

Adelaide Cemeteries Authority

Financial report
for the year ended
30 June 2019



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To the Chair of the Board Adelaide Cemeteries Authority

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 32(4) of the *Public Corporations Act 1993*, I have audited the financial report of the Adelaide Cemeteries Authority for the financial year ended 30 June 2019.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Adelaide Cemeteries Authority as at 30 June 2019, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2019
- a Statement of Financial Position as at 30 June 2019
- a Statement of Changes in Equity for the year ended 30 June 2019
- a Statement of Cash Flows for the year ended 30 June 2019
- notes, comprising significant accounting policies and other explanatory information
- Certificate from the Chair of the Board, the Chief Executive Officer and the Chief Financial Officer.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the Adelaide Cemeteries Authority. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants* have been met.

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

Responsibilities of the Chief Executive Officer and the Board of Directors for the financial report

The Chief Executive Officer is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

The Board of Directors are responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 Adelaide Cemeteries Authority's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive Officer
- 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.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Chief Executive Officer and Board about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

A handwritten signature in black ink, appearing to read 'A. Richardson', with a long horizontal flourish extending to the right.

Andrew Richardson

Auditor-General

26 September 2019

Certification of the Financial Report

We certify that the attached general purpose financial statements for the Adelaide Cemeteries Authority:

- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the Authority; and
- present a true and fair view of the financial position of the Adelaide Cemeteries Authority as at 30 June 2019 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the Adelaide Cemeteries Authority for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Tristan Just

Chair of the Board

Date 25/9/2019



Mr Robert Pitt

Chief Executive Officer

Date 25/9/2019



Mr Giuseppe Piscioneri

Chief Financial Officer

Date 25/9/2019

Adelaide Cemeteries Authority

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2019

	Note No.	2019 S'000	2018 S'000
Income			
Fees and Charges	4	10,031	10,417
Net Gain from Disposal of Assets	5	6	18
Investment Income	6	490	-
Other Income	7	722	240
Total Income		11,249	10,675
Expenses			
Employee Benefits	8	5,385	5,050
Supplies and Services	9	4,716	4,722
Other Expenses	11	41	-
Depreciation and Amortisation	16 & 17	1,048	937
Borrowing costs	10	56	78
Total Expenses		11,246	10,787
Net revenue from providing services		3	(112)
Revenue from/ payments to SA Government			
Income Tax Equivalent Payment		-	-
Net Result		3	(112)
Other Comprehensive Income			
Impairment of assets against reserves	16.1	(322)	-
Total Other Comprehensive Income		(322)	-
Total Comprehensive Result		(319)	(112)

The Net Result and the Comprehensive Result are attributable to the SA Government as owner.

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

Adelaide Cemeteries Authority

STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note No.	2019 \$'000	2018 \$'000
Current Assets			
Cash	12	324	776
Receivables	13	1,682	2,139
Inventories	14	785	986
Investments	15	-	5
Total Current Assets		2,791	3,906
Non-Current Assets			
Receivables	13	1,469	1,193
Investments	15	6,350	4,270
Property, Plant and Equipment	16	38,656	37,928
Intangible Assets	17	9	71
Total Non-Current Assets		46,484	43,462
Total Assets		49,275	47,368
Current Liabilities			
Payables	18	765	1,187
Employee Benefits	19	412	487
Provisions	20	14	15
Unearned Revenue	21	234	169
Borrowings	22	428	416
Total Current Liabilities		1,853	2,274
Non-Current Liabilities			
Payables	18	32	28
Employee Benefits	19	338	298
Provisions	20	20	22
Unearned Revenue	21	6,165	5,367
Borrowings	22	665	1,093
Total Non-Current Liabilities		7,220	6,808
Total Liabilities		9,073	9,082
Net Assets		40,202	38,286
Equity			
Asset Revaluation Surplus		21,702	22,024
Retained Earnings		18,420	16,182
Reserves		80	80
Total Equity		40,202	38,286

The Total Equity is attributable to the SA Government as owner.

Unrecognised Contractual Commitments

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

Adelaide Cemeteries Authority

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2019

	Note No.	West Terrace Cemetery Heritage Reserve S'000	Asset Revaluation Surplus S'000	Retained Earnings S'000	Total Equity S'000
Balance at 30 June 2017		80	22,024	16,550	38,654
Total comprehensive result for 2017-18		-	-	(112)	
Balance at 30 June 2018		80	22,024	16,438	38,542
Prior Year Correction	21 st	-	-	(256)	
Restated Balance at 30 June 2018		80	22,024	16,182	38,286
Adjustments on initial adoption of AASB 9	2 (j)	-	-	2,235	
Adjusted balance at 1 July 2018		80	22,024	18,417	40,521
Impairment loss on property, plant and equipment	16.1	-	(322)	-	
Total comprehensive result for 2018-19		-	-	3	
Balance at 30 June 2019		80	21,702	18,420	40,202

All changes in Equity are attributable to the SA Government as owner.

