

Annual Report

November 2019



Our year of transition to embark on our new mission

The past year has seen Star Aged Living Ltd develop its investment policy, establish the right legal structure, develop a new vision, mission and values and refine its systems and processes to reflect its philanthropic activities into the future. Star Aged Living Ltd will soon be known as The Eastern Star (Australia) Foundation Ltd and will trade as the Eastern Star Foundation.

Our activities into the future will include:

- Provide financial support to charities that support and provide care services, including residential care services, to the ageing Australian population.
- Provide financial and other support to charities that assist the aged to remain in their homes for as long as possible, such as by providing specialised equipment, mobility equipment, transport services, pastoral care and support.
- Assist older and elderly women suffering from financial and physical hardship by providing financial support.
- Support research activities and projects that focus on illness, disease and conditions that affect the aged and elderly, including dementia and Parkinson's disease.

Star Aged Living Ltd
Annual Report
November 2019
ACN 166 950 321
ABN 36 640 477 592

Registered office:
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Fortitude Valley QLD 4006
Level 1, 826 Ann Street,
Fortitude Valley QLD 4006
Ph: 07 3493 6093
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Auditors:
Crowe Audit Australia
Level 16, 120 Edward Street
Brisbane Queensland 4000

Summary of key financials 2018 - 2019 financial year:

	\$
Income	336,624
Expenditure	177,121
Operating profit	159,503
Other income / comprehensive income	1,021,776
Total comprehensive income / profit	1,181,279
Total assets	11,608,821
Total liabilities	9,376
Net assets	11,599,445

The primary asset for Star Aged Living Ltd is the investment corpus, with an unrealised market value of \$10,702,404 as at 30 June 2019. The unrealised market gains from the corpus are reported in Reserves in the Equity section of the Balance Sheet.

Other Income/Comprehensive income includes \$500,000 payment received for bed licences transferred to The Whiddon Group and \$521,776 unrealised market gains on investments.



Eastern Star Foundation's vision, mission and values

Our vision:

To empower those who enhance the quality of life for our ageing communities.

Our mission:

We provide financial assistance to help initiatives become a reality for charities who care for our ageing communities, support their independence, and who are committed to helping them live well.

Our values:

Dignity - We believe everyone should be honoured and respected.

Independence - We enable people to make their own choices.

Hope - We encourage people to have ambition for the future.



Chairman's report

Over the past year, Star Aged Living Ltd has progressed significantly with our transition from operating an aged and community care business to become a philanthropic Foundation. On 1 March 2018, the organisation sold its aged and community care business at Beaudesert. Since that time, Star Aged Living has focused its efforts on reviewing all aspects of the business to enable the provision of charitable assistance to organisations who support our ageing population into the future. This review has allowed us to ensure we have, an appropriate legal structure and constitution, a clear strategy, and a suitable investment framework and policy to help us fulfil our mission into the future.

Ensuring the right legal structure

The Star Aged Living Ltd Board has worked with Paxton-Hall Lawyers to revise our constitution to reflect the change in our business activities better. An Extraordinary General Meeting was held with our Company Members on 22 August 2019. At this meeting, the Company Members unanimously voted to accept a new constitution and change the organisation's name from Star Aged Living Ltd to The Eastern Star (Australia) Foundation Ltd. Due to the organisation's change in activities, it was also necessary to seek an order of the Supreme Court so that its funds could be applied as near as possible to their original purpose (Cy-Pres).

I am pleased to report that this process is also now complete.

Setting our strategy

The board undertook a strategy workshop earlier this year where it established the organisation's new direction and future charitable activities. During this process, the board considered its history and the intentions of its forebearers. It was decided that into the future, Star Aged Living Ltd will provide financial assistance to organisations who support our ageing population. Our activities will include things like providing grants to charities that support and provide aged care services; help the aged remain at home; older women suffering from financial and physical hardship; and research into age-related illnesses.

A new brand and identity have been developed for the organisation to help communicate its activities into the future. This new brand and identity will be launched immediately after this Annual General Meeting, and I hope that you can all join us for this significant event.

The details around our future granting process and criteria are currently being developed, and we expect to commence providing grants from early next year under our new name and identity.

