



# **STELLAR LIVING LTD**

**ABN 56 146 754 645**

**FINANCIAL REPORT FOR THE YEAR ENDED  
30 JUNE 2023**

**STELLAR LIVING LTD**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2023**

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# STELLAR LIVING LTD

## ABN 56 146 754 645

### DIRECTORS' REPORT

Your Directors present their report on the Company for the financial year ended 30 June 2023.

#### Principal Activities:

The principal activity of the Company during the year was to:

- maintain Stellar Living's high standard of service delivery to its clients;
- manage and maintain its 262 property assets to ensure it is able to provide safe and secure accommodation to its 325 clients over the year;
- meet its regulatory and compliance obligations;
- sustain and grow Stellar Living in line with its Strategic Plan.

The focus during the year was to progress the planning of two developments that will provide 28 new units of social housing by December 2025. Both projects have been awarded grant contributions from WA State Government via the Social Housing Economic Recovery Package.

To assist with our future ambitions, in late 2022 the Board reviewed the Company's direction and set three Strategic Objectives to focus its work over the next 3 years:

- To grow our portfolio
- To increase our impact as a Social and Affordable Housing Provider.
- To strengthen our financial and organisational sustainability with a view to be self-determining.

The Board would like to acknowledge and say farewell to Steve Walker who passed away in June 2023. Steve was Managing Director of Stellar Living for 10 Years and remained on the board until his passing. Stellar Living is his legacy that he was instrumental in setting up and guiding it through its early growth and success.

#### Directors

The names and particulars of the Directors of the Company in office during or since the end of the year and until the date of this report are as follows:

Tony Bevan – Chair  
Lou D'Alessandro – Company Secretary  
Anne Burns – Vice Chair  
Anthony Pietropiccolo  
Daniel Miskiewicz  
Megan Adair  
Stephen Walker (passed away 23 June 2023)

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

#### Information on Directors:

##### Tony Bevan (Chairperson)

Tony is a Chartered Accountant with a diverse background in listed companies, not for profits and public practice. Currently the Company Secretary of two ASX listed mining companies. He has significant commercial and governance experience that includes being a Director/COO of a large

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**DIRECTORS' REPORT (cont.)**

Aboriginal Corporation and CFO of listed companies in the construction and mining sector. He also spent time in public practice as a partner of accounting firm in the audit and corporate finance area. He is a past State Councillor and State Chairman of Chartered Accountants Australia and New Zealand

*Qualifications, Memberships*

- Bachelor of Commerce (Accounting)
- Fellow, Chartered Accountants Australia and New Zealand
- Graduate Member Australian Institute of Company Directors

**Luigi (Lou) D'Alessandro (Company Secretary)**

Lou has over 40 years' experience in the land development, construction and architectural fields. Lou is a Registered Architect, Registered Builder and Fellow of the Royal Australian Institute of Architects. He has held senior executive positions in both the public and private sectors. Lou has been involved in land development, urban renewal, joint ventures, acquisitions, master planning, pier reviews, construction and design of major metropolitan and regional developments and projects.

*Qualifications, Memberships and Awards*

- Bachelor of Architecture
- Registered Architect (Reg no. 993)
- Registered Builder (Reg no. 6212)
- Fellow, Royal Australian Institute of Architects

**Anne Burns**

Anne is the past Chairman of Centrecare Inc. and is a Director of Halden Burns Pty Ltd. Anne has been a leading journalist and corporate advisor for the past 30 years, working in the print media in Sydney, Melbourne and Perth before starting a communications advisory firm. Anne has a life-long interest in public affairs.

**Adj. Prof. Anthony (Tony) Pietropiccolo AM**

Tony's commitment and achievements in the community and social services sector span over 40+ years. His professional achievements include involvement on a diverse and significant number of Boards, committees, taskforces, advisory groups and initiatives in both a professional and voluntary capacity (past President of the WACOSS; past Chairperson of the State Homelessness Taskforce; former Deputy Chair member of FRSA; Committee member of the Ministerial Advisory Council on Child Protection; former Chair of Canning Coalition Inc.; former President and Co-Chair of Community Employers WA; former Chair and Committee Member of the Community Sector Roundtable, National Child Protection Framework Implementation Group and WA Council on Homelessness.)

Tony is passionate about the role of the non-government sector. Above and beyond Centrecare interests, he believes that the sector is central to the future wellbeing of so many Australians and has sought to protect the integrity and standards of social service organisations throughout Australia, so they are able to maximise their contribution. This is exemplified by his significant involvement with many peak organisations: co-founder of Community Employers WA, founder of the Valuing Children Initiative and the catalyst for the establishment of community housing provider Stellar Living.

