

Star Community Services Ltd

ABN 26 729 619 090

Financial Statements

For the Year Ended 30 June 2023

Star Community Services Ltd (2023)

ABN 26 729 619 090

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Star Community Services Ltd (2023)

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Directors' Report

30 June 2023

The directors present their report on Star Community Services Ltd ("the Company") for the financial year ended 30 June 2023.

Information on directors

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

Robin Spencer

- Qualifications and experience
- University qualifications (Agriculture and Business) C.dec
 - Board position at STAR since 2004
 - Board Member - TDSA (Transport Development & Solutions Alliance)
 - Past Zone Chair of National Seniors, member of Policy Group
 - Past branch Secretary of National Seniors Australia
 - Current convener Redlands Disability Network
 - Past positions on Redlands Committee of the Ageing
- Special responsibilities
- Holds positions on Board sub-committees - Finance, Risk & Audit and Strategic Planning & Governance

Peter Mann

Treasurer

- Qualifications and experience
- Various university qualifications
 - Former CPA Member
 - Extensive experience in the Australian Not-For-Profit sector
- Special responsibilities
- General Manager at Star Community Services for 7 years
 - Chair of the Finance, Risk & Audit Committee

Pamela Bridges

Chairperson

- Qualifications and experience
- Registered Nurse, BA Social Welfare, Grad Diploma in Health Service Management, Ministerial Appointed Member of Nurse Adviser and Administrator Panels
 - Justice of Peace (Qual), Certified Quality Assessor
 - Pam has worked in the aged care sector for many years as a Director of Nursing, General Manager, Residential Care Manager for ACQ – now LASA Q. Pam has run her own aged care consultancy for the past 10 years and in this capacity she is involved in a wide range of activities across the state and interstate
- Special responsibilities
- Board position at STAR since 2015
 - Holds position on Strategic Planning and Governance Sub Committee

Danielle Butcher

Secretary

- Qualifications and experience
- Former Director of CODI, Board member of Disability Groups in Ipswich
 - 10 years involvement in disability organisations and funded community transport
- Special responsibilities
- Holds position on Strategic Planning and Governance Sub Committee

Colin Sutcliffe

- Qualifications and experience
- Tertiary
 - Current Chairman of Mangrove Housing (Disability)
- Special responsibilities
- Chair of the Strategic Planning and Governance Committee

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Directors' Report

30 June 2023

Information on directors

Bruce Durie

- Qualifications and experience – Lawyer
Special responsibilities – Nil

Melissa Grundy

- Qualifications and experience B.Com, Grad Dip App Fin & Inv, Grad Dip App Corp Gov, CPA, FGIA, GAICD
– More than 20 years in the Finance industry
– Former member of the State Council of the Governance Institute of Australia
– Hold company secretarial roles in Bank of Queensland and Caltex Limited
– Current Assistant Company Secretary at Queensland Rail
- Special responsibilities – Nil

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

Review of operations

The surplus of the Company for the financial year after providing for income tax amounted to \$ 271,965. (2022: \$146,941)

Company secretary

The following person held the position of Company secretary at the end of the financial year:

- Danielle Butcher

Meetings of Directors

During the financial year, 12 meetings of directors (including committees of directors) were held.

Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Robin Spencer	12	11
Peter Mann	12	11
Pamela Bridges	12	10
Danielle Butcher	12	10
Colin Sutcliffe	12	9
Bruce Durie	12	10
Melissa Grundy	12	7

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Directors' Report

30 June 2023

Short term and long term objectives

The Company's short term and long term objectives are:

- Client and staff/volunteer satisfaction
- Equality and fairness
- Investment in people relationships
- Meet social impact needs
- Best practice, high quality services
- Understanding and planning for non-funded programs
- Meet service need within financial ability i.e. break-even or surplus
- Prioritise safety
- Ensure responsible financial management
- Ensure authentic leadership
- Ensure extensive knowledge of funded programs
- Create a culturally diverse and inclusive workforce
- Deliver outstanding customer service

Strategy for achieving the objectives

To achieve its stated objectives, the Company has adopted the following strategies:

- Leverage from survey analysis including client and staff/volunteers as well as service needs
- Maintain high workplace standards ensuring IR and HR legislation is adhered to
- Offer professional development to improve and grow services
- Be workplace inclusive and develop a charter for employment of people with disability and CALD
- Maintain focus on Continuous Quality Assurance including Good Governance, Human Services Quality Framework and Quality Standards
- Ensure budget monitoring and reviewing pre, during and post monthly Board meetings
- Seek opportunities to raise revenue outside of government funding by striving to develop other business
- Continue to operate in a safe environment by way of monthly reviews and risk assessments
- Review and update the business continuity plan including risk assessment through the Strategic Planning and Governance sub-committee
- Develop a Volunteer Engagement Plan
- Develop a Strategic HR plan

Principal activities

The principal activities of the Company during the financial year were:

- Direct Care – both Aged and Disability
- Support Coordination – Disability
- Package Coordination – Aged
- Home Maintenance (including garden and modifications) – Aged
- Social Support (including group and individual) – Aged
- Volunteering Intake – Community Groups and Residents of Redland City
- Community Transport – both Aged and Disability

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

Star Community Services Ltd (2023)

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Directors' Report

30 June 2023

Events after the reporting date

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

Environmental issues

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Indemnification and insurance of officers and auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, MGI Audit Pty Ltd, as part of the terms of its audit agreement against claims by third parties arising from the audit. No payment has been made to indemnify MGI Audit Pty during or since the financial year.

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Star Community Services Ltd (2023)

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Directors' Report

30 June 2023

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under *Section 60-40 of the Australian Charities and Not-for-Profits Commission Act 2012* is set out on page .

This report is signed in accordance with a resolution of the Board of Directors:



Director:

Dated this 18th day of August 2023

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF STAR COMMUNITY SERVICES LIMITED**

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t: +61 7 3002 4800

In accordance with the requirements of section 60-40 of the *Australian Charities and Not for Profits Commission Act 2012*, as lead auditor for the audit of Star Community Services Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

- i. No contraventions of the auditor independence requirements of the *Australian Charities and Not for Profits Commission Act 2012* in relation to the audit; and
- ii. No contraventions of any applicable code of professional conduct in relation to the audit.

MGI Audit Pty Ltd



S C Greene
Director

Brisbane

18 August 2023

Star Community Services Ltd (2023)

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2023

		2023	2022
	Note	\$	\$
Revenue from contracts with customers	3	13,646,302	11,479,032
Other income	3	145,085	138,078
Donated volunteer labour income	3	4,979,292	5,142,779
Total revenue		18,770,679	16,759,889
Employee benefits expense	4	(7,502,715)	(6,374,035)
Donated volunteer labour expense	3	(4,979,292)	(5,142,779)
Depreciation and amortisation expense	4	(509,383)	(518,408)
Interest expense		(56,956)	(48,013)
Bad and doubtful debt expense		(208)	(2,744)
Motor vehicle expenses		(479,562)	(416,962)
Utilities expense		(35,649)	(25,466)
Rental expense	4	(146,093)	(55,944)
Audit, legal and consultancy fees		(293,727)	(267,497)
Marketing expenses		(54,731)	(59,479)
Administration expenses		(388,140)	(364,529)
Transport expenses		(277,439)	(249,733)
Maintenance expenses		(1,038,938)	(841,638)
STAR Tech expenses		-	(27,282)
Care expenses		(1,364,274)	(885,098)
Volunteer expenses		(1,019,232)	(962,877)
Other employee expenses		(230,023)	(259,203)
Fundraising expense		(27,778)	(41,577)
Sundry expenses		(94,574)	(69,684)
Surplus before income tax		271,965	146,941
Income tax expense		-	-
Surplus for the year		271,965	146,941
Other comprehensive income		-	-
Total comprehensive income for the year		271,965	146,941

The accompanying notes form part of these financial statements.

Star Community Services Ltd (2023)

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Statement of Financial Position