Investing for the future

Over the past year, Star Aged Living Ltd has established its investment

policy and invested the funds from the proceeds of the sale of its aged and community care business. The investment portfolio is designed to withstand normal market fluctuations over the long-term and has a conservative risk profile. The performance of our investment portfolio continues to grow under the guidance and management of our investment advisers Ord Minnett. The \$10 million invested in December 2018 grew to \$10.7 million as at 30 June 2019 and has seen further growth since that time.

I would like to take the opportunity to thank my fellow board members for their support this year. I would also like to thank Hand Heart Pocket the Charity of Freemasons Queensland who has provided this organisation with management, administration and marketing expertise to help us through this transition phase.

The next year is set to be an exciting time for this organisation as we commence our granting activities as the Eastern Star (Australia) Foundation Ltd, and I look forward to us seeing the charitable impact that we provide.

Yours sincerely

Jonathan Nantes
Chairman, Star Aged Living Ltd

Our board and governance

Star Aged Living Ltd is registered with the Australian Charities and Not-for-profits Commission (ACNC). Our board oversees the organisation's governance, prudential responsibilities and strategy. The organisation receives management, administration and marketing support from Hand Heart Pocket the Charity of Freemasons Queensland. Our board members are pictured from left to right and are listed in the order they are pictured.



Douglas Kelly **Director**

Commenced November 2013

Doug is extensively involved in the community and has worked in the building industry for more than 51 years. He established an award-winning building and property development business of which he is currently a director.

He has been an active community leader in the Ipswich region since 1970 and founded the Ipswich Prostate Support Group and the Ipswich and District Vintage Machinery Club. Doug has been a member of the United Grand Lodge of Queensland since 1976, and for four years held the position of Master of Fassifern Kilwinning. He has also held the positions of treasurer at the Booval Temple Committee, and he is a Past Worthy District Grand Patron at the South Brisbane District Grand Committee.

Carol Carey **Secretary**

Commenced November 2018

Carol was appointed to the board in 2018 and now holds the role of secretary. Her career has given her experience in finance, nursing, administration and staff training. Her most rewarding role was as a psychiatric nurse in England, where her care focussed on the elderly.

She has been involved in the Order of the Eastern Star for many years starting with Rocklea Sunnybank Chapter No.33 taking on various positions before becoming Worthy Matron. After Rocklea's Dormancy in 2008, Carol joined Beenleigh Chapter No.199 in 2009 and has been the secretary there for the past seven years.

Jonathan Nantes **Chairman**

Commenced November 2010

Following several years as a director on the board, Jonathan was elected as chairman in late 2018. His background as an owner of a sheep and cattle station in Charleville and

a small trucking business before coming to Brisbane has given him a good understanding of the dynamics of business. He also holds a Certificate III in Bus and Coach Accreditation.

Jonathan holds an enormous amount of pride in the Order of the Eastern Star's continual support, and the board's vision for greater charity and benevolent work. He has been a member of the Order of the Eastern Star since 1973 and now holds the position of Worthy Grand Associate Patron in the United Grand Chapter of Australia.

Elizabeth Watt **Director**

Commenced November 2012

Through her extensive 35-year career at Centrelink, and 12 years as a finance lecturer, Elizabeth brings a wealth of knowledge in the areas of policy and finance to the board.

A member of the Order of the Eastern Star since 1980, Elizabeth has served as Worthy Matron of Sunny South Chapter for 10 terms and as Deputy Grand Matron of South Australia from 1995-1997. Elizabeth's commitment and excellence in service were recognised in 2007-2009 when she was honoured to be the Most Worthy Grand Matron of the United Grand Chapter of Australia.

John Howard **Deputy Chairman**

Commenced November 2014

John has had extensive experience in aged care management, holding senior management positions for over 30 years. He brings a wealth of knowledge to the board as a qualified director. John has previously worked as General Manager of St Paul de Chartres, a 98-bed residential care facility with 86 independent retirement living units. He has extensive governance, financial and administrative experience.

John is a member of St Andrews Lutheran College Council, a Director of Lutheran Laypeople's League and formerly an Associate Member

of the Australian Institute of Management. He is a Justice of the Peace and Member of the Australian Institute of Company Directors.