Tony has been the Director of Centrecare Inc. since 1989 and was appointed a Member of the Order of Australia in the General Division (AM) in 2012. In July 2019, Tony assumed the role of Adjunct Professor in the School of Arts and Sciences at the University of Notre Dame Australia, Fremantle Campus.

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**DIRECTORS' REPORT (cont.)**

*Qualifications, Memberships and Awards*

- B.A. (Social Science)
- Graduate Diploma of Psychology and Registered with the Psychologists Board of Australia

**Daniel Miskiewicz**

Daniel is a Fund Manager with a leading ASX listed real estate investment company with more than \$20 billion of assets under management. Daniel previously held the position of Manager Asset Planning & Programs at a Tier 1 Community Housing Organisation where he played a critical role in the strategic planning of the company's 1800+ residential property assets. His experience also includes property development, acquisitions, investment analysis and capital raising.

Daniel has completed B.Com (Property Valuation) and post-graduate studies in Predictive Analytics.

**Megan Adair**

Megan Adair is the Director of Planning at Satterley Property Group providing advice and direction on major land projects, corporate governance, project planning and relationship management. She also provides expert advice in relation to strategy, policy and urban planning. Megan has held leadership roles in State and Local Government as well as the Private Sector and with over 25 years' experience has been consistently successful in achieving delivery outcome balancing the requirements of all stakeholders.

Megan has a Bachelor of Arts in Urban & Regional Planning, she has been a Presiding Member of a Joint Development Assessment Panel (JDAP) for nine years and is a member of the WA Planning Commission Statutory Planning Committee. Megan is member of the Planning Institute of Australia, a Fellow of Leadership WA and a member of the Australian Institute of Company Directors. She has voluntarily assisted in important processes such as the finalisation of the Department of Planning Model Scheme Text review which resulted in the 2015 Planning and Development (Local Planning Scheme) Regulations and contributed to the development of draft State Planning Policy 7 – Apartment Design WA.

**Stephen (Steve) Walker (Passed away 23 June 2023)**

Steve retired as Stellar Living Ltd's inaugural CEO in December 2019 and remained in the position as Executive Director on the board of Stellar Living Ltd until his passing.

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**DIRECTORS' REPORT (cont.)**

**Directors' Attendances at Meetings for the year ended 30 June 2023:**

<b>Directors</b>	<b>Board Meeting</b>	
	<b>Eligible to attend</b>	<b>Attended</b>
T Bevan	8	8
L D'Alessandro	8	6
A Burns	8	5
T Pietropiccolo	8	6
SJ Walker	5	5
D Miskiewicz	8	7
M Adair	8	2

**Members' Guarantee:**

Stellar Living Ltd is a Company Limited by Guarantee and accordingly, the liability of each member is limited. The Company's constitution states each member undertakes to contribute an amount not more than \$1 to the property of the company if it is wound up while they are a member or within one year after they cease to be a member, for payment of the company's debts and liabilities before the time they ceased to be a member and the costs, charges and expenses of winding up. As at 30 June 2023 there was one member, being Centrecare Incorporated.

**Significant Changes in the State of Affairs:**

There were no significant changes in the state of affairs of the Company during the year ended 30 June 2023.

**Matters Subsequent to Balance Date:**

There are no matters or circumstances that have arisen since 30 June 2023 that are likely to significantly affect the Company's operations, the results of those operations or the Company's state of affairs in future financial years.

**STELLAR LIVING LTD**  
**ABN 56 146 754 645**

**DIRECTORS' REPORT (cont.)**

**Auditor's Independence Declaration:**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 8.

Signed in accordance with a resolution of the Board of Directors:

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**Tony Bevan**  
**Chair**

Dated this 28<sup>th</sup> day of September 2023

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Stellar Living Ltd for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

**Perth, Western Australia**  
**28 September 2023**

**L Di Giallonardo**  
**Partner**

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## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