Adelaide Cemeteries Authority

STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2019

	Note No.	2019 S'000	2018 S'000
Cash Flows from Operating Activities			
Cash Inflows			
Fees and Charges		12,072	12,456
Other Receipts		722	240
Cash generated from operations		12,794	12,696
Cash Outflows			
Employee Benefits Payments		(5,368)	(4,971)
Payments for Supplies and Services		(5,454)	(4,930)
Interest Paid		(56)	(78)
Net GST Remitted to the Australian Taxation Office		(580)	(479)
Cash used in operations		(11,458)	(10,458)
Net Cash provided by Operating Activities		1,336	2,238
Cash Flows from Investing Activities			
Cash Inflows			
Proceeds from Sale of Investments		800	-
Proceeds from Sale of Plant and Equipment		30	70
Cash generated from Investing Activities		830	70
Cash Outflows			
Purchase of Investments		(150)	(400)
Purchase of Intangibles		-	(9)
Purchase of Plant and Equipment		(2,052)	(1,740)
Cash used in Investing Activities		(2,202)	(2,149)
Net Cash (used in) Investing Activities		(1,372)	(2,079)
Cash Flows from Financing Activities			
Cash Outflows			
Repayment of Borrowings		(416)	(404)
Cash used in Financing Activities		(416)	(404)
Net Cash provided by Financing Activities		(416)	(404)
Net (decrease)/Increase in Cash		(452)	(245)
Cash at 1 July		776	1,021
Cash at 30 June	12	324	776

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

**NOTES TO &
FORMING PART OF
THE FINANCIAL
STATEMENTS**

Adelaide Cemeteries Authority

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Adelaide Cemeteries Authority

Note 1 Objectives of the Adelaide Cemeteries Authority

The Adelaide Cemeteries Authority (Authority) serves the Government and people of South Australia by achieving excellence in the provision of cemetery, cremation and memorialisation services. The Authority was established in July 2001 pursuant to the *Adelaide Cemeteries Authority Act 2001*. The primary functions of the Authority are to operate and manage the public cemeteries and facilities at Enfield, Cheltenham, West Terrace (Adelaide) and the cemetery at Smithfield which was purchased subsequent to the establishment of the Authority.

Note 2 Significant Accounting Policies

a) Basis of Preparation

The financial statements are general purpose financial statements prepared in compliance with:

- section 23 of the *Public Finance and Audit Act 1987*;
- Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- relevant Australian Accounting Standards

The Authority has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Authority is a not-for-profit entity. Australian Accounting Standards and interpretations that have recently been issued or amended, but are not yet effective, have not been adopted by the Authority.

For the 2018-19 financial statements the Authority adopted AASB 9 – Financial Instruments and is required to comply with new Treasurer's Instructions (Accounting Policy Statements) issued on 22 March 2019 – refer Note 2 (i).

The financial statements are prepared based on a 12-month reporting period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

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

Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle have been classified as current.

b) Taxation

In accordance with Treasurer's Instruction 22 Tax Equivalent Payments, the Authority is required to pay to the SA Government an income tax equivalent. The income tax liability is based on the State Taxation Equivalent Regime, which applies the accounting profit method. This requires that the corporate income tax rate be applied to the net profit. The current income tax liability relates to the income tax expense outstanding for the current period.

The Authority is liable for payroll tax, fringe benefits tax, goods and services tax (GST) and the emergency services levy.

c) Events after the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June. Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue, where the events relate to a condition which arose after 30 June, and which may have a material impact on the results of subsequent years.

The Authority is not aware of any material events occurring between the end of the reporting period and when the financial statements were authorised.

d) Income

Fees and Charges

Burial Fees, Interment Right Income, Memorial Income and Cremation Fees are derived from the provision of goods and services to the public. Burial Fees, Memorial Income and Cremation Fees are recognised upon delivery of the service to the clients. Interment Right Income refers to the right of interment or inurnment in a site for the grant holder and is recognised in full as the right of interment or inurnment immediately transfers to the grant holder, being consistent with industry accounting practice.