Leigh Kennedy **Director**

Commenced November 2010

Leigh has been in the Order of the Eastern Star since 1973 and was a Worthy Matron five times with Ruth, Mizpah and Adah Chapters, and is currently the Worthy Matron of Coorparoo Chapter for a third term. Currently, Leigh is the Grand Associate Matron of the Grand Chapter of Queensland and a Past Worthy District Grand Matron. She has been a member of the Star Gardens Association since 2002, and on the board for many years.

Leigh was awarded the prestigious 'Life Membership' for her continuous years of volunteering with Meals on Wheels Mt Gravatt branch, and she now serves on the board of Meals on Wheels Queensland.

Mike Carey **Director**

Commenced November 2009

Mike was on the board for many years and previously served as chairman for seven of those years. He has over thirty years' experience in the building and property development industry, including many years working for the Princess Alexandra Hospital at RAF Wroughton in the United Kingdom. After moving to Australia, he worked for the Wesley Hospital in Brisbane which saw him involved in a \$9 million operating theatre upgrade.

Mike has been involved in a number of community groups including the City of Logan Masonic Lodge and the Order of the Eastern Star. He is one of four founding members of the Squids Theatrical Inc. where he has spent many hours donating his time and building skills creating backdrops for numerous shows.

Mike is a Justice of the Peace (Qualified) and has a Diploma of Building in which he achieved Honours in Building Law.



Yvonne Bassett
Director

Commenced November 2009
Retired November 2018

Yvonne was the treasurer for several years until retiring from the board in November 2018. Her responsibilities included finance, risk and audit. Yvonne is also experienced in financial management and administration.

Yvonne is a Past Worthy Matron of Order of the Eastern Star Dinmore Chapter and has been their treasurer for 17 years, with short breaks when she was Worthy Matron. She has also served as treasurer of Australians in Retirement (A.I.R) and of the Beau-View Chapter. She currently holds the position of secretary of

the Beau-View Chapter and has previously served as secretary of the Dinmore Chapter.

Yvonne has also served as a board member of Probus at Springfield and served as president in 2012. She was a board member for A.I.R and served as their president in 2013-2014.

Yvonne is passionately involved with the Uniting Church in Ipswich, serving on the Church Council and has also worked as a Religious Instructor. She has been a determined fundraiser for each organisation that she has served.



Moya Nantes
Director

Commenced November 2009
Retired November 2018

Moya has been involved in the Order of the Eastern Star since 1973. She held the positions of Grand Secretary of the Grand Chapter of Queensland for six years and District Grand Secretary of the South Brisbane District Grand Committee for three years.

Following her retirement from more than 30 years of teaching, Moya joined the board and promoted the work of the organisation throughout the Order of the Eastern Star network across Australia. She served as secretary of the board for many years, retiring from the position in mid-2018.

Directors attendance at board meetings

	Total number	Number attended
Jonathan Nantes	8	8
John Howard	8	7
Leigh Kennedy	8	8
Michael Carey	8	2
Elizabeth Watt	8	7
Doug Kelly	8	5
Carol Carey	8	7
Moya Nantes*	4	2
Yvonne Bassett*	4	0

*Please note that Moya Nantes and Yvonne Bassett retired as directors in November 2018.



STAR AGED LIVING LTD.

ABN 36 640 477 592

ACN 166 950 321

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

RESPONSIBLE PERSONS REPORT

The board members, being the responsible persons in accordance with the Australian Charities and Not-for-Profits Commission Act 2012 and the Corporations Act 2001, submit the financial report of Star Aged Living Ltd (the entity) for the financial year ended 30 June 2019.

The name of each person who has been a board member during the year and to the date of this report are:

Current Board Members

Charles Jonathon Nantes	(Chairman)
John Raymond Howard	(Deputy Chairman)
Carol Ann Carey	(Secretary)
Michael Edwin Carey	
Douglas Vincent Kelly	
Leigh Rosemary Kennedy	
Elizabeth Alexandra Watt	

Retired/Resigned

Yvonne Mary Bassett (11/18)
Moya Elizabeth Nantes (11/18)

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

The comprehensive income for the year after income tax totalled \$1,181,279 (2018: surplus \$10,281,710). The 2018 surplus result included a net gain on the sale of the residential aged care facility and community care services operated by the entity of \$10,966,122.

No income tax is payable by the entity as it is exempt in accordance with the Australian Income Tax Assessment Act.

