd, Chief Executive Officer. The agreement commenced in February 2016 for Ms Lanfranco to work in the capacity of a memorialisation expert in addition to assisting with sourcing granite and bronze products for the trust. Ms Lanfranco received \$7,000 (plus GST) per month up until February 2017 and upon expiration, her agreement was extended till February 2018 with revised remuneration of \$7,140 (plus GST) per month.

27 Events after the reporting period

Management is not aware of any matter or circumstance that has arisen since 30 June 2017 that significantly affected or may significantly affect operations of the Trust, the result of those operations, or state of the affairs of the Trust in future financial years.





Eastern Suburbs Memorial Park

12 Military Road, Matraville NSW 2036
T. 02 9661 5655 · F. 02 9311 3654
E. esmp.enquiries@smctnsw.com.au
W. easternsuburbsmemorialpark.com.au



Woronora Memorial Park

121 Linden Street, Sutherland NSW 2232
T. 02 9545 4677 · F. 02 9545 1010
E. wmp.admin@smctnsw.com.au
W. woronoramemorialpark.com.au