	<i>Note</i>	2023 \$	2022 \$
<i>Revenue:</i>			
Revenue from ordinary activities	2	3,094,511	2,810,765
Grant funding	2	247,346	244,893
		<u>3,341,857</u>	<u>3,055,658</u>
<i>Expenses:</i>			
Property Management expenses		(1,151,458)	(1,016,722)
Administration expenses		(370,800)	(417,101)
Employee Benefits		(801,562)	(782,671)
		<u>(2,323,820)</u>	<u>(2,216,494)</u>
Profit for the year before interest, tax, depreciation, amortisation and impairment		<u>1,018,037</u>	<u>839,164</u>
<i>Less:</i>			
Depreciation & amortisation		(1,001,667)	(987,596)
Interest expense		(186,543)	(107,170)
Reversal of previous impairments	3	-	77,980
		<u>(1,188,210)</u>	<u>(1,016,786)</u>
Loss for the year		<u>(170,173)</u>	<u>(177,622)</u>
<i>Other comprehensive income:</i>			
		-	-
Total comprehensive loss for the year		<u><u>(170,173)</u></u>	<u><u>(177,622)</u></u>

The accompanying notes form part of the financial statements.

## STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	<i>Note</i>	2023 \$	2022 \$
<b>CURRENT ASSETS</b>			
Cash assets	4	932,769	1,225,794
Trade & other receivables	5	336,493	312,824
<b>TOTAL CURRENT ASSETS</b>		<u>1,269,262</u>	<u>1,538,618</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant & equipment	6	40,634,810	40,723,823
<b>TOTAL NON-CURRENT ASSETS</b>		<u>40,634,810</u>	<u>40,723,823</u>
<b>TOTAL ASSETS</b>		<u>41,904,072</u>	<u>42,262,441</u>
<b>CURRENT LIABILITIES</b>			
Trades & other payables	7	311,841	397,019
Provisions	8	77,753	71,153
Borrowings	9	2,926,424	-
<b>TOTAL CURRENT LIABILITIES</b>		<u>3,316,018</u>	<u>468,172</u>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	10	2,010	1,338
Borrowings	9	-	3,782,672
Unexpended Grants	17	951,523	205,565
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>953,533</u>	<u>3,989,575</u>
<b>TOTAL LIABILITIES</b>		<u>4,269,551</u>	<u>4,457,747</u>
<b>NET ASSETS</b>		<u>37,634,521</u>	<u>37,804,694</u>
<b>EQUITY</b>			
Retained profits	11	37,634,521	37,804,694
<b>TOTAL EQUITY</b>		<u>37,634,521</u>	<u>37,804,694</u>

The accompanying notes form part of the financial statements.

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 \$	2022 \$
<b><i>Cash Flows from Operating Activities</i></b>			
Receipts from customers		3,071,472	3,064,062
Payments to suppliers and employees		(2,220,418)	(2,238,257)
Grant funding received		807,140	253,465
Interest received		4,227	110
Interest paid		(186,543)	(107,170)
<b><i>Net cash provided by operating activities</i></b>		<u>1,475,878</u>	<u>972,210</u>
<b><i>Cash Flows from Investing Activities</i></b>			
Purchase of property, plant & equipment		(912,655)	(804,993)
<b><i>Net cash used in investing activities</i></b>		<u>(912,655)</u>	<u>(804,993)</u>
<b><i>Cash Flows from Financing Activities</i></b>			
Repayments on bank loan		(1,600,000)	(600,000)
Drawdown on bank loan for Rockingham land purchase		743,752	811,034
<b><i>Net cash provided by/(used in) financing activities</i></b>		<u>(856,248)</u>	<u>211,034</u>
<b><i>Net (decrease)/increase in cash held</i></b>		(293,025)	378,251
<b><i>Cash at the beginning of the year</i></b>		1,225,794	847,543
<b><i>Cash at the end of the year</i></b>	12(a)	<u>932,769</u>	<u>1,225,794</u>

The accompanying notes form part of the financial statements.

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 30 JUNE 2023**

	<i>Note</i>	<i>Retained Profits</i> \$
Balance at 30 June 2021		37,982,316
Loss for the year ended 30 June 2022	11	(177,622)
Balance at 30 June 2022		<hr/> 37,804,694
Loss for the year ended 30 June 2023	11	(170,173)
Balance at 30 June 2023		<hr/> 37,634,521

The accompanying notes form part of the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2023

#### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a general purpose financial report that has been prepared in accordance with the Australian Accounting Standards – Simplified Disclosures issued by the Australian Accounting Standards Board (“AASB”), the Australian Charities and Not-for-profit Commission Act 2012, and the Corporations Act 2001.

Stellar Living Ltd is a Company Limited by Guarantee, incorporated and domiciled in Australia. It is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

##### **Basis of Accounting**

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The report is also prepared on an accruals basis. It is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

##### ***a. Revenue***

Rental revenue represents revenue earned when the service has been provided. Revenue from the rendering of a service is recognized when the service is delivered to the customer.