In the 2019 year, the principal activity of the entity was to derive passive income to enable the provision of charitable assistance to the community within the bounds of our constitution. In addition, a focus on restructuring the organisation to enable transition to providing charitable assistance to the community was a significant emphasis of the entity. A major revision of our legal structures and constitution has been completed subsequent to the financial year end. This will better reflect our change in business activities.

In the 2018 year, the principal activities of the entity were to provide accommodation and care for aged members of the community within the bounds of our constitution. The nature of these activities continued until 1 March 2018, when the residential aged care facility and community care services were sold to another provider.

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

There are no known financial developments that will impact future operations and as such no information has been included in this report.

No person has applied for leave of Court to bring proceedings on behalf of the entity or intervene in any proceedings to which the entity is a party for the purpose of taking responsibility on behalf of the entity for all or any part of those proceedings.

The entity was not a party to any such proceedings during the year.

Insurance premiums have been paid on behalf of board members and officers for any loss for which the board members or officers may not be legally indemnified by the entity arising out of any claim, by reason of any wrongful act committed by them in their capacity as a board member or officer.

RESPONSIBLE PERSONS REPORT (Continued)

Contribution on winding up

The entity is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the entity 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 entity. At 30 June 2019, the total amount that members of the entity are able to contribute if the company wound up is \$200 (2018: \$300)

Auditors Independence Declaration

A copy of the Auditor's independence declaration as required under s 60-40 of the Australian Charities and Not-for-Profits Commission Act 2012, is included on page 4 of this financial report and forms part of the responsible persons report.

Signed in accordance with a resolution of the members of the Board.



.....

C.J. Nantes, Chairman



.....

J. R. Howard, Deputy Chairman

Dated this 17th day of October, 2019



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Auditor's Independence Declaration

As an auditor of Star Aged Living Ltd for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

- i. no contraventions of the auditor independence requirements as set out in 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.

The declaration is in respect of Star Aged Living Ltd during the year.



Crowe Audit Australia



Mike McDonald
Partner

17 October 2019
Brisbane

The title 'Partner' conveys that the person is a senior member within their respective division and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately-owned organisation and/or its subsidiaries.

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**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019**

		2019	2018
	Note	\$	\$
Revenues from operating activities	2(a)	336,624	5,341,036
Employee benefits expense		(6,852)	(4,397,778)
Consultancy and accounting expenses	3	(59,643)	(80,716)
Legal expenses		(44,969)	(21,037)
Investment management fees		(33,051)	-
Donations made		(13,847)	-
Catering and food supplies		-	(236,061)
Cleaning and laundry expenses		-	(135,280)
Finance costs		-	(59,207)
Maintenance costs		-	(141,426)
Resident and client expenses		-	(174,963)
Utilities		-	(125,775)
Other expenses from operating activities		(18,759)	(322,879)
Surplus (deficit) from operating activities before depreciation and amortisation and income tax expense.		159,503	(354,086)
Depreciation and amortisation		-	(330,326)
Income tax expense	1(a)	-	-
Non-operating income	2(b),16	500,000	10,966,122
Surplus (deficit) for the year		659,503	10,281,710
Other comprehensive income			
Change in fair value of financial assets (managed fund investments)	2(c),8	521,776	-
Other comprehensive income for the year		521,776	-
Total comprehensive income for the year		1,181,279	10,281,710

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	2019 \$	2018 \$
Current assets			
Cash and cash equivalents	4	896,687	11,058,887
Trade and other receivables	5	9,730	113,229
		<hr/>	<hr/>
Total current assets		906,417	11,172,116
Non-current assets			
Financial assets at fair value through other comprehensive income	6	10,702,404	-
		<hr/>	<hr/>
Total assets		11,608,821	11,172,116
		<hr/>	<hr/>
Current liabilities			
Trade and other payables	7	9,376	753,950
		<hr/>	<hr/>
Total current liabilities		9,376	753,950
		<hr/>	<hr/>
Total non-current liabilities		-	-
		<hr/>	<hr/>
Total liabilities		9,376	753,950
		<hr/>	<hr/>
Net assets		11,599,445	10,418,166
		<hr/>	<hr/>
Equity			
Retained surplus		11,077,669	10,418,166
Reserves	8	521,776	-
		<hr/>	<hr/>
Total equity		11,599,445	10,418,166
		<hr/>	<hr/>