As At 30 June 2023

	Note	2023 \$	2022 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	3,331,624	3,828,303
Trade and other receivables	6	1,300,892	739,509
Other assets	7	94,887	78,042
TOTAL CURRENT ASSETS		<u>4,727,403</u>	<u>4,645,854</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	263,909	240,503
Intangible assets	9	1,601	2,522
Right-of-use assets	10	706,315	720,948
TOTAL NON-CURRENT ASSETS		<u>971,825</u>	<u>963,973</u>
TOTAL ASSETS		<u>5,699,228</u>	<u>5,609,827</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	611,977	776,190
Lease liabilities	12	321,052	349,671
Short-term provisions	13	482,866	499,316
Contract liabilities		45,089	297,680
TOTAL CURRENT LIABILITIES		<u>1,460,984</u>	<u>1,922,857</u>
NON-CURRENT LIABILITIES			
Lease liabilities	12	611,452	497,714
Long-term provisions	13	124,754	51,036
Other liabilities		-	303,104
TOTAL NON-CURRENT LIABILITIES		<u>736,206</u>	<u>851,854</u>
TOTAL LIABILITIES		<u>2,197,190</u>	<u>2,774,711</u>
NET ASSETS		<u>3,502,038</u>	<u>2,835,116</u>
EQUITY			
Reserves		49,262	41,334
Retained earnings		3,452,776	3,188,739
TOTAL EQUITY		<u>3,502,038</u>	<u>3,230,073</u>

The accompanying notes form part of these financial statements.

Star Community Services Ltd (2023)

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Statement of Changes in Equity For the Year Ended 30 June 2023

2023

	Retained Surpluses	Restricted Reserve	Total
	\$	\$	\$
Balance at 1 July 2022	3,188,739	41,334	3,230,073
Surplus for the year	271,965	-	271,965
Transfer to reserves	(7,928)	7,928	-
Balance at 30 June 2023	3,452,776	49,262	3,502,038

2022

	Retained Surpluses	Restricted Reserve	Total
	\$	\$	\$
Balance at 1 July 2021	3,041,798	-	3,041,798
Surplus for the year	146,941	-	146,941
Transfer to reserves	-	41,334	41,334
Balance at 30 June 2022	3,188,739	41,334	3,230,073

Draft

The accompanying notes form part of these financial statements.

Star Community Services Ltd (2023)

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Statement of Cash Flows For the Year Ended 30 June 2023

	2023	2022
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from grants and trading	13,597,703	11,500,578
Payments to suppliers and employees	(13,634,683)	(11,771,559)
Interest paid	(56,956)	(48,013)
Restricted Funds Transfer	-	41,334
Net cash provided by/(used in) operating activities	<u>(93,936)</u>	<u>(277,660)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	20,000	67,107
Purchase of property, plant and equipment	(30,347)	(52,086)
Net cash provided by/(used in) investing activities	<u>(10,347)</u>	<u>15,021</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of lease liabilities	(392,397)	(387,522)
Net cash provided by/(used in) financing activities	<u>(392,397)</u>	<u>(387,522)</u>
Net increase/(decrease) in cash and cash equivalents held	(496,680)	(650,161)
Cash and cash equivalents at beginning of year	<u>3,828,304</u>	<u>4,478,465</u>
Cash and cash equivalents at end of financial year	5 <u>3,331,624</u>	<u>3,828,304</u>

The accompanying notes form part of these financial statements.

Star Community Services Ltd (2023)

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Notes to the Financial Statements

For the Year Ended 30 June 2023

The financial report covers Star Community Services Ltd as an individual entity. Star Community Services Ltd is a not-for-profit Company, registered and domiciled in Australia.

The principal activities of the Company for the year ended 30 June 2023 were:

- Direct Care – both Aged and Disability
- Support Coordination – Disability
- Package Coordination – Aged
- Home Maintenance (including garden and modifications) – Aged
- Social Support (including group and individual) – Aged
- Volunteering Intake – Community Groups and Residents of Redland City
- Community Transport – both Aged and Disability

The functional and presentation currency of Star Community Services Ltd (2023) is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures and the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

(a) Critical Accounting Estimates and Judgements

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

Employee benefits

For the purpose of measurement, AASB 119: Employee Benefits defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. As the entity expects that most employees will not use all of their annual leave entitlements in the same year in which they are earned or during the 12 month period that follows (despite an informal internal policy that requires annual leave to be used within 18 months), the Directors believe that obligations for annual leave entitlements satisfy the definition of other long-term employee benefits and, therefore, are required to be measured at the present value of the expected future payments to be made to employees.

Economic Dependence

Star Community Services Ltd is dependent on the Department of Health for the majority of its revenue used to operate the business. At the date of this report the Board of Directors has no reason to believe the department will not continue to support Star Community Services Ltd.

Notes to the Financial Statements

For the Year Ended 30 June 2023

1 Basis of Preparation

(a) Critical Accounting Estimates and Judgements

Revenue

For many of the grant agreements received, the determination of whether the contract includes sufficiently specific performance obligations was a significant judgement involving discussions with several parties at the company, review of the proposal documents prepared during the grant application phase and consideration of the terms and conditions.

