

Financial Statements 2000/2001



METROPOLITAN
CEMETERIES BOARD



Financial Statements

FOR THE YEAR ENDED 30 JUNE 2001

Board Objective

Ensure that the Board's resources are effectively and efficiently managed in accordance with sound business principles to optimise performance.

In support of this, the Board is committed to:

- Ensuring that professional and statutory principles, standards, policies and procedures are properly met;
- Ensuring that realistic and useful budgets are developed and refined and that sound financial management principles are applied;
- Ensuring that accurate financial information relating to the Board's activities is available on a timely basis;
- Ensuring that Board investments are managed in a prudent manner.

Highlights

- Net surplus of \$1,097,706 for 2000/2001, prior to allocation to capital and maintenance reserve funds;

Financial Management

The Board operates along commercial lines and uses financial policies based on general business principles in providing high standards of service. While taking into account the environmental and social needs of the community, the Board's objective is to develop an economical fee structure that aims to recover the full cost of all services provided. The Board is also endeavouring to build up adequate reserves to meet the future infrastructure replacement and maintenance responsibilities for its cemeteries and facilities.

Fees and charges are set by the Board and published in the Government Gazette in accordance with Section 53 of the Cemeteries Act 1986. A new fee schedule was adopted with effect from July 1 2000.



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FOR THE YEAR ENDED 30 JUNE 2001

Summary of Operating Results

Total revenue received by the Board during the year, prior to adjustment for costs of sales, was \$8,763,886 compared with \$10,022,807 in the previous financial year. The reason for the significant decrease in revenue can be mainly attributed to a downturn in the Funeral Industry as a result of an unusual decrease in the death rates in WA during the financial year. Another major factor contributing to the decrease was the exceptionally high level of sales of Mausoleum Crypts which took place in the last few months of the 1999/2000 financial year, prior to the introduction of the GST. This level of sales was not able to be maintained after the introduction of the GST.

Total Fees for Service, prior to adjustment for cost of sales, amounted to \$7,577,326. This represents a decrease of 16.06% over the previous year. As stated above, this decrease is mainly due to the downturn in the Funeral Industry and to the additional sales of Mausoleum Crypts generated prior to the introduction of the GST. Interest and dividends earned on investments combined with Commissions received on sand extracted from the Board's new cemetery development at Baldivis, comprised the bulk of other income totalling \$1,186,560.

Summary of income from the four (4) operating cemeteries for the year:-

	<i>Burials</i>	<i>Cremations</i>	<i>Mausoleum</i>	<i>Memorials</i>	<i>Other Client Services</i>	<i>Total</i>
Karrakatta	1,471,707	2,395,316	1,273,873	748,719	322,422	6,212,037
Pinnaroo	468,293	-	-	490,295	31,435	990,023
Midland	149,549	-	-	18,514	3,009	171,072
Guildford	190,645	-	-	9,236	4,313	204,194
	2,280,194	2,395,316	1,273,873	1,266,764	361,179	7,577,326
Percentage of total	30.1%	31.6%	16.8%	16.7%	4.8%	100.0%



Financial Statements

FOR THE YEAR ENDED 30 JUNE 2001

Summary of Operating Results (continued)

Total expenses of \$7,666,180 (inclusive of Costs of Sales) for the year comprised:-

Administration/Client Services	1,720,877
Cemeteries – site expenses	4,620,821
Amortisation	15,003
Depreciation	1,309,479
	<hr/>
	7,666,180

Expenditure by location was as follows:-

Karrakatta	6,039,510
Pinnaroo	1,168,465
Midland	199,805
Guildford	202,762
Baldivis	55,638
	<hr/>
	7,666,180

The main items of operating expenditure were:-

Salaries and Wages	2,643,253
Salaries on-cost	421,185
Provision for Employee Entitlements	345,310
Depreciation and Amortisation	1,324,482
Repairs and Maintenance	686,662
Memorialisation	367,513
Mausoleum costs of Sales	341,775
Gardens and Grounds	330,811
Corporate Expenses	172,423
Consultancies and Projects	157,010
Light and Power	149,588
Personnel	146,737
Information Systems	129,287
Office Expenses	121,885
Insurances	114,112
Other Expenses	214,147

Total salaries expenditure (including on-costs and leave expenditure) represented 44.48% of total expenditure compared with 42.14% last year. Total expenses for 2000/2001 increased by 2.56% over the previous year, while total income decreased by 12.56% over the previous year.



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FOR THE YEAR ENDED 30 JUNE 2001

Summary of Operating Results (continued)

Operating Surplus

A surplus of \$1,097,706 (1999/2000 \$2,547,884) was achieved during the financial year after allowing for depreciation and amortisation charges of \$1,324,482 (1999/2000 \$1,299,586).

Non-operating income of \$1,186,560 from interest and dividends on investments and profit on sale of investments, commissions on sand extracted from the Rockingham Regional Memorial Park new cemetery development site at Baldivis, rental from properties and other sundry receipts, contributed to the net surplus for the year.

Transfers to Reserves

During the year, the Board has conducted an independent review of its policies for the accumulation of Capital and Maintenance Reserves. The review included the projection of cash flows over a 25 year period with the intention of identifying the level of reserves required to be held by the Board at 30th June 2001 to enable it to cover any projected cash flow shortfalls identified over the 25 year period.

The conclusions of the review indicate that the Board's current policy of accumulating Reserves through transfers of amounts from accumulated surpluses will not assist the Board in meeting any cash flow shortfalls unless the Reserves are matched by available assets in the form of cash or investments.