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

	Retained Earnings	Land and Building Revaluation Reserve	Financial Assets Reserve	Total
Balance at 1 July 2017	\$ (443,720)	\$ 580,176	\$ -	\$ 136,456
Surplus (deficit) for the year	10,281,710	-	-	10,281,710
Total other comprehensive income	-	-	-	-
Transfer to (from) reserves	580,176	(580,176)	-	-
Balance at 30 June 2018	<u>10,418,166</u>	<u>-</u>	<u>-</u>	<u>10,418,166</u>
Surplus (deficit) for the year	659,503	-	-	659,503
Total other comprehensive income	-	-	521,776	521,776
Balance at 30 June 2019	<u>11,077,669</u>	<u>-</u>	<u>521,776</u>	<u>11,599,445</u>

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Receipts from customers and government		48,397	5,305,231
Payments to suppliers and employees		(286,504)	(6,622,209)
Donations and bequests received		258	106,285
Donations paid		(13,847)	-
Dividends and distributions received		221,327	94,857
Interest received		117,227	(59,207)
Net cash inflow (outflow) from operating activities	11	86,858	(1,175,043)
Cash flows from investing activities			
Payments for property, plant and equipment		-	(115,350)
Proceeds from sale of property, plant and equipment		-	-
Proceeds from sale of investments		36,356	-
Proceeds from (cost for) sale of business		(68,430)	7,467,800
Payments for investments		(10,216,984)	-
Net cash inflow (outflow) from investing activities		(10,249,058)	7,352,450
Cash flows from financing activities			
Refundable accommodation deposits / resident loans received		-	2,136,976
Refundable accommodation deposits / resident loans repaid		-	(748,429)
Proceeds (repayment of) borrowings		-	(292,003)
Net cash inflow (outflow) from financing activities		-	1,096,544
Net increase (decrease) in cash held		(10,162,200)	7,273,951
Cash at the beginning of the financial year		11,058,887	3,784,936
Cash at the end of the financial year	4	896,687	11,058,887

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Star Aged Living Ltd (the entity) is registered under the *Australian Charities and Not-for-Profits Commission Act 2012* and is domiciled in Australia. For the purposes of preparing the financial statements, the entity is a not-for-profit entity.

Reporting Basis and Conventions

This general purpose financial report has been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB), and the requirements of the *Australian Charities and Not-for-Profits Commission Act 2012 and the Corporations Act 2001*. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied. The financial statements are presented in Australian dollars, which is the entity's functional and presentation currency. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 17 October 2019 by the Board.

Summary of Significant Accounting Policies

(a) Income tax

As the entity is a charitable entity, it is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*. Tax effect accounting principles have therefore not been adopted.

(b) Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured and collection is probable.

Revenue from operating activities

Donations collected, including cash and goods for resale, are recognised as revenue when the entity gains control, economic benefits are probable and the amount of the donation can be measured reliably.

Bequests are recognised when the legacy is received. Revenue from legacies comprising bequests of shares or other property are recognised at fair value, being the market value of the shares or property at the date the entity becomes legally entitled to the shares or property.

Interest income is recognised on an accrual basis using the effective interest method.

Dividend and distribution income is recognised at the time the right to receive payment is established.

Member dues are recognised when received.

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

(c) Fair value measurement

The entity measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable accounting standard.

Fair value is the price the entity would receive to sell an asset or would have to pay to transfer a liability in an orderly (unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Financial Assets

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Entity becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss (FVPL)
- equity instruments at fair value through other comprehensive income (FVOCI)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Classifications are determined by both:

- The entities business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

Subsequent measurement financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Entity's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as long-term deposit that were previously classified as held-to-maturity under AASB 139.

Financial assets at fair value through profit or loss (FVPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

Equity instruments at fair value through other comprehensive income (Equity FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under Equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital. This category includes unlisted equity securities that were previously classified as 'available-for-sale' under AASB 139.

Impairment of Financial assets

AASB 9's impairment requirements use more forward looking information to recognize expected credit losses - the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Entity considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables

The Entity makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Entity uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely unchanged from AASB 139, the Entity's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below.