Grants received by the company have been accounted for under both AASB 15 and AASB 1058 depending on the terms and conditions and decisions made. If this determination was changed then the revenue recognition pattern would be different from that recognised in this financial report.

Key Judgements – Receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Key Judgements – Lease Term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Key Estimates – Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

The company has determined the incremental borrowing rate to be 5.03%.

(b) New or amended Accounting Standards and Interpretations adopted

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies

(a) Income Tax

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(b) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

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

(c) Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)

Classification is based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Amortised cost

The company measures receivables, cash and cash equivalents at amortised cost.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets measured at amortised cost

Impairment of financial assets is determined on an expected credit loss (ECL) basis for financial assets measured at amortised cost and contract assets arising under AASB 15.

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies

(c) Financial instruments

Financial assets

The company has used the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The company has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

When estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the company's historical experience and informed credit assessment and including forward looking information.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in the result for the year. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade creditors, other payables and lease liabilities.

(d) Revenue

Revenue from contracts with customers.

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

Grants

Grant income arising from an agreement which contains enforceable and sufficiently specific performance obligations is recognised when control of each performance obligations is satisfied. Within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

Where control is transferred over time, generally the revenue is recognition based on either cost or time incurred.

If conditions are attached to the grant which must be satisfied before the company is eligible to retain the contribution, the grant will be recognised in the statement of financial position as a liability until those conditions are satisfied.

Assets arising from grants in the scope of AASB 1058 are recognised at their fair value when the asset is received. These assets are generally cash but maybe property which has been donated or sold to the company at significantly below its fair value.

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies

(d) Revenue

Once the asset has been recognised, the Company recognises any related liability amounts (e.g., provisions, financial liabilities).

Once the assets and liabilities have been recognised then income is recognised for any difference between the recorded asset and liability.

Donations

Donations collected are recognised as revenue when the company gains control of the asset.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate as per the performance obligations of the agreement.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Donated volunteer labour income and expenses

The Company has chosen to adopt donated volunteer services in accordance with AASB 1058: *Income for Not for Profits* in the 2022 financial year, as the Directors have determined that they are able to reliably estimate this income and cost. Please see Note 3(a) for more details.

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

(e) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of six months or less where the investment is convertible to known amounts of cash and is subject to insignificant risk of changes in value. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined in note 5.

Cash at bank earns interest at floating rates based on daily deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the company's cash requirements. These deposits earn interest at market rates.

(f) Trade and Other Receivables & Accrued Income

Trade receivables which comprise amounts due from work performed under grant agreements and fee for service arrangements are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

Accrued income is recognised based under the Company's revenue recognition policy where performance obligations have been met but an invoice not yet raised.

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies

(g) Property, Plant and Equipment

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

Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation Rate
Motor Vehicles	25-33.33%
Plant and equipment	20-25%
Leased motor vehicles	20-25%
Leasehold improvements	33.33%-40%

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. Gains are not classified as revenue but other income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(h) Right-of-use assets

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

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

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies

(h) **Right-of-use assets**

expensed to profit or loss as incurred.

(i) **Lease liabilities**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

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

(j) **Provisions**

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of reporting period.

(k) **Employee Benefits**

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries, non-accumulating sick leave and contributions to superannuation plans. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligations for short-term employee benefits such as wages, salaries, non-accumulating sick leave and contributions to superannuation plans are recognised as part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

The entity classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the company's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss classified under employee benefits expense.

The company's obligations for long-term employee benefits are presented as non-current liabilities in its

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies

(k) Employee Benefits

statement of financial position, except where the entity does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.

(l) Intangible assets

Software

Software is initially recognised at cost. Where software is acquired at no cost, or for a nominal cost, the cost is its fair value as at the date of acquisition. It has a finite life and is carried at cost less any accumulated amortisation and impairment losses. Software has an estimated useful life of between 1 and 3 years. It is assessed annually for impairment.

(m) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity during the reporting period that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(n) Restricted funds

Included within reserves under equity are restricted funds. These funds are special purpose funds that have restrictions on their use, and as such the Company records restricted funds as a separate classification of equity in the statement of changes in equity. Any income received or expenses incurred are recorded through the statement of profit and loss, but residual movements transferred from retained surpluses to the restricted reserves. The balance of the restricted funds will be offset by a balance of cash and cash equivalents.