Unearned Revenue

Prepaid funeral packages are purchased by clients for future interments which, depending on the package, include fees for burials, memorialisation, cremation and reflection room/lounge hire. The Authority deems these fees as unearned revenue as the payment has been received or is receivable from the client but the Authority has not yet provided the service.

Adelaide Cemeteries Authority

Note 2 Significant Accounting Policies (continued)

e) Assets

Receivables

Receivables include amounts receivable from trade, prepayment and other accruals.

Trade receivables arise in the normal course of selling goods and services to the public. Trade receivables are generally receivable within 30 days after the issue of a statement or the goods/services have been provided under a contractual arrangement. The Authority sells burial and memorial sites in advance of an interment to clients under a contractual arrangement providing a three-year repayment option. However, the right of an interment is not granted to the client until the site is fully paid.

Investments

The Authority measures the unitised funds invested with Funds SA at fair value in accordance AASB 9 – Financial Instruments. Gains and losses are realised in the Statement of Comprehensive Income as fair value through profit and loss.

Non Current Assets Acquisition and Recognition

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. All non-current tangible assets with a value equal to or in excess of \$5 000 are capitalised.

Depreciation and Amortisation

All non-current assets, having a limited useful life, are systematically depreciated or amortised over their useful lives in a manner that reflects the consumption of their service potential.

Depreciation and amortisation is calculated on a straight line basis over the estimated useful life of the following classes of assets as follows:

Class of Asset	Useful Life (years)
Buildings	40 - 100
Infrastructure Improvements	40
Plant and Equipment	4 - 15
Intangibles	3 - 5

Revaluation of Non-Current Assets

All non-current tangible assets are valued at written down current cost (a proxy for fair value); and revaluation of non-current assets or group of assets is performed at least every five years. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset. Upon disposal or derecognition, any revaluation surplus relating to that asset is transferred to retained earnings.

Fair value measurement - Non-financial assets

In determining fair value, the Authority has taken into account the characteristic of the asset and the asset's highest and best use. The Authority's current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible. As the Authority did not identify any factors to suggest an alternative use, fair value measurement was based on current use.

The carrying amount of non-financial assets with a fair value at the time of acquisition that was less than \$1 million or an estimated useful life that was less than three years are deemed to approximate fair value.

Intangible Assets

Intangible assets are measured at cost and are tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The authority holds only intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition criteria (identifiability, control, and the existence of future economic benefits) and recognition criteria (probability of future economic benefits and cost can be reliably measured) and when the amount of the expenditure is greater than or equal to \$5 000. All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 are expensed.

f) Liabilities

Employee Benefits

These benefits accrue for employees as a result of services provided up to the reporting date that remain unpaid. Long-term Employee Benefits are measured at present value and short-term Employee Benefits are measured at nominal amounts.

Adelaide Cemeteries Authority

Note 2 Significant Accounting Policies (continued)

g) Unrecognised contractual commitments and contingent assets and liabilities

Commitments include operating arrangements arising from contractual or statutory sources and are disclosed at their nominal value.

The Authority is not aware of any contingent assets or liabilities in relation to the Authority's activities.

h) Equity

The asset revaluation surplus is used to record increments and decrements in the fair value of land, buildings and plant and equipment to the extent that they offset one another. Relevant amounts are transferred to retained earnings when an asset is derecognised.

The West Terrace cemetery heritage reserve represents heritage donations and contributions received as well as transfers from retained earnings for the purposes of heritage works at West Terrace Cemetery.

i) Change in accounting policy

On 22 March 2019, pursuant to the *Public Finance and Audit Act 1987*, the Treasurer issued Treasurer's Instructions (Accounting Policy Statements) and revoked all previously issued Accounting Policy Statements (APS). The new Accounting Policy Statements have largely been prepared on a no-policy change basis. Changes that impact on these financial statements are:

- increasing the bands from \$10 000 to \$20 000 for employee and board member reporting - Notes 8 and 24.
- no longer recognising financial assets at historic cost as previously required under APF IV – Financial Asset and Liability Framework – Note 15.

j) AASB 9 Financial Instruments

AASB 9 Financial Instruments replaces the provisions of AASB 139 that relate to recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of AASB 9 from 1 July 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in financial statements.

As part of the adoption of AASB 9, the Authority adopted consequential amendments to other accounting standards and the Treasurer's Instructions (Accounting Policy Statements) arising from the issue of AASB 9 as follows:

- AASB 7 Financial Instruments - Disclosures: Requires amended disclosures due to changes arising from AASB 9, these disclosures have been provided for the current year because the comparatives have not been restated.