In view of this and other recommendations in the report, the Board has resolved not to increase its book reserves through any transfer from the current year's surplus to its Capital and Maintenance Reserves at 30th June 2001.

During the coming financial year, the Board will review the recommendations contained in the report and make appropriate changes to its policies for the management of its Financial Reserves and Investments.



Financial Statements

FOR THE YEAR ENDED 30 JUNE 2001

Capital Expenditure

During the year, the Board invested \$1,635,686 in capital expenditure on physical assets for cemetery development and upgrading of facilities. The main items of capital expenditure were:-

Gazebo Construction	9,843
General Infrastructure	18,460
Roads and Paths all Cemeteries except Pinnaroo	107,639
Plant and Equipment	169,455
Chapel and Crematorium Complex – Pinnaroo – Work in Progress	732,755
Motor Vehicle Replacements	129,721
Computer Facilities	41,239
Butterfly Garden Stage 3	6,263
Refurbishment of Offices and Amenities Buildings	94,153
Rockingham Regional Memorial Park	85,846
Renovations to Lodge – Karrakatta	12,973
Macedonian Area Improvements	29,267
Book of Remembrance Building Improvements	57,189
Guildford Cemetery Improvements	11,179
Burial Area Development – Tuart Court – Pinnaroo	53,428
Lance Howard Garden Upgrade	8,892
Lake Design – Banksia Court	12,008
Cemetery Signage Design Concept	15,456
Construction of Ossuary Crypts	39,920

The Board budgeted to expend \$3.4 million on the construction of the Chapel and Crematorium Complex at Pinnaroo Valley Memorial Park during the year. The Board decided, for economic reasons, to defer the start of the construction of the Complex until late in the 2000/2001 year with completion scheduled for April 2002.



Statement of Financial Performance

FOR THE YEAR ENDED 30 JUNE 2001

	Note	2001 \$	2000 \$
REVENUE			
Revenues from ordinary activities			
Trading Profit	2.	932,098	1,632,019
Goods and Services	3.	6,303,453	6,762,242
Net Profit on disposal of non-current assets	4.	9,709	106
Net Profit on sale of shares		75,009	24,434
Interest revenue		608,676	388,203
Dividend revenue		93,826	66,526
Commission on Sand Extractions from Rockingham Regional Memorial Park		331,459	412,032
Other revenues from ordinary activities	5.	67,881	104,149
Total Revenues from Ordinary Activities		8,422,111	9,389,711
EXPENSES			
Expenses from Ordinary Activities			
Employees expenses	6.	3,451,294	3,161,308
Administration Expenses	10.	561,605	516,821
Supplies and Services	7.	1,761,086	1,620,654
Depreciation Charges	8.	1,309,479	1,284,583
Amortisation Charges	11.	15,003	15,003
Borrowing cost expense	9.	1,340	2,260
Other expenses from ordinary activities	12.	224,598	241,198
TOTAL EXPENSES		7,324,405	6,841,827
NET PROFIT		1,097,706	2,547,884
Net increase in asset revaluation reserve		393,710	(122,415)
TOTAL CHANGES IN EQUITY		1,491,416	2,425,469

FINANCIAL STATEMENT

METROPOLITAN
CEMETERIES BOARD

Statement of Financial Position

FOR THE YEAR ENDED 30 JUNE 2001

	Note	2001 \$	2000 \$
Current Assets			
Cash Assets	26 (a)	34,125	239,853
Inventories	13.	1,083,754	1,490,738
Receivables	14.	455,837	667,947
Other Financial Assets	15.	10,579,654	8,943,681
Other Assets	16.	43,330	84,883
Total Current Assets		12,196,700	11,427,102
Non Current Assets			
Other Financial Assets	15.	2,592,350	1,931,731
Property, plant, equipment and vehicles	17.	11,686,597	11,121,581
Infrastructure	18.	3,223,677	3,472,132
Other Assets	16.	—	—
Total Non-current Assets		17,502,624	16,525,444
Total Assets		29,699,324	27,952,546
Current Liabilities			
Payables	19.	475,668	732,567
Interest bearing liabilities	20.	8,209	14,201
Provisions	21.	365,532	355,268
Other liabilities	22.	317,678	132,933
Pre-need Agreements	23.	160,000	98,216
Grant Extensions	24.	—	—
Total Current Liabilities		1,327,087	1,333,185

FINANCIAL STATEMENT

METROPOLITAN
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Statement of Financial Position (Continued)

FOR THE YEAR ENDED 30 JUNE 2001

	Note	2001 \$	2000 \$
Non-Current Liabilities			
Payables	19.	—	—
Provisions	21.	294,533	199,965
Interest bearing liabilities	20.	—	8,209
Other Liabilities	22.	—	—
Pre-need Agreements	23.	2,209,601	2,079,426
Grant Extensions	24.	363,451	318,525
Total Non-Current Liabilities		2,867,585	2,606,125
Total Liabilities		4,194,672	3,939,310
NET ASSETS		25,504,652	24,013,236
Equity	25.		
Reserves		6,434,375	6,040,665
Retained profits / (accumulated losses)		19,070,277	17,972,571
TOTAL EQUITY		25,504,652	24,013,236

The Statement of Financial Position should be read in conjunction with the accompanying notes.



Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2001

	Note	2001 \$	2000 \$
CASH FLOWS FROM OPERATING ACTIVITIES: -			
Receipts			
Sale of Goods and Services		6,758,742	9,532,035
Goods and Services		1,273,873	
Receipts from Commissions on Sand Sales		331,459	171,393
Interest Received		608,676	377,538
Dividends Received		93,826	66,526
GST receipts on sales		774,824	32,788
GST receipts from taxation authority			
Other Receipts		67,881	
Payments			
Supplies and Services		(2,627,182)	(2,569,248)
Employees Costs		(3,280,052)	(3,073,841)
GST payments on purchases		(344,476)	(2,031)
GST payments to taxation authority		(389,892)	
Net cash from operating activities	26 (b)	3,267,679	4,535,160
CASH FLOWS FROM INVESTING ACTIVITIES: -			
Proceeds from sale on non-current physical assets		74,353	162,479
Purchase of investments		(2,016,898)	(3,508,445)
Purchase of non-current physical assets		(1,635,686)	(1,407,628)
Proceeds from sale of investments		119,024	429,445
Net cash used in investing activities		(3,459,207)	(4,324,149)
CASH FLOWS FROM FINANCING ACTIVITIES:-			
Finance Lease Payments		(14,201)	(13,250)
		(14,201)	(13,250)
Net increase/(decrease) in cash held		(205,729)	197,761
Cash assets at the beginning of the financial year		239,855	42,094
Cash assets at the end of the financial year	26 (a)	34,126	239,855

The Statement of Cash Flows should be read in conjunction with the accompanying notes.



Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2001

1. Significant accounting policies

The following accounting policies have been adopted in the preparation of the financial statements. Unless otherwise stated these policies are consistent with those adopted in the previous year.

(a) General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and Urgent Issues Group (UIG) Consensus Views as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording. The Financial Administration and Audit Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Australian Accounting Standards and UIG Consensus Views. The modifications are intended to fulfil the requirements of general application to the public sector together with the need for greater disclosure and also to satisfy accountability requirements.

If any such modification has a material or significant financial effect upon the reported results, details of that modification and where practicable, the resulting financial effect, are disclosed in individual notes to these financial statements.

The statements have been prepared on the accrual basis of accounting using the historical cost convention, with the exception of certain non-current assets which subsequent to initial recognition, have been measured on the fair value basis in accordance with the option under AAS 38(5.1) (see notes 1(s), 22 and 23).

(b) Depreciation of non-current assets

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their future economic benefits.

Depreciation is provided for on the straight line basis, using rates which are reviewed annually. Useful lives for each class of depreciable asset are:

Buildings	40 years
Plant and equipment	3 to 10 years except for Cremators which are depreciated over 15 years
Office equipment	3 – 5 years
Motor vehicles	3 to 7 years
Utilities	7 to 10 years



Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2001

(c) *Employee entitlements*

Annual leave

This entitlement is recognised at current remuneration rates and is measured at the amount unpaid at the reporting date in respect to employees' service up to that date.

Long service leave

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given, when assessing expected future payments, to expected future wage and salary levels including relevant on costs, experience of employee departures and periods of service. Expected future payments are discounted using interest rates to obtain the estimated future cash outflows.

This method of measurement of the liability is consistent with the requirements of Australian Accounting Standard AAS 30 "Accounting for Employee Entitlements".

The liability for the previous year was calculated using the shorthand method.

Superannuation

Staff may contribute to the Superannuation and Family Benefits Act Scheme, a defined benefits pension scheme now closed to new members, or to the Gold State Superannuation Scheme, a defined benefit lump sum scheme now also closed to new members. All staff who do not contribute to either of these schemes become non-contributory members of the West State Superannuation Scheme, an accumulation fund complying with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992.

The liability for superannuation charges incurred under the Superannuation and Family Benefits Act pension scheme, together with the pre-transfer service liability for employees who transferred to the Gold State Superannuation Scheme, are provided for at reporting date.

The liabilities for superannuation charges under the Gold State Superannuation Scheme and West State Superannuation Scheme are extinguished by quarterly payment of employer contributions to the Government Employees Superannuation Board.

The note disclosure required by paragraph 51(e) of AAS 30 (being the employer's share of the difference between employees' accrued superannuation benefits and the attributable net market value of plan assets) has not been provided. State scheme deficiencies are recognised by the State in its whole of government reporting. The Government Employees Superannuation Board's records are not structured to provide the information for the Metropolitan Cemeteries Board. Accordingly, deriving the information for the Metropolitan Cemeteries Board is impractical under current arrangements, and thus any benefits thereof would be exceeded by the cost of obtaining the information.



Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2001

Also, the Board contributes to a defined contribution superannuation plan in respect of its employees. The superannuation expense for the reporting period is the amount of the statutory and non-statutory contribution obligation under the Local Government Superannuation Plan. Contributions for all employees are expensed for the period in which they are incurred.

(d) *Cremation Agreements*

This represents fees paid in advance for cremations.

(e) *Grant Extensions*

This represents the renewal fee for the second 25 years on a grant of right of burial.

(f) *Mausoleum Grant Extensions*

This represents the renewal fee for the second 25 years on a grant of right of burial.

(g) *Burial Agreements*

This represents fees paid in advance of burials.

(h) *Leases*

The Metropolitan Cemeteries Board's rights and obligations under finance leases, which are leases that effectively transfer to the Metropolitan Cemeteries Board substantially all of the risks and benefits incident to ownership of the leased items, are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments. The assets are disclosed as plant and equipment under lease, and are depreciated to the Statement of Financial Performance over the period during which the Metropolitan Cemeteries Board is expected to benefit from use of the leased assets. Minimum lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease.

Finance lease liabilities are allocated between current and non-current components. The principal component of lease payments due on or before the end of the succeeding year is disclosed as a current liability, and the remainder of the lease liability is disclosed as a non-current liability.

(i) *Receivables*

Accounts receivable are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised where some doubts as to collection exists.



Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2001

(j) *Accrued Salaries*

Accrued salaries represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. The Metropolitan Cemeteries Board considers the carrying amount approximates net fair value.

(k) *Payables*

Payables, including accruals not yet billed, are recognised when the Metropolitan Cemeteries Board becomes obliged to make future payments as a result of a purchase of assets or services. Payables are generally settled within 30 days.

(l) *Inventories*

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

(m) *Investments*

Investments are included at market value at balance date. The interest and dividend income is brought to account on an accrual basis. Any revaluation increments / decrements are reflected through the asset revaluation reserve.

Interest revenues are recognised as they are accrued.

(n) *Resources Received Free of Charge or For Nominal Value*

Resources received free of charge or for nominal value which can be reliably measured are recognised as revenues and as assets or expenses as appropriate at fair value.

(o) *Revenue Recognition*

Revenue from the sale of goods and disposal of other assets and the rendering of services, is recognised when the Metropolitan Cemeteries Board has passed control of the goods or other assets or delivery of the service to the customer.

(p) *Revaluation of Land, Buildings and Infrastructure*

The Metropolitan Cemeteries Board has a policy of valuing land at fair value. The annual revaluations of the Metropolitan Cemeteries Board's land undertaken by the Valuer General's Office for the Government Property Register are recognised in the financial statements. The transitional provisions in AAS 38 (10.9)(b) have been applied to infrastructure assets. (See notes 17 and 18). (The transitional provisions have been applied to Land, Buildings and Infrastructure assets resulting in some of the items being carried at cost and some at valuation.)

(q) *Comparative Figures*

Comparative figures are, where appropriate, reclassified so as to be comparable with the figures presented in the current financial year.



Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2001

	2001 \$	2000 \$
2. Trading Profit		
Sales of Mausoleum Crypts	1,273,873	2,265,115
Cost of Sales:		
Opening Inventory	(1,357,869)	(1,990,965)
Adjustments to stock	41,324	—
	(1,316,545)	(1,990,965)
Closing Inventory	974,770	1,357,869
Cost of Goods Sold	(341,775)	(633,096)
Trading Profit	932,098	1,632,019
3. Goods and Services		
Burials	2,283,676	2,372,428
Cremations	2,748,242	2,939,412
Memorials	1,271,535	1,450,402
	6,303,453	6,762,242
4. Net profit / (losses) on sale of non-current assets		
Profit on Sale of Non-Current Assets		
Buildings	—	1,958
Plant and Equipment	404	37,717
Motor Vehicles	12,469	1,450
Infrastructure	—	—
Computers	822	—
Gross proceeds on disposal of assets	72,739	163,308
	86,434	204,433
Loss on Sale of Non-Current Assets		
Buildings	—	—
Plant and Equipment	(3,986)	(14,139)
Motor Vehicles	—	(26,880)
Infrastructure	—	—
Computers	—	—
Gross proceeds on disposal of assets	1,614	9,200
	(2,373)	(31,819)



Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2001

	2001 \$	2000 \$
5. Other revenues from ordinary activities		
Kiosk rental	53,235	52,000
Insurance recoveries	5,661	15,697
Miscellaneous income	8,985	36,452
	67,881	104,149
6. Employee expenses		
Wages and Salaries	2,643,254	2,510,729
Superannuation	420,302	358,035
Long Service Leave	150,377	29,208
Annual Leave	194,933	213,886
Other related expenses	42,428	49,450
	3,451,294	3,161,308
7. Supplies and Services		
Consultants and Contractors	741,673	682,530
Materials	734,621	676,041
Repairs and Maintenance	180,693	166,284
Travel	52,111	47,956
Other	51,988	47,843
	1,761,086	1,620,654
8. Depreciation Expense		
Plant, equipment and vehicles	539,660	522,941
Buildings	239,519	238,225
Infrastructure	530,300	523,417
	1,309,479	1,284,583
9. Borrowing Costs expense		
Finance lease finance charges	1,340	2,260



Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2001

	2001 \$	2000 \$
10. Administration expense		
Communications	49,484	45,538
Consumables	63,105	58,073
Maintenance	71,331	65,643
Other staff costs	216,569	199,299
Other Administration expense	161,116	148,268
	561,605	516,821
11. Amortisation expense		
Finance leased equipment	15,003	15,003
12. Other expenses from ordinary activities		
Building and infrastructure maintenance	168,310	154,888
Board expenses	56,288	86,310
	224,598	241,198
13. Inventories		
Current		
Inventories held for resale:		
Mausoleum crypt stock – Stage 1 – at cost	106,232	155,554
Mausoleum crypt stock – Stage 2 – at cost	868,538	1,202,315
Vault stock – Midland – at cost	36,583	39,196
	1,011,353	1,397,065
Inventories not held for resale:		
Stores	72,401	93,673
Total Inventory – Current	1,083,754	1,490,738
14. Receivables		
Current		
Trade debtors	455,837	667,947

FOR THE YEAR ENDED 30 JUNE 2001

	2001 \$	2000 \$
15. Other financial assets		
Current		
At cost:		
Term Deposits	9,703,176	8,028,008
At market valuation 30th June:		
Income Securities	876,478	915,673
	10,579,654	8,943,681
Non-current		
At market valuation 30th June:		
Shares in ASX Top 100 shares	2,592,350	1,931,731
16. Other assets		
Current		
Prepayments	32,911	68,169
Accrued income	10,419	16,714
	43,330	84,883
Non-current		
Prepayments	—	—
Accrued income	—	—
	—	—



Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2001

17. Property, plant, equipment and vehicles

	2001 \$	2000 \$
At cost	3,066,267	2,827,380
Accumulated depreciation	(1,197,070)	(919,480)
	1,869,197	1,907,900
Office equipment		
At cost	990,649	1,014,730
Accumulated depreciation	(845,731)	(709,117)
	144,918	305,613
Leased office equipment		
At capitalised cost	45,010	45,010
Accumulated depreciation	(41,259)	(26,256)
	3,751	18,754
Freehold land		
At cost	65,975	65,975
At Valuer General's valuation	1,792,000	1,722,000
	1,857,975	1,787,975
Buildings		
At cost	7,921,646	7,804,102
Accumulated depreciation	(3,063,287)	(2,825,050)
At fair value (i)	1,740,476	1,740,476
Accumulated depreciation	—	—
	6,598,835	6,719,528
Buildings and projects under construction		
Construction costs	1,211,921	381,812

- (i) The revaluation of freehold land was performed in June 2001 in accordance with an independent valuation by the Valuer General's Office. The valuation was made in accordance with a regular policy of annual revaluation.



Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2001

17. Property, plant, equipment and vehicles

Reconciliations

Reconciliations of the carrying amounts of property, plant, equipment and vehicles at the beginning and end of the current and previous financial year are set out below:

<i>Year ended 30th June 2001</i>	<i>Plant equipment and vehicles</i>	<i>Office Equipment</i>	<i>Leased Office Equipment</i>	<i>Freehold land</i>	<i>Buildings</i>	<i>Buildings and projects under construction</i>	<i>Total</i>
Carrying amount at start of year	1,907,900	305,613	18,754	1,787,975	6,719,528	381,812	11,121,582
Additions	363,637	41,239	—	—	117,544	830,109	1,352,529
Disposals	(63,332)	—	—	—	—	—	(63,332)
Revaluation increments	—	—	—	70,000	—	—	70,000
Depreciation	(339,008)	(201,934)	(15,003)	—	(238,237)	—	(794,182)
Carrying amount at end of year	1,869,197	144,918	3,751	1,857,975	6,598,835	1,211,921	11,686,597
<i>Year ended 30th June 2000</i>							
Carrying amount at start of year	1,973,097	311,063	33,757	1,927,723	6,990,454	—	11,236,094
Additions	400,898	194,475	—	—	6,345	381,812	983,530
Disposals	(142,947)	(133)	—	—	(39,046)	—	(182,126)
Revaluation increments	—	—	—	(139,748)	—	—	(139,748)
Depreciation	(323,148)	(199,793)	(15,003)	—	(238,225)	—	(776,169)
Carrying amount at end of year	1,907,900	305,612	18,754	1,787,975	6,719,528	381,812	11,121,581

18. Infrastructure

	<i>2001</i>	<i>2000</i>
At cost	4,546,714	4,267,481
Accumulated depreciation	(3,265,966)	(2,738,277)
At fair value (i)	1,942,928	1,942,928
Accumulated depreciation	—	—
	3,223,677	3,472,132

- (i) Fair value has been determined on the basis of a valuation carried by the Board in 1996
- (ii) The revaluation of freehold land was performed in June 2001 in accordance with an independent valuation by the Valuer General's Office. The valuation was made in accordance with a regular policy of annual revaluation.



Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2001

	2001 \$	2000 \$
18. Infrastructure (continued)		
Carrying amount at start of year	3,472,132	3,568,386
Additions	283,158	427,515
Disposals	(1,313)	(352)
Depreciation expense	(530,300)	(523,417)
Carrying amount at end of year	3,223,677	3,472,132
19. Payables		
Current		
Trade payables	356,814	641,686
Other creditors		
GST payable	71,213	30,757
Retention monies held on Capital projects	47,454	60,124
Withholding tax payable	187	—
	475,668	732,567
Non-current	—	—
20. Interest-bearing liabilities		
Current		
Finance lease liabilities (i)	8,209	14,201
Non-current		
Finance lease liabilities (i)	—	8,209
(i) Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.		
Assets pledged as security		
The carrying amounts of the non-current assets pledged as security are:		
Finance lease		
Leased office equipment	3,751	18,754



Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2001

21. Provisions

Current

Annual leave

248,128 257,236

Long service leave

107,245 98,032

Superannuation

10,159 –

365,532 355,268

Non-current

Long service leave

294,533 199,965

Employee Entitlements

The aggregate employee entitlements liability recognised and included in the financial statements is as follows:

Provision for employee entitlements:

Current

365,532 355,268

Non-current

294,533 199,965

660,065 555,233

22. Other Liabilities

Current

Accrued expenses

63,768 47,092

Accrued salaries

66,410 60,841

Vault construction grant – Aboriginal Affairs Dept

– 25,000

Provision for replacement of cremator brickwork

187,500 –

317,678 132,933

Non-current

– –

23. Pre-need Agreements

Current

Cremation

160,000 98,216

Burial

– –

160,000 98,216

Non-current

Cremation

2,029,802 1,971,726

Burial

179,799 107,700

2,209,601 2,079,426



Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2001

	2001 \$	2000 \$
24. Extensions of Grants of Right of Burial		
Current		
Mausoleum grant extensions	—	—
Other grant extensions	—	—
	—	—
Non-current		
Mausoleum grant extensions	240,580	221,045
Other grant extensions	122,871	97,480
	363,451	318,525
25. Equity		
Reserves		
Asset revaluation reserve (i)		
Opening Balance	6,040,665	6,163,080
Net revaluation increments:		
Land	70,000	(149,824)
Net revaluation of share portfolio at market prices at 30th June	323,710	27,409
Closing Balance	6,434,375	6,040,665
(i) The revaluation reserve is used to record increments and decrements on the revaluation of shares in the Board's portfolio and also in non-current assets as described in policy note 1 (p)		
Retained profits		
Opening balance	17,972,571	15,424,687
Net profit	1,097,706	2,547,884
Closing balance	19,070,277	17,972,571
26. Notes to Statement of Cash Flows		
(a) Reconciliation of cash		
For the purpose of the Statement of Cash Flows, cash includes cash at bank, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash Assets	34,125	214,853
Bank Overdraft	—	—
Restricted cash – Grant from Aboriginal Affairs Department	—	25,000
	34,125	239,853



Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2001

26. Notes to Statement of Cash Flows (continued)

- (b) Reconciliation of profit from ordinary activities to net cash flows provided by operating activities

	2001 \$	2000 \$
Profit from ordinary activities	1,097,706	2,547,884
Non-cash items:		
Profit on sale of property, plant and equipment	(9,709)	(106)
Depreciation of non-current assets	1,309,479	1,284,582
Amortisation of Leased Asset	15,003	15,003
Profit from sale of investments	(75,009)	(24,434)
(Increase) / decrease in assets:		
Other current assets	253,663	(331,537)
Current inventories	406,984	570,097
Increase / (decrease) in liabilities		
Current accounts payable	(297,355)	447,045
Pre-need agreements	236,884	
Current provisions	184,745	
Employee provisions	104,832	26,626
Net GST receipts / (payments)		
Change in GST in receivables / (payables)	40,456	
Net cash provided by operating activities	3,267,679	4,535,160

- (c) At the reporting date, the Board had fully drawn on all financing facilities, details of which are disclosed in the financial statements.

27. Resources provided free of charge

During the year the Board did not receive any resources free of charge.



Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2001

	2001 \$	2000 \$
28. Commitments for Expenditure		
(a) Capital expenditure commitments		
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	3,750,175	—
Finance lease commitments		
Within 1 year	8,308	15,226
Later than 1 year and not later than 5 years	—	8,308
	8,308	23,534
Less future finance charges	(99)	(1,124)
Finance lease liabilities	8,209	22,410
Included in the financial statements as:		
Current (note 20)	8,209	14,201
Non-current (note 20)	—	8,209
	8,209	22,410

29. Explanatory Statement

- (i) Significant variations between actual revenues and expenditures for the financial year and revenues and expenditures for the immediately preceding financial year.

Details and reasons for the significant variations between actual results with the corresponding items in the preceding year are detailed below. Significant variations are considered to be those greater than \$50,000.

	2001	2000	Variance
Trading Profit	932,098	1,632,019	(699,921)
Goods and Services	6,303,453	6,762,242	(458,789)
Interest Revenue	608,676	388,203	220,473
Commission on Sand Extractions from Rockingham Regional Memorial Park	331,459	412,032	(80,573)
Employees Expenses	3,451,294	3,161,308	(289,986)
Supplies and Services	1,761,085	1,620,653	(140,432)



Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2001

29. Explanatory Statement (continued)

Trading Profit

Trading profit relates to sales of Mausoleum Crypts. Sales were boosted significantly in the last few months of the 1999/2000 year prior to the introduction of the GST. Sales of Mausoleum Crypts in 2000/2001 are above budget by \$266,000.

Goods and Services

During the 2000/2001 year the Funeral Industry throughout Western Australia has experienced a downturn with numbers of Burials, Cremations and Memorial sales being significantly down on previous years.

Interest Revenue

Over the past years, the Board has attempted to build up its investments to cover some significant capital expenditure projects which are planned in the next 3 years. In 2000/2001, the Board budgeted to construct a Chapel and Crematorium Complex at Pinnaroo Valley Memorial Park at a cost of \$4.8m. Due mainly to economic reasons, the Board decided to defer the construction of this project to the 2001/2002 year. The effect of this decision on cash flow was to allow the Board to increase its investments over the year and therefore increase its earnings from these investments.

Commission on Sand Extractions from Rockingham Regional Memorial Park

The Board is developing a new cemetery site at Baldivis. As part of the development and landscaping of the cemetery, the Board is removing a very significant quantity of sand overburden. The Board has entered into an agreement with a construction company to pay a commission on the volume of sand removed. Much of the sand was being used on the Kwinana Freeway extension project. Following the completion of the earthworks part of this project, extractions have been reduced which has resulted in the shortfall in the commissions during the financial year.

Employees Expenses

Employee expenses have increased by 9.2% over the previous financial year. The increase can be mainly attributed to a combination of: an annual agreed productivity increase of 3%, annual progressive step increases under the various awards, a number of reclassifications and an increase of 1% in the Board's Statutory contribution to Superannuation.

Supplies and Services

The Board has provided \$187,500 for part of the estimated cost of replacement of the brickwork in the 3 Karrakatta cremators. On average, the brickwork needs to be replaced every 4,000 cremations and the Board has decided that the cost should correctly be accounted for over the period in which the usage takes place. As the replacement will be due in December 2001, the provision has been taken up on the basis of 5/6ths of the estimated total cost of \$225,000.



Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2001

29. Explanatory Statement (continued)

Details and reasons for the significant variations between estimate and actual results are detailed below. Significant variations are considered to be those greater than \$50,000.