(o) Comparative Figure

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

Star Community Services Ltd (2023)

ABN 26 729 619 090

Notes to the Financial Statements For the Year Ended 30 June 2023

3 Revenue

	2023	2022
	\$	\$
Revenue from contracts with customers		
Revenue from government grants and other grants		
- State/federal government grants - operating	6,437,053	5,793,623
- Other organisations	20,492	53,503
	6,457,545	5,847,126
- Care Contribution	2,792,722	2,388,256
- Transport Contribution	1,389,394	1,200,992
- Maintenance Contribution	145,079	119,850
- Home Care Package Contribution	2,856,137	1,915,851
- Membership Income	5,425	6,957
	13,646,302	11,479,032
Other revenue		
- Interest received on investments in government and fixed interest securities	26,279	4,314
- Gain on disposal of property, plant and equipment	20,000	61,024
- Charitable income and fundraising	35,057	43,800
- Other	63,749	28,940
	145,085	138,078
Donated volunteer labour income	4,979,292	5,142,779
Total Revenue	18,770,679	16,759,889

(a) Donated volunteer labour income and expenses

The Company has adopted donated volunteer services in accordance with AASB 1058: *Income for Not for Profits*, as the Directors have determined that they are able to reliably estimate this income and cost.

The fair value hourly rate of a volunteer used by the Directors is \$45.64 (2022: \$43.36) based on estimates of equivalent market wages for each applicable volunteer position.

The net impact on the surplus/deficit for the year of donated volunteer labour income and expenses for the 2023 financial year was \$nil (2022: \$nil).

Star Community Services Ltd (2023)

ABN 26 729 619 090

Notes to the Financial Statements For the Year Ended 30 June 2023

4 Expenses

	2023	2022
	\$	\$
Employee benefits expense:		
- Superannuation expense	667,189	564,488
- Wages & allowances	6,835,526	5,809,547
Total employee benefits expense	<u>7,502,715</u>	<u>6,374,035</u>
Depreciation and amortisation:		
- Furniture & fixtures	1,764	1,381
- Motor vehicles	67,864	82,147
- Computer & office equipment	35,479	34,644
- Leasehold improvements	655	-
- Software	921	1,444
- Right of use assets	393,319	398,792
- Other	9,381	-
Total depreciation and amortisation	<u>509,383</u>	<u>518,408</u>
Rental expense on operating leases:		
- Other rental expenses	146,093	55,944
Total other rental expense	<u>146,093</u>	<u>55,944</u>
Audit fees:		
- Audit services	15,600	14,850
Total audit remuneration	<u>15,600</u>	<u>14,850</u>

5 Cash and Cash Equivalents

CURRENT		
Cash at bank	2,466,556	2,981,011
Cash on hand	900	1,050
Term deposits	864,168	846,242
	<u>3,331,624</u>	<u>3,828,303</u>

Included within cash and cash equivalents are restricted funds totalling \$49,263 (2022: \$41,334)

Star Community Services Ltd (2023)

ABN 26 729 619 090

Notes to the Financial Statements For the Year Ended 30 June 2023

6 Trade and Other Receivables

	2023	2022
	\$	\$
CURRENT		
Trade receivables	272,135	303,457
Other receivables	-	558
Accrued income - contracts	1,003,290	421,484
Accrued income - Interest	2,046	1,010
Rental bond	43,421	33,000
Provision for impairment	(20,000)	(20,000)
	<u>1,300,892</u>	<u>739,509</u>

7 Other assets

Prepayments	<u>94,887</u>	<u>78,042</u>
	<u>94,887</u>	<u>78,042</u>

Star Community Services Ltd (2023)

ABN 26 729 619 090

Notes to the Financial Statements For the Year Ended 30 June 2023

8 Property, plant and equipment

	2023	2022
	\$	\$
Furniture & fixtures		
At cost	21,408	21,408
Accumulated depreciation	(16,460)	(14,765)
	<u>4,948</u>	<u>6,643</u>
Motor vehicles		
At cost	1,086,010	1,050,980
Accumulated depreciation	(898,581)	(894,519)
	<u>187,429</u>	<u>156,461</u>
Office & computer equipment		
At cost	289,044	261,456
Accumulated depreciation	(218,685)	(184,057)
	<u>70,359</u>	<u>77,399</u>
Leasehold Improvements		
At cost	106,296	104,468
Accumulated depreciation	(105,123)	(104,468)
	<u>1,173</u>	<u>-</u>
Total property, plant and equipment	<u>263,909</u>	<u>240,503</u>

Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Furniture & Fixtures	Motor Vehicles	Office & Computer Equipment	Leasehold Improvements	Total
	\$	\$	\$	\$	\$
Year ended 30 June 2023					
Balance at the beginning of year	6,642	156,462	77,399	-	240,503
Additions at cost	845	98,831	28,439	1,828	129,943
Disposals	(775)	-	-	-	(775)
Depreciation expense	(1,764)	(67,864)	(35,479)	(655)	(105,762)
Carrying amount at the end of the year	<u>4,948</u>	<u>187,429</u>	<u>70,359</u>	<u>1,173</u>	<u>263,909</u>
Year ended 30 June 2022					
Balance at the beginning of year	8,023	244,353	87,106	-	339,482
Additions at cost	-	-	24,937	-	24,937
Disposals	-	(5,744)	-	-	(5,744)
Depreciation expense	(1,381)	(82,147)	(34,644)	-	(118,172)
Carrying amount at the end of the year	<u>6,642</u>	<u>156,462</u>	<u>77,399</u>	<u>-</u>	<u>240,503</u>

Star Community Services Ltd (2023)

ABN 26 729 619 090

Notes to the Financial Statements For the Year Ended 30 June 2023

9 Intangible Assets

	2023	2022
	\$	\$
Computer software		
Cost	133,922	133,922
Accumulated amortisation	(132,321)	(131,400)
	<u>1,601</u>	<u>2,522</u>
Goodwill	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Total Intangible assets	<u>1,601</u>	<u>2,522</u>

Movements in carrying amounts of intangible assets

	Computer software \$
Year ended 30 June 2023	
Amortisation charge	(921)
Year ended 30 June 2022	
Amortisation charge	(1,444)

Star Community Services Ltd (2023)

ABN 26 729 619 090

Notes to the Financial Statements For the Year Ended 30 June 2023

10 Right-of-use assets

	2023	2022
	\$	\$
Motor vehicles - Right-of-use	1,160,212	781,527
Less: Accumulated depreciation	(453,897)	(259,812)
	706,315	521,715
Building - Right-of-use	659,564	648,325
Less: Accumulated depreciation	(659,564)	(449,092)
	-	199,233
Total Right-of-use assets	706,315	720,948

Movements in carrying amounts of Right-of-use assets

	Motor Vehicles	Building	Total
	\$	\$	\$
Year ended 30 June 2023			
Balance at the beginning of the year	521,714	199,234	720,948
Additions	378,686	-	378,686
Depreciation	(194,085)	(199,234)	(393,319)
	706,315	-	706,315
Year ended 30 June 2022			
Balance at the beginning of the year	481,873	416,578	898,451
Additions	217,094	-	217,094
Disposals	(12,341)	-	(12,341)
Depreciation	(164,912)	(217,344)	(382,256)
	521,714	199,234	720,948

The Company has leases over buildings & vehicles. Information relating to the leases in place and associated balances and transactions are provided below.

Terms and conditions of leases

Buildings

The company leased offices in Cleveland for their corporate office up until 31 May 2023. The lease was on a rolling monthly basis at the reporting date.

Motor Vehicles

The company leases vehicles, which are used Star Community Services' staff for the performance of their programs. The lease terms vary from 3 to 5 years and the lease payments are fixed across the lease term.

Star Community Services Ltd (2023)

ABN 26 729 619 090

Notes to the Financial Statements For the Year Ended 30 June 2023

11 Trade and other payables

	2023	2022
	\$	\$
Trade payables	145,978	127,305
Other current payables	337,190	211,303
GST payable	128,809	42,626
Total	611,977	381,234

Financial liabilities at amortised cost classified as accounts payable and other payables

	611,977	381,234
— Total current	611,977	381,234
Less other payables (net amount of GST payable)	(128,809)	(42,626)
Financial liabilities as trade and other payables	483,168	338,608

Contract balances

The Company has recognised the following contract assets and liabilities from contracts with customers:

Contract assets

Accrued income on services provided not yet invoiced	1,003,290	421,484
	1,003,290	421,484

Contract liabilities

Deferred income	(45,089)	(297,680)
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Contract assets

Contract assets arise when work has been performed on a particular program and goods or services have been transferred to the customer and the performance obligations met, but due to the timing of the service an invoice is yet to be raised.