In accordance with transitional provisions and the Treasurer's Instructions (Accounting Policy Statements), AASB 9 Financial Instruments was adopted without restating comparative information for classification and measurement requirements.

The adoption of AASB 9 has not had a significant effect on the recognition, measurement or classification of financial liabilities.

The total impact on the Authority's retained earnings as at 1 July 2018 is as follows:

	2018
	S'000
Closing retained earnings at 30 June 2018 – AASB 139	16,182
Adjustment to retained earnings from application of Treasurer's instructions - Note 2(i)	2,235
Opening retained earnings 1 July 2018 – AASB 9	18,417

On 1 July 2018, the Authority has assessed and reclassified its financial assets into the appropriate AASB 9 categories depending on the business model and contractual cash flow characteristics applying to the asset. AASB 9 eliminates the AASB 139 categories of held to maturity, loans and receivables and available for sale.

Reclassification of financial instruments on adoption of AASB 9

On the date of initial application, Adelaide Cemeteries Authority's financial instruments were as follows, with any reclassification noted.

	Measurement category		Carrying amount		
	AASB 139	AASB 9	AASB 139 at 30 June 2018 S'000	Re- measurement S'000	AASB 9 at 1 July 2018 S'000
<u>Current financial assets</u>					
Trade receivables	Loans & receivables	Amortised cost	2,139	-	2,139
Investments with Funds SA	At cost	Fair Value	5	(5)	-
<u>Non-current financial assets</u>					
Trade receivables	Loans & receivables	Amortised cost	1,193	-	1,193
Investments with Funds SA	At cost	Fair Value	4,270	2,240	6,510
<u>Current financial liabilities</u>					
Trade payables	Amortised cost	Amortised cost	832	-	832
Borrowings with SAFA	Amortised cost	Amortised cost	416	-	416
<u>Non-current financial assets</u>					
Borrowings with SAFA	Amortised cost	Amortised cost	1,093	-	1,093

Adelaide Cemeteries Authority

Note 3 New and Revised Accounting Standards and Policies

The Authority did not voluntarily change any of its accounting policies during 2018-19

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Authority for the period ending 30 June 2019. The Authority has assessed the impact of the new and amended standards and interpretations below.

Reference	Title and date of Standard application	Summary and Impact on financial statements	Application date for the Authority																
AASB 16	<i>Leases</i> 1 January 2019	<p>When effective, this standard will replace the current accounting requirements applicable to AASB 117 Leases and related interpretations.</p> <p>The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard requires a lessor to recognise assets and liabilities for all leases with a term greater than 12 months, unless the underlying asset is low value. It also requires enhanced disclosures to be provided by lessors that will improve information disclosure about a lessor's risk exposure, particularly to residual value risk.</p> <p>ACA has determined that Interment Rights are considered to be leases under the requirements of AASB 16 on the basis that the Interment Right holder (lessee) is able to obtain economic benefits from use of the underlying asset (land or mausoleum building) and is able to direct the use of the asset in accordance with the requirements of predetermined protective rights (i.e. operating policies).</p> <p>Interment rights with a term of less than 50 years will be accounted for as operating leases. Interment rights with a term of 50 years and greater will be accounted for as finance leases.</p> <p>Based on a preliminary assessment performed over each lease type, the effect of AASB 16 is estimated to have the following impact on the initial application on 1 July 2019:</p> <p>Statement of Financial Position For the 2019/20 financial year, adoption of the revised standard will have the following impacts on the Statement of Financial Position:</p> <ul style="list-style-type: none"> derecognition of a proportion of underlying assets related to finance leases recognition of a lease liability in relation to operating leases. <table style="width: 100%; margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: right;">Debit/(Credit) S'000</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">Property, Plant and Equipment</td> <td style="text-align: right;">(401)</td> </tr> <tr> <td style="text-align: right;">Lease Liability - Current</td> <td style="text-align: right;">(189)</td> </tr> <tr> <td style="text-align: right;">Lease Liability – Non Current</td> <td style="text-align: right;">(2,718)</td> </tr> <tr> <td style="text-align: right;">Retained earnings</td> <td style="text-align: right;">3,308</td> </tr> </tbody> </table> <p>Statement of Comprehensive Income For the 2019/20 financial year, adoption of the revised standard will have the following impacts on the Statement of Comprehensive Income:</p> <ul style="list-style-type: none"> differences in the timing of recognition of fees and charges in relation to interment rights recognition of cost of sales representing the value of assets derecognised during the year <p>Had the treatments been in effect during the 2018/19 financial year, the impact would have been as follows:</p> <table style="width: 100%; margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: right;">Debit/(Credit) S'000</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">Fees and Charges</td> <td style="text-align: right;">9</td> </tr> <tr> <td style="text-align: right;">Cost of sales</td> <td style="text-align: right;">20</td> </tr> </tbody> </table>		Debit/(Credit) S'000	Property, Plant and Equipment	(401)	Lease Liability - Current	(189)	Lease Liability – Non Current	(2,718)	Retained earnings	3,308		Debit/(Credit) S'000	Fees and Charges	9	Cost of sales	20	1 July 2019
	Debit/(Credit) S'000																		
Property, Plant and Equipment	(401)																		
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Retained earnings	3,308																		
	Debit/(Credit) S'000																		
Fees and Charges	9																		
Cost of sales	20																		