The Entity's financial liabilities include borrowings and trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Entity designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(e) Trade and other payables

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

(f) Cash and cash equivalents

For the purposes of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, investments in money market instruments maturing within less than three months.

(g) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cashflows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(h) Comparatives

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year. Where an entity applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

(i) Critical Accounting Estimates and Judgments

The Board evaluates estimates and judgments incorporated into the financial report 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 entity.

(j) New or amended Accounting Standards and Interpretations adopted

The entity 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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the entity

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (AASB 9)

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

The adoption of AASB 9 has impacted the following areas:

Classification and measurement of the entity's financial assets

In the 2018 year, funds were held in cash and cash equivalents. In the 2019 year, these funds were realised and are now represented as financial assets at fair value through other comprehensive income (equity FVOCI) under AASB 9 because these funds are held as long-term investments and measured at fair value.

(k) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the entity. The entity has decided not to early adopt any of these new and amended pronouncements. The entity's assessment of the new and amended pronouncements that are relevant to the entity but applicable in future reporting periods is set out below.

The directors are yet to determine what impact the application of these new and revised standards will have on the entity.

Revenue from contracts with customers (AASB 15)

Impact:

The standard replaces most of the existing standards and interpretations relating to revenue recognition, including AASB 118 Revenue and AASB 111 Construction Contracts.

The standard is expected to impact the revenue recognition patterns of the vast majority of entities. Significant changes are likely where contracts extend over time, where there are rights and obligations that may vary the timing or amount of the consideration, or where there are multiple performance elements, such as product warranties, customer loyalty programmes, customer incentives and rights of return. Some industries, for example telecommunications, construction and software, will be more significantly impacted than others.

The standard shifts the focus from the transaction-level to a contract-based approach. Recognition is determined based on what the customer expects to be entitled to (rights and obligations), while measurement encompasses estimation by the entity of the amount expected to be entitled for performing under the contract.

Certain not-for-profit transactions will be within the scope of AASB 15 - refer to AASB 1058.

It is unlikely that the standard will have a significant impact on the entity.

Transition:

Effective 1 January 2018 (for-profit entities) and 1 January 2019 (not-for-profit entities).

The entity has a choice of 'full retrospective' or 'modified retrospective' approach.

Leases (AASB 16)

Impact:

The standard replaces the existing AASB 117 Leases.

The classification of leases as either finance leases or operating leases is eliminated for lessees. Leases will be recognised in the Statement of Financial Position by capitalising the present value of the minimum lease payments and showing a 'right-of-use' asset, while future lease payments will be recognised as a financial liability. This is similar to the current treatment for finance leases under AASB 117, with some variations.

The nature of the expense recognised in the profit or loss will change. Rather than being shown as rent, or as leasing costs, it will be recognised as depreciation on the 'right-of-use' asset, and an interest charge on the lease liability. The interest charge will be calculated using the effective interest method, which will result in a gradual reduction of interest expense over the lease term.

There is an exemption for low value items (typically less than \$5,000). For these assets, the expense may be recognised on a straight-line basis over the lease term in a manner consistent with the current treatment for operating leases. This is expected to apply to commonly leased items such as mobile phones, electronic equipment, and furniture. An exemption also exists for leases of less than 12 months where no purchase option exists.

Accounting for lessors is largely unchanged when compared with AASB 117.

Significant implementation guidance is included with the standard.

Transition:

Effective 1 January 2019

The transition requirements include several practical expedients to reduce the costs of complying with the new standard. Early adoption is permitted where the entity has also adopted AASB 15.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income of not-for-profit entities (AASB 1058)

Impact:

New standard that largely replaces AASB 1004 Contributions by clarifying and simplifying income recognition requirements for not-for-profit (NFP) entities. Whilst AASB 1004 will remain, its scope is limited to certain government entities.

The standard and its extensive guidance establish principles for NFP entities relating to:

- a) Transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a NFP entity to further its objectives; and
- b) The receipt of volunteer services.

The timing of revenue recognition will depend on whether a transaction gives rise to a liability or other performance obligation, or a contribution by owners, related to the asset received by the NFP entity.

Where a sufficiently specific enforceable performance obligation exists in an arrangement, the NFP entity is required to apply AASB 15 in relation to the performance obligation.