Contract liabilities

Contract liabilities generally represent the unspent grants or other fees received on the condition that specified services are delivered or conditions are fulfilled. In most instances, the provider of the grant has not confirmed whether fees can be rolled forward to future financial years, so there is a chance that funds may need to be repaid until this confirmation is received.

Star Community Services Ltd (2023)

ABN 26 729 619 090

Notes to the Financial Statements For the Year Ended 30 June 2023

12 Lease liabilities

CURRENT

Lease liabilities - Motor vehicles	321,052	138,793
Lease liabilities - Land and buildings	-	210,878
	321,052	349,671

NON-CURRENT

Lease liabilities - Motor vehicles	611,452	497,714
TOTAL BORROWINGS	932,504	847,385

Lease liabilities are secured by the underlying leased assets.

(a) Maturity analysis of lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below.

	<1 year	1-5 years	> 5 years	Total undiscounted lease liabilities	Lease liabilities included in the Statement of Financial Position
	\$	\$	\$	\$	\$
2023	370,462	657,699	0	1,028,161	932,504
2022	360,258	559,721	-	919,979	847,385

(b) Statement of profit and loss and other comprehensive income

The amounts recognised in the statement of profit and loss and other comprehensive income relating to leases where the company is a lessee are shown below.

	2023	2022
	\$	\$
Interest on lease liabilities	9,591	48,012
Expenses relating to short-term leases	98,080	55,944

There is both a lease for the Ipswich Office and Unit 8 at the Cleveland Office which are on a rolling basis and therefore not applicable to AASB 16 Leases and there is no commitment to disclose.

Star Community Services Ltd (2023)

ABN 26 729 619 090

Notes to the Financial Statements For the Year Ended 30 June 2023

13 Provisions

	2023	2022
	\$	\$
CURRENT		
Provision for employee benefits: annual leave	420,467	380,360
Provision for employee benefits: long service leave	52,399	108,956
Provisions for make-good	10,000	10,000
	<u>482,866</u>	<u>499,316</u>
NON-CURRENT		
Provision for employee benefits: long service leave	124,754	51,036
	<u>124,754</u>	<u>51,036</u>
Total	<u><u>607,620</u></u>	<u><u>550,352</u></u>
	\$	\$

14 Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 15.

Transactions with related parties

There were no transactions with related parties during the current and previous financial year.

Directors' compensation

The directors act in an honorary capacity and receive no compensation for the services.

15 Key Management Personnel Compensation

Key Management Personnel

The totals of remuneration paid to KMP of the entity during the year are as follows:

KMP compensation:

	<u>665,777</u>	<u>673,073</u>
	<u><u>665,777</u></u>	<u><u>673,073</u></u>

16 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$ 10 each towards meeting any outstanding obligations of the Company. At 30 June 2023 the number of members was - (2022: 472 -).

17 Contingent liabilities

In the opinion of those charged with governance, the Company did not have any contingent liabilities at 30 June 2023 (30 June 2022:None).

Star Community Services Ltd (2023)

ABN 26 729 619 090

Notes to the Financial Statements

For the Year Ended 30 June 2023

18 Events after the end of the Reporting Period

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

19 Statutory Information

The registered office and principal place of business of the company is:

Star Community Services Ltd (2023)
Shop 15, 152 Shore St West, Cleveland Queensland 4163

Star Community Services Ltd (2023)

ABN 26 729 619 090

Directors' Declaration

In accordance with a resolution of the directors of Star Community Services Ltd, the directors of the entity declare that:

- there are reasonable grounds to believe that the Company is able to pay all of its debts, as and when they become due and payable; and
- the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2022*.



Director

Dated: 18th day of August 2023

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
STAR COMMUNITY SERVICES LIMITED**

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Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Star Community Services Limited (the Company), which comprises the statement of financial position as at 30 June 2023 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of Star Community Services Limited is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2023 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards – Simplified Disclosures and the *Australian Charities and Not-for-profits Regulation 2022*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2023 but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibility of the Directors of the Company for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosures and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility for the Audit of the Financial Report

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

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

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

Auditor's Responsibility for the Audit of the Financial Report (Continued)

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

MGI Audit Pty Ltd

A handwritten signature in black ink, appearing to read 'S C Greene', with a long horizontal flourish underneath.

S C Greene

Director

Brisbane

18 August 2023