Adelaide Cemeteries Authority

Note 3 New and Revised Accounting Standards and Policies (continued)			
AASB 15	<i>Revenue from Contracts with Customers</i> 1 January 2019	<p>AASB 15 is the new standard for revenue recognition and replaces AASB 111 Construction Contracts and AASB 118 Revenue.</p> <p>It establishes a comprehensive framework for determining whether, how and when revenue is recognised.</p> <p>The principle in the new standard is 'when control of a good or service transfers to a customer' rather than where the risk and rewards of ownership reside.</p> <p>There are two criteria for a contract to be recognised under this standard. The contract must be 1. sufficiently specific and 2. enforceable. There is a recognition of revenue where it has been determined that an enforceable contract with specific performance obligations exist, revenue is received or receivable and recognised in the profit and loss, pro-rated on the basis of the performance obligations being met. A revenue in advance liability is recognised and is reduced as performance obligations are met.</p> <p>The effects of this standard are not expected to be material to ACA.</p>	1 July 2019
AASB 1058	<i>Income of Not-for-Profit Entities</i> 1 January 2019	<p>This standard clarifies and simplifies the income recognition requirements that apply to not-for-profit entities in conjunction with AASB 15.</p> <p>AASB 15 and 1058 will supersede the majority of income recognition requirements relating to public sector not-for-profit entities, previously in AASB 1004.</p> <p>The timing of income recognition depends on whether a transaction gives rise to a liability or other performance obligation or a contribution by owners related to an asset received by the entity.</p> <p>AASB 1058 applies when a not-for-profit entity receives volunteer services or enters into other transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives.</p> <p>This standard will apply if the Authority receives volunteer services or where there is a transaction where the consideration to acquire an asset is significantly less than fair value. This standard addresses how to account for the difference in value between what is paid and the fair value of what is received. The volunteer services may be recognised as an asset or expense under this new standard.</p>	1 July 2019

Adelaide Cemeteries Authority

Note 4 Fees and Charges

	2019	2018
	\$'000	\$'000
Burial and Memorial Interment Right	6,027	6,126
Burial	2,050	1,920
Cremation	980	985
Reflection Room and Lounge	603	591
Memorial	500	617
Monumental	262	310
Refunds	(391)	(132)
Total Fees and Charges	10,031	10,417

Note 5 Net Gain from Disposal of Assets

	2019	2018
	\$'000	\$'000
Plant and Equipment		
Proceeds from disposal	30	69
Net Book Value of Assets Disposed	(24)	(51)
Net Gain from Disposal of Plant and Equipment	6	18
Total Assets		
Proceeds from disposal	30	69
Net Book Value of Assets Disposed	(24)	(51)
Total Net Gain from Disposal of Assets	6	18

Note 6 Investment Income

	2019	2018
	\$'000	\$'000
Net realised gain on unitised fund investment designated as fair value through profit and loss	16	-
Net unrealised gain on unitised fund investment value designated as fair value through profit and loss	474	-
Total Investment Income	490	-
Reconciliation of realised gain on unitised fund investments		
Proceeds from disposal at fair value	800	-
Unitised fund redemptions at fair value at 1 July 2018	(784)	-
Net Gain from Disposal of Investments	16	-

Note 7 Other Income

	2019	2018
	\$'000	\$'000
Cemetery Record Processing Charges	276	176
Fuel Tax Credit Received	13	10
Grants	300	-
Donations /Contributions	100	-
Interest	1	2
Insurance Proceeds	15	33
Sundry	17	19
Total Other Income	722	240

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Note 8 Employee Benefits

	2019 \$'000	2018 \$'000
Salaries and Wages	4,155	4,013
Annual Leave	373	287
Long Service Leave	86	57
Workers Compensation	17	(64)
Employment On-costs - Superannuation	414	401
Employment On-costs - Payroll Tax	227	214
Board Fees (refer Note 24)	88	102
Other Employee Related Expenses	25	40
Total Employee Benefits	5,385	5,050

Key Management Personnel

Key management personnel of the Authority include the Minister, the Board, the Chief Executive Officer and the four members of the Executive Team who have responsibility for the strategic direction and management of the Authority.