	2001 Estimates	2000 Actual	Variance
Trading Profit	777,544	932,098	154,554
Goods and Services	7,643,802	6,303,453	(1,340,349)
Net Profit on Sale of Shares	—	75,009	75,009
Interest Received	378,468	608,676	230,208
Commission on Sand Extraction from Rockingham Regional Memorial Park	428,000	331,459	(96,541)
Administration Expenses	802,662	561,605	241,057
Supplies and Services	1,867,878	1,761,085	106,793
Depreciation	1,360,150	1,309,479	50,671
Other Expenses from Ordinary Activities	321,426	224,598	96,828

Trading Profit

The Board prepared its budget for the sale of Mausoleum Crypts on the assumption that sales of crypts would reduce significantly in the 2000/2001 year following the large increase in sales prior to the introduction of the GST at the end of the 1999/2000 year. The expected reduction of sales did not occur to the extent envisaged in the budget.

Goods and Services

The large shortfall in income from Core Business activities is due to a downturn that has affected the Funeral industry for 10 months of the financial year.

Net Profit on Sale of Shares

The Board did not budget for the sale of any shares during the 2000/2001 financial year.

Commission on Sand Extractions from Rockingham Regional Memorial Park

Following the completion of the earthworks part of the Kwinana Freeway extension project, sand extractions were reduced which has resulted in the shortfall in actual commissions compared to the budget.

Administration Expenses

As a direct result of the downturn in the Funeral Industry during the year, the Board was forced to make substantial cuts to expenditure in all areas in order to compensate for the reduced income.

Supplies and Services

As a direct result of the downturn in the Funeral Industry during the year, the Board was forced to make substantial cuts to expenditure in all areas in order to compensate for the reduced income. The Board was able to achieve savings in the area of Supplies and Services despite making an unbudgeted provision of \$187,500 for the replacement of brickwork in the Cremators.



Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2001

29. Explanatory Statement (continued)

Depreciation

A number of budgeted capital expenditure projects were deferred due to the industry downturn.

Other Expenses from Ordinary Activities

As a direct result of the downturn in the Funeral Industry during the year, the Board was forced to make substantial cuts to expenditure in all areas in order to compensate for the reduced income.

30. Financial Instruments

(a) Interest Rate Risk Exposure

The following table details the Board's exposure to interest rate risk as at the reporting date:

Year ended 30th June 2001	Weighted average effective interest rate %	Variable interest rate \$'000	Fixed interest Rate Maturities			Non interest bearing \$'000	Total \$'000
			Less than 1 Year	1 to 5 Years	More than 5 Years		
Financial Assets							
Cash Assets	4.50%	34					34
Receivables			456				456
Investments		640	9,703			2,829	13,172
Other						43	43
Total Financial Assets		674	10,159			2,872	13,705
Financial Liabilities							
Payables						476	476
Finance lease liabilities			8				8
Total Financial Liabilities			8			476	484
Net Financial Assets		674	10,151			2,396	13,221
Year ended 30th June 2000							
Financial Assets	6.15%	1,155	8,028			2,600	11,783
Financial Liabilities						1,423	1,423

(b) Net Fair Values

The carrying amount of the financial assets and financial liabilities recorded in the financial statements are not materially different from their net fair values, determined in accordance with the accounting policies disclosed in note 1 to the financial statements.



Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2001

31. Remuneration and Retirement Benefits of members of the Board and Senior Officers

The number of members of the Board whose total fees, salaries and other benefits received or due and receivable for the financial year fall within the following bands are: -

	2001 #	2000 #
\$0 – \$9,999	6	6
The total remuneration of the members of the Metropolitan Cemeteries Board is:	\$47,218	\$35,553

Retirement Benefits of Members of the Board

The following amounts in respect of retirements benefits were paid or became payable for the financial year:

	2001 \$	2000 \$
Contributions to Government Employees Superannuation Act Scheme		
Contributions to other superannuation funds	2,421	2,133

No members of the Board are members of the Superannuation and Family Benefits Act Scheme.

Remuneration of Senior Officers

The number of Senior Officers other than members of the Board, whose total fees, salaries and other benefits due and receivable, for the financial year, fell within the following bands are:-

	2001 #	2000 #
\$10,000 – \$19,999	—	1
\$40,000 – \$49,999	1	—
\$60,000 – \$69,999	—	1
\$70,000 – \$79,999	1	—
\$130,000 – \$139,999	—	1
\$150,000 – \$159,999	1	—
The total remuneration of senior officers is:	\$262,254	\$219,314



Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2001

31. Remuneration and Retirement Benefits of members of the Board and Senior Officers (continued)

Retirement Benefits of Senior Officers

The following amounts in respect of retirement benefits were paid or became payable for the financial year:

	2001 \$	2000 \$
1. Redundancy payments	—	—
2. Total contributions to Gold State Superannuation Scheme and West State Superannuation Scheme	—	2,163
3. Contributions to other Superannuation funds	98,235	18,187
	98,235	20,350

In respect of Senior Officers other than members of the Board, the following amounts were paid or became payable for the financial year:

	2001 \$	2000 \$
Contributions to Government Employees Superannuation Act Scheme	30,266	2,163
Contributions to other superannuation funds	67,969	98,542
Redundancy payments		
	98,235	100,705

32. Remuneration of Auditor

The total fees paid or due and payable to the Auditor General is as follows:

Auditing the accounts	12,000	12,500
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AUDITOR GENERAL

To the Parliament of Western Australia

METROPOLITAN CEMETERIES BOARD FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2001

Scope

I have audited the accounts and financial statements of the Metropolitan Cemeteries Board for the year ended June 30, 2001 under the provisions of the Financial Administration and Audit Act 1985.

The Board is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing and presenting the financial statements, and complying with the Act and other relevant written law. The primary responsibility for the detection, investigation and prevention of irregularities rests with the Board.