Whilst the interaction with AASB 15 is certainly the first step in assessing income by a NFP entity, other changes/impacts include:

- Timing of revenue recognition may be delayed to coincide with satisfaction of performance obligations
- Increased scope of assets acquired for 'significantly less than fair value' from the predecessor requirement to apply only when an asset is acquired for 'nil or nominal value'.
- Leases at lower than market terms (e.g. peppercorn leases) will be recognised at fair value and accounted for under AASB 16 Leases
- Depreciation expense may increase as a result of peppercorn leases being recognised at fair value
- Volunteer services received are required to be recognised at fair value by local governments, government departments, general government sectors and whole of governments. Other NFP entities may elect to recognise such services as an asset or expense.

Transition:

Effective 1 January 2019

Early application permitted where the entity has also adopted AASB 15

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 2: REVENUE	Note	2019 \$	2018 \$
(a) Revenue from operating activities			
Government subsidies and recurrent grants		-	3,557,966
Resident fees and charges		-	1,127,929
Daily accommodation		-	362,078
Retentions from accommodation bonds		-	7,581
Accommodation bond periodic payments		-	34,828
Donations and bequests		258	106,285
Member dues		365	1,120
Investment income		221,327	-
Interest income		98,276	111,608
Other operating revenue		16,398	31,641
		<hr/>	<hr/>
Total revenue from operating activities		336,624	5,341,036
		<hr/>	<hr/>
(b) Non-operating income			
Net gain on sale of business	16	-	10,966,122
Sale of provisionally allocated bed licences	16	500,000	-
		<hr/>	<hr/>
		500,000	10,966,122
		<hr/>	<hr/>
(c) Change in fair value of financial assets - other comprehensive income		521,776	-
		<hr/>	<hr/>
Total revenue		1,358,400	16,307,158
		<hr/>	<hr/>
NOTE 3: Expenses			
Surplus (deficit) from operating activities includes:			
- Audit services		23,000	23,294
- Other services		-	12,000
		<hr/>	<hr/>
		23,000	35,294
		<hr/>	<hr/>
NOTE 4: CASH AND CASH EQUIVALENTS			
Cash at bank		46,687	77,967
Term deposits maturing within less than twelve months		850,000	10,980,920
		<hr/>	<hr/>
Total cash and cash equivalents		896,687	11,058,887
		<hr/>	<hr/>
NOTE 5: TRADE AND OTHER RECEIVABLES			
CURRENT			
Trade receivables		-	31,634
Other receivables		9,730	40,982
Prepayments		-	40,613
		<hr/>	<hr/>
		9,730	113,229
		<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 6: FINANCIAL ASSETS

	2019	2018
	\$	\$
NON-CURRENT		
Financial assets at fair value through other comprehensive income		
Managed funds, which include listed and unlisted type entities.	10,702,404	-
	<u>10,702,404</u>	<u>-</u>

NOTE 7: TRADE AND OTHER PAYABLES

CURRENT

Trade creditors	3,076	38,818
Other payables	6,300	715,132
	<u>9,376</u>	<u>753,950</u>

NOTE 8: RESERVES

Financial asset reserve	521,776	-
	<u>521,776</u>	<u>-</u>

Financial asset reserve

The financial asset reserve reflects the movement in fair value of the listed and unlisted managed funds, as per Note 6, for which the movement in the fair value of such funds has been recorded directly to other comprehensive income.

NOTE 9: CONTINGENT LIABILITIES

The Fund had no contingent liabilities as at 30 June 2019.

NOTE 10: FAIR VALUE MEASUREMENTS

The entity has the following assets and liabilities, as set out in the table below, that are measured at fair value on a recurring basis after their initial recognition. The entity does not have assets or liabilities that are measured at fair value on a non-recurring basis.