Total compensation for the Authority's key management personnel was \$892 000 (2018 \$871 000). Salaries and other benefits the Minister receives are excluded from this total. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 the *Parliamentary Remuneration Act 1990*.

Remuneration of Employees	2019 No.	2018 No.
The number of employees whose remuneration received or receivable fall within the following bands:		
\$149 000 to \$151 000	-	2
\$151 001 to \$171 000	2	-
\$191 001 to \$211 000	-	1
\$211 001 to \$231 000	1	-
Total Number of Employees	3	3

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs including salaries and wages, superannuation contributions, fringe benefits tax and any other salary sacrifice benefits. The total remuneration received by these employees for the year was \$543 000 (2018 \$528 000).

Note 9 Supplies and Services

	2019 \$'000	2018 \$'000
Water	500	450
Insurance	59	61
Audit Fees	43	42
Vehicle Registration	28	25
Grounds Maintenance	58	56
Repairs and Maintenance	571	529
Burial Vaults and Other Cost of Sales	289	315
Advertising and Marketing	437	360
Personal Service Contractors	164	251
Monumental Mason Memorials	230	217
Fuel, Light and Power	227	233
Computing and Communication Services	102	117
Information Technology	363	375
Memorials	160	170
Other Supplies and Services	711	653
<u>Administration Expenses</u>		
Trade Discounts	147	236
Consultants (see below)	238	254
General Administration Expenses	389	378
Total Supplies and Services	4,716	4,722

The number and value of consultancies paid/payable (included in supplies and services) that fall within the following bands:	2019 No.	2019 \$'000	2018 No.	2018 \$'000
Equal or Less Than \$10 000	8	44	17	80
Above \$10 000	5	194	4	174
Total Paid/Payable to the Consultants Engaged	13	238	21	254

Note 10 Borrowing Costs

	2019 \$'000	2018 \$'000
Interest paid/payable on short-term and long-term borrowings	56	78
Total Borrowing Costs	56	78

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Note 11 Other Expenses		
	2019	2018
	\$'000	\$'000
Impairment losses on non-financial assets (refer Note 17)	41	-
Total Other Expenses	41	-

Note 12 Cash		
	2019	2018
	\$'000	\$'000
Cash at Bank	323	775
Cash on Hand	1	1
Total Cash	324	776

Cash is measured at nominal amounts.

Note 13 Receivables		
	2019	2018
	\$'000	\$'000
Current		
Receivables	1,595	2,080
Prepayments	73	17
Accrued Revenues	14	42
Total Current Receivables	1,682	2,139
Non-Current		
Receivables	1,469	1,193
Total Non-Current Receivables	1,469	1,193
Total Receivables	3,151	3,332

During 2018-19, the Authority reviewed its approach in classifying receivables. This resulted in a restated reclassification of \$991 000 from non-current to current for 2018.

Note 14 Inventories		
	2019	2018
	\$'000	\$'000
Burial Vaults	275	379
Burial Crypts	461	547
Burial and Memorial sites	49	60
Total Inventories	785	986

Inventory is measured at cost using the first in first out method.

Note 15 Investments		
	2019	2018
	\$'000	\$'000
Current		
Unitised Funds with Funds SA	-	5
Total Current Investments	-	5
Non-Current		
Unitised Funds with Funds SA	6,350	4,270
Total Non-Current Investments	6,350	4,270
Total Investments	6,350	4,275

Investment Reconciliation	Note No.	2019	2018
		\$'000	\$'000
Opening balance of unitised fund investment at historical cost		4,275	-
Unitised fund investment at 1 July 2018 (fair value adjustment)	2(j)	2,235	3,875
Unitised fund additions at cost		150	400
Unitised fund redemptions at fair value at 1 July 2018	6	(784)	-
Unitised fund investment movement from adoption of AASB 9 designated as fair value through profit and loss	6	474	-
Total Investments		6,350	4,275

2018 figures reflect the unitised fund investment recorded at historical cost. Under the now revoked APF IV Financial Asset and Liability Framework, paragraph APS 2.1, ACA was required to use the historical cost measurement for financial assets and the fair value measurement basis of derivatives - refer Note 2(i).