My audit was performed in accordance with section 79 of the Act to form an opinion based on a reasonable level of assurance. The audit procedures included examining, on a test basis, the controls exercised by the Board to ensure financial regularity in accordance with legislative provisions, evidence to provide reasonable assurance that the amounts and other disclosures in the financial statements are free of material misstatement and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and the Treasurer's Instructions so as to present a view which is consistent with my understanding of the Board's financial position, the results of its operations and its cash flows.

The audit opinion expressed below has been formed on the above basis.

Audit Opinion

In my opinion,

- (i) the controls exercised by the Metropolitan Cemeteries Board provide reasonable assurance that the receipt, expenditure and investment of moneys and the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the Statement of Financial Performance, Statement of Financial Position and Statement of Cash Flows and the Notes to and forming part of the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards, other mandatory professional reporting requirements and the Treasurer's Instructions, the financial position of the Board at June 30, 2001 and the results of its operations and its cash flows for the year then ended.

K O O'NEIL
ACTING AUDITOR GENERAL
November 21, 2001



Budgeted Statement of Financial Performance

FOR THE YEAR ENDING 30 JUNE 2002

	Budget 2002 \$	Actual 2001 \$
REVENUE		
Revenues from ordinary activities		
Trading Profit	766,625	932,098
Goods and Services	7,071,584	6,303,453
Net Profit on disposal of non-current assets	25,608	9,709
Net Profit on sale of shares		75,009
Interest revenue	283,593	608,676
Dividend revenue	73,500	93,826
Commission on Sand Extractions from Rockingham Regional Memorial Park	80,000	331,459
Other revenues from ordinary activities	211,260	67,881
Total Revenues from Ordinary Activities	8,512,170	8,422,111
EXPENSES		
Expenses from Ordinary Activities		
Employees expenses	3,658,718	3,451,294
Administration Expenses	594,513	561,605
Supplies and Services	1,867,330	1,761,086
Depreciation Charges	1,367,400	1,309,479
Amortisation Charges	3,750	15,003
Borrowing cost expense	1,500	1,340
Other expenses from ordinary activities	314,057	224,598
TOTAL EXPENSES	7,807,268	7,324,405
NET PROFIT	704,902	1,097,706
Net increase in asset revaluation reserve		393,710
TOTAL CHANGES IN EQUITY	704,902	1,491,416

FINANCIAL STATEMENT

METROPOLITAN
CEMETERIES BOARD

Budgeted Statement of Financial Performance (Continued)

FOR THE YEAR ENDING 30 JUNE 2002

	Budget 2002 \$	Actual 2001 \$
Current Assets		
Cash Assets	620	34,125
Inventories	855,379	1,083,754
Receivables	411,888	455,837
Other Financial Assets	3,086,036	10,579,654
Other Assets	50,502	43,330
Total Current Assets	4,404,425	12,196,700
Non Current Assets		
Other Financial Assets	2,592,351	2,592,350
Property, plant, equipment and vehicles	20,151,716	11,686,597
Infrastructure	3,028,277	3,223,677
Other Assets	—	—
Total Non-current Assets	25,772,344	17,502,624
Total Assets	30,176,769	29,699,324
Current Liabilities		
Payables	557,216	475,668
Interest bearing liabilities		8,209
Provisions	350,000	365,532
Other liabilities	120,000	317,678
Pre-need Agreements	140,000	160,000
Grant Extensions		
Total Current Liabilities	1,167,216	1,327,087



Budgeted Statement of Financial Performance (Continued)

FOR THE YEAR ENDING 30 JUNE 2002

	Budget 2002 \$	Actual 2001 \$
Non-Current Liabilities		
Payables	—	—
Provisions	290,000	294,533
Interest bearing liabilities	—	—
Other Liabilities	—	—
Pre-need Agreements	2,160,000	2,209,601
Grant Extensions	350,000	363,451
Total Non-Current Liabilities	2,800,000	2,867,585
Total Liabilities	3,967,216	4,194,672
NET ASSETS	26,209,553	25,504,652
Equity		
Reserves	6,434,375	6,434,375
Retained profits / (accumulated losses)	19,775,178	19,070,277
TOTAL EQUITY	26,209,553	25,504,652



Budgeted Statement of Cash Flow

FOR THE YEAR ENDING 30 JUNE 2002

	Budget 2002 \$	Actual 2001 \$
CASH FLOWS FROM OPERATING ACTIVITIES: -		
Receipts		
Sale of Goods and Services	7,270,856	6,758,742
Goods and Services	1,008,000	1,615,648
Receipts from Commissions on Sand Sales	80,000	331,459
Interest Received	337,610	608,676
Dividends Received	73,500	93,826
GST receipts on sales	826,520	774,824
GST receipts from taxation authority	485,918	
Other Receipts		67,881
Payments		
Supplies and Services	(3,197,610)	(2,968,957)
Employees Costs	(3,668,625)	(3,280,052)
GST payments on purchases	(1,317,941)	(344,476)
GST payments to taxation authority		(389,892)
Net cash from operating activities	1,898,228	3,267,679
CASH FLOWS FROM INVESTING ACTIVITIES: -		
Proceeds from sale of non-current physical assets	105,618	74,353
Purchase of investments		(2,016,898)
Purchase of non-current physical assets	(9,596,532)	(1,635,686)
Proceeds from sale of investments	7,559,180	119,024
Net cash used in investing activities	(1,931,734)	(3,459,207)
CASH FLOWS FROM FINANCING ACTIVITIES:-		
Finance Lease Payments		(14,201)
		(14,201)
Net increase/(decrease) in cash held	(33,506)	(205,729)
Cash assets at the beginning of the financial year	34,126	239,855
Cash assets at the end of the financial year	620	34,126