	Note	2019	2018
		\$	\$
Recurring fair value measurements			
Financial assets at fair value through other comprehensive income			
Managed funds, which include listed and unlisted type entities.	6,10(i)	10,702,404	-
		<u>10,702,404</u>	<u>-</u>

- (i) For investments in managed funds, the fair values have been determined based on closing quoted bid prices at the end of the reporting period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 11: CASH FLOW INFORMATION	2019	2018
	\$	\$
Reconciliation of surplus (deficit) after income tax to net cash inflow (outflow) from operating activities is as follows:		
Surplus (deficit) after income tax - continuing operations	659,503	10,281,710
Non-cash flows in operating surplus (deficit)		
Depreciation and amortisation	-	330,326
Refundable accommodation deposit / resident loan retentions	-	(150,305)
Net (gain) loss on sale of business	(500,000)	(10,966,122)
Realised (gain) loss on sale of financial assets	-	-
Change in operating assets and liabilities		
(Increase) decrease in receivables	103,499	123,274
(Increase) decrease in other assets	-	
Increase (decrease) in payables	(176,144)	(236,041)
Increase (decrease) in provisions	-	(557,885)
Net cash inflow (outflow) from operating activities	86,858	(1,175,043)

NOTE 12: SUBSEQUENT EVENTS

No events occurred subsequent to the year end that would require disclosure in the financial statements.

NOTE 13: KEY MANAGEMENT PERSONNEL DISCLOSURES

The total compensation made to key management personnel of the entity was:	-	259,177
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NOTE 14: RELATED PARTY TRANSACTIONS

There were no transactions that occurred with related parties in the 2019 or 2018 years.

NOTE 15: LIMITATION OF MEMBERS' LIABILITY

The company is incorporated as a company limited by guarantee, and in accordance with the constitution, the liability of members in the event of the company being wound up would not exceed \$10 per member. At 30 June 2019 the number of members of this company was 20 (2018: 30).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 16: SALE OF BUSINESS

On 1 March 2018 Star Aged Living sold certain business assets and liabilities to Frank Whiddon Masonic Homes of New South Wales for consideration of \$7,467,800.

The assets and liabilities sold were as follows:-

	2019	2018
	\$	\$
Property, plant and equipment	-	8,040,599
Capital work in progress	-	1,252,655
Intangible assets	-	234
Refundable accommodation deposits	-	(13,349,695)
<i>Net liabilities sold</i>	-	(4,056,207)

In the 2019 year, a further \$500,000 was paid by Frank Whiddon Masonic Homes of New South Wales as a result of the approval by the Department of Health for the time extension for the 24 provisionally allocated bed licences which were held by Star Aged Living Ltd.

NOTE 17: ENTITY INFORMATION

The principal place of business is:

Board of Benevolence - Mosaic, Level 1 826 Ann Street Fortitude Valley 4006

RESPONSIBLE PERSONS DECLARATION

In the opinion of the responsible persons of Star Aged Living Ltd:

1. The financial statements and notes, as set out in pages 5 to 17, are in accordance with the Australian Charities and Not-for-Profits Commission Act 2012 and the Corporations Act 2001, including :
 - a. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Australian Charities and Not-for-Profits Commission Regulations 2013; and
 - b. give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date.
2. In the opinion of the responsible persons, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

This statement is made in accordance with a resolution of the responsible persons and is signed for and on behalf of the Board by:



J. Howard, Deputy Chairman and Chair Audit, Risk & Investment Committee

Dated this 17th day of October, 2019

Independent Auditor's Report

To the Members of Star Aged Living Ltd

Opinion

We have audited the special purpose financial report (the financial report) of Star Aged Living Ltd (the Entity) which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, the statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Responsible Persons Declaration.

In our opinion, the accompanying financial report of the Entity is in accordance with the Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (the ACNC Act), including:

- (a) Giving a true and fair view of the Entity's financial position as at 30 June 2019 and of its financial performance for the year then ended.
- (b) Complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

Those charged with governance are responsible for the other information. The other information comprises the information contained in the Entity's Responsible Persons' Report for the year ended 30 June 2019 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.

The title 'Partner' conveys that the person is a senior member within their respective division and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately-owned organisation and/or its subsidiaries.

Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss Verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Audit Australia, an affiliate of Findex (Aust) Pty Ltd. Liability limited by a scheme approved under Professional Standards Legislation.

Responsibilities of Management for the Financial Report

Management is responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 2 to the financial report is appropriate to meet the requirements of the ACNC Act.

Management's responsibility also includes such internal control as management determines 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, management is responsible for assessing the Entity'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 management either intend to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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



- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.


Crowe Audit Australia


Mike McDonald
Partner

18 October 2019
Brisbane