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Note 16 Property, Plant and Equipment

	2019 \$'000	2018 \$'000
Land and Buildings		
Land at fair value	11,140	10,820
Buildings at fair value	10,936	11,015
Accumulated Depreciation	(975)	(798)
Total Land and Buildings	21,101	21,037
Infrastructure		
Infrastructure at fair value	16,097	15,484
Accumulated Depreciation	(1,639)	(1,251)
Total Infrastructure	14,458	14,233
Plant and Equipment		
Plant and Equipment at cost (deemed fair value)	5,312	5,195
Accumulated Depreciation	(2,969)	(2,628)
Total Plant and Equipment	2,343	2,567
Capital Works in Progress		
Capital Works in Progress at cost (deemed fair value)	754	91
Total Capital Works in Progress	754	91
Total Property, Plant and Equipment	38,656	37,928

Valuation of Land and Buildings

Land, Buildings and Infrastructure were valued at fair value by independent valuer Liquid Pacific Holding Pty Ltd as at 30 June 2014. The valuer arrived at fair value based on recent market transactions for similar land in the area taking into account zoning and restricted use.

The valuer used depreciated replacement cost for buildings and infrastructure due to there not being an active market for such buildings and infrastructure. The depreciated replacement cost considered the specialised nature of the assets, including the restricted use of the assets; the size, condition and location. The valuation was based on an assessment of cost, useful life and asset condition.

Useful Life of Assets

There have been no changes in the useful lives of infrastructure improvements, buildings and plant and equipment which were last changed in May 2018.

16.1 Reconciliation of Property, Plant and Equipment

The following table shows the movement of property, and plant and equipment during 2018-19

	Land \$'000	Buildings \$'000	Infrastructure \$'000	Plant and Equipment \$'000	Capital Works In Progress \$'000	Total \$'000
Carrying amount at 30 June 2018	10,820	10,217	14,233	2,567	91	37,928
Additions	530	70	270	224	1,006	2,100
Disposals	-	-	-	(24)	-	(24)
Transfers between asset classes	-	-	343	-	(343)	-
Impairment losses	(210)	(112)	-	-	-	(322)
Depreciation	-	(214)	(388)	(424)	-	(1,026)
Carrying amount at 30 June 2019	11,140	9,961	14,458	2,343	754	38,656

Note 17 Intangible Assets

	2019 \$'000	2018 \$'000
Intangible Assets		
Intangible Assets	9	117
Less: Accumulated Amortisation	-	(46)
Closing Balance:	9	71

Reconciliation of Intangible Assets

The following table shows the movement of intangible assets during 2018-19

	Intangible Assets \$'000
Carrying amount at 30 June 2018	71
Additions	-
Impairment	(41)
Amortisation	(21)
Carrying amount at 30 June 2019	9

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Note 18 Payables

	2019	2018
	\$'000	\$'000
Current		
Creditors	286	560
Accrued Expenditure	170	272
GST Payable	149	161
Employment On-costs	60	73
Other Payables	100	121
Total Current Payables	765	1,187
Non-Current		
Employment On-costs	32	28
Total Non-Current Payables	32	28
Total Payables	797	1,215

Note 19 Employee Benefits

	2019	2018
	\$'000	\$'000
Current		
Accrued Salaries and Wages	50	114
Annual Leave	288	303
Long Service Leave	74	70
Total Current Employee Benefits	412	487
Non-Current		
Long Service Leave	338	298
Total Non-Current Employee Benefits	338	298
Total Employee Benefits	750	785

Salaries and wages, annual leave, and sick leave

The liability for salary and wages is measured as the amount unpaid at the reporting date at remuneration rates current at the reporting date. The annual leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

In the unusual event where salary and wages and annual leave are payable later than 12 months, the liability will be measured at present value. No provision has been made for sick leave, as all sick leave is non-vesting, and the average sick leave taken in future years by staff is estimated to be less than the annual entitlement for sick leave.

Long service leave - measurement

AASB 119 Employee Benefits contains the calculation methodology for the long service leave liability.

The actuarial assessment performed has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service.

AASB 119 requires the use of the yield on long term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long term Commonwealth Government bonds has decreased from 2017-18 (2.50%) to 2018-19 (1.25%).

The net financial effect of the changes to actuarial assumptions in the current financial year is an:

- increase in the long service leave liability of \$20 000; and
- staff benefits expense of \$20 000.

The impact on the future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions - a key assumption being the long-term discount rate.

The actuarial assessment left the salary inflation rate at 4% for long service leave, whilst annual leave increased to 4% from 3% in 2018.

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Note 20 Provisions		
	2019	2018
	\$'000	\$'000
Current		
Workers Compensation	14	15
Total Current Provisions	14	15
Non-Current		
Workers Compensation	20	22
Total Non-Current Provisions	20	22
Total Provisions	34	37
Movement in Provisions		
Carrying amount at 1 July	37	106
Additional provisions recognised	(2)	(64)
Reduction arising from payments	(1)	(5)
Carrying amount at 30 June	34	37

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2019 provided by a consulting actuary engaged through the Office for the Public Sector (a division of the Department of the Premier and Cabinet). The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

The Authority is responsible for the payment of workers compensation claims.

Note 21 Unearned Revenue		
	2019	2018
	\$'000	\$'000
Current		
Prepaid Funeral Packages	234	169
Total Current Unearned Revenue	234	169
Non-Current		
Prepaid Funeral Packages	6,165	5,367
Total Non-Current Unearned Revenue	6,165	5,367
Total Unearned Revenue	6,399	5,536

The 2018 Non-Current Prepaid Funeral Packages includes a correction of \$256 000 being identified liabilities relating to 2018 and prior.

Note 22 Borrowings		
	2019	2018
	\$'000	\$'000
Current		
SAFA Funding Facility	428	416
Total Current Borrowings	428	416
Non-Current		
SAFA Funding Facility	665	1,093
Total Non-Current Borrowings	665	1,093
Total Borrowings	1,093	1,509

Financial liabilities including borrowings are recognised at cost. The interest rate is determined by the Treasurer and was 4.4% in 2019 (4.4% in 2018).

Note 23 Unrecognised Contractual Commitments		
	2019	2018
	\$'000	\$'000
Expenditure Commitments		
Within one year	403	157
Later than one year but not longer than five years	51	79
Total Expenditure Commitments	454	236

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Note 24 Remuneration of Board Members

Members that were entitled to receive remuneration for membership during 2018-19 were:

Ms Ester Huxtable (Chair)
 Mrs Robyn Geraghty (term expired 10 December 2018)
 Cr Susan Clearihan (resigned 7th March 2019-Continuing until replacement found)
 Mr Wayne Hanson
 Mrs Patricia Christie
 Mr Mark Ward (resigned 28th November 2018)
 Mrs Mary Patetsos

Remuneration of Board Members

The number of members whose remuneration received falls within the following bands:

	2019	2018
\$0 - \$19 999	6	10
\$20 000 - \$39 999	1	-
Total Number of Members	7	10

Remuneration of members reflects all costs of performing Board member duties including sitting fees, superannuation contributions, fringe benefits tax and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$88 000 (2018 \$102 000).

Amounts paid to superannuation plans for Board members was \$8 000 (2018 \$9 000).

Unless otherwise disclosed, transactions between the Authority and Board members are on conditions no more favourable than those that it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

Note 25 Related Party Transactions

The Authority is a statutory authority established pursuant to the *Adelaide Cemeteries Authority Act 2001* and is a wholly owned and controlled entity of the Crown.

Related parties of the Authority include all key management personnel and their close family members; all Cabinet Ministers and their close family members; and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

Compensation of Key Management Personnel is disclosed in Note 8.

There are no individually significant transactions with Key Management Personnel and other related parties.

Note 26 Financial Risk Management/ Financial Instruments

Financial Risk Management

Risk management is managed by the Authority and risk management policies and practices are in accordance with internal written policies approved by the Authority's Board.

The Authority's investments are held with Funds SA and operate in accordance with an annual performance plan and service level agreement. Risks associated with these investments are primarily managed through Funds SA's risk management policies and procedures.

There have been no changes in risk exposure since the last reporting period.

Categorisation of Financial Instruments

The carrying amounts of each of the following categories of financial assets and liabilities: loans and receivables; available for sale investments; and financial liabilities measured at cost are detailed below:

Category of Financial Asset and Financial Liability	Statement of Financial Position Line Item	Fair Value		Carrying Amount	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Financial Assets					
Cash and Cash Equivalents	Cash	324	776	324	776
Loans and Receivables	Receivables	3,077	3,315	3,077	3,315
Available for Sale	Investments	6,350	6,510	6,350	4,275
Total Financial Assets		9,751	10,601	9,751	8,366
Financial Liabilities					
Financial Liabilities at Cost	Payables	417	831	417	831
	Borrowings	1,093	1,509	1,093	1,509
Total Financial Liabilities		1,510	2,340	1,510	2,340