Grant revenue is recognised in the statement of comprehensive income as revenue when the Company obtains satisfies the performance obligations stated within the funding agreements. If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2023

#### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised as it accrues using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

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

##### ***b. Cash***

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 two months and net of bank overdrafts.

##### ***c. Receivables and Other Debtors***

Trade receivables and other receivables are normally recorded as a current asset at amounts due less any allowance for doubtful debts. Receivables expected to be collected beyond 12 months are recorded as a Non-Current Asset.

Stellar Living Ltd makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

##### ***d. Property, Plant and Equipment***

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

##### ***Plant and equipment***

Plant and equipment are measured on the cost basis less depreciation and any impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Plant and equipment that have been contributed at no cost, or for nominal cost, are recognised at the fair value of the assets at the date they are acquired.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2023

#### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

##### **Depreciation**

The depreciable amount of all assets above 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:

<u>Class of Fixed Asset</u>	<u>Depreciation Rate</u>
Office equipment and furniture	20%
Plant and equipment	20%
Buildings	2.5%
Building Improvements	2.5%
Leasehold property improvements	2.5%
Motor vehicles	12.5%

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised immediately in profit or loss. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

##### **e. Leases**

###### *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. The Group has applied the temporary option available under AASB 2018-8 to measure 'peppercorn' or concessionary leases at cost, rather than at fair value. Refer to Note 19 for further details.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2023

#### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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 consolidated entity 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.

##### Lease liability

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 Group'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.

##### ***f. Impairment of Assets***

At the end of each reporting period, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised immediately in profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the Company would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of a class of asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss on a re-valued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2023

#### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

##### ***g. Employee Benefits***

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows attributable to employee benefits.

Contributions are made by the Company to an employee superannuation fund and are charged as expenses when incurred.

##### ***h. Accounts Payable***

Trade payables and other accounts payable are normally recognised as a current liability when the entity within 12 months, the Company becomes obliged to make future payments resulting from the purchase of goods and services. Non-current liabilities are assessed as amounts requiring repayment beyond a period of 12 months.

##### ***i. Income Tax***

The Company is exempt from income tax under Subdivision 50-5 of the Income Tax Assessment Act 1997 and has endorsement as a Charity and a Deductible Gift Recipient.

##### ***j. Goods and Services Tax (GST)***

Stellar Living Ltd is registered for GST purposes. 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 assets or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

##### ***k. Provisions***

Provisions are recognised when the Company 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 the reporting period.

##### ***l. Comparative Figures***

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

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2023

#### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

##### ***m. Critical Accounting Estimates and Judgments***

The Company evaluates estimates and judgments 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.

##### *Coronavirus (COVID-19) pandemic*

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

##### *Impairment*

The Company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Company that may be indicative of impairment triggers.

##### ***n. Economic Dependence***

Stellar Living Ltd as a not-for-profit (Non-reporting) entity is dependent on the Department of Housing for the majority of its revenue derived to operate the business. At the date of this report the Board of Directors has no reason to believe the Department of Housing will not continue to support Stellar Living Ltd or any projects it undertakes.

##### ***o. New or Amended Accounting Standards and Interpretations***

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

	2023	2022
	\$	\$
<b>2. REVENUE</b>		
<i>Revenue from ordinary activities</i>		
Rental Revenue from contracts with customers	3,085,902	2,810,655
Interest Revenue	4,227	110
Sundry Revenue	4,382	-
	<u>3,094,511</u>	<u>2,810,765</u>

#### *Grant Funding*

NRAS	<u>247,346</u>	<u>244,893</u>
	<u>247,346</u>	<u>244,893</u>

#### *Disaggregation of revenue*

The disaggregation of rental revenue from contracts with customers is as follows:

Major components:

Rental income	2,925,120	2,663,542
Recoveries	160,783	147,113
	<u>3,085,903</u>	<u>2,810,655</u>

All rental revenue from contracts with customers is recognised at a point in time, with all properties being located in Western Australia.

### 3. REVERSAL OF PREVIOUS IMPAIRMENTS

During the 2020 year, potential impairment indicators were noted in regards to the Kalgoorlie and Thornlie properties which were recorded at carrying values of \$2,227,979 and \$5,848,442 respectively. Accordingly, the Directors commissioned independent valuations of those properties and it was resolved that an impairment charge of \$2,471,422 would be recorded, reducing their carrying values to \$2,149,999 and \$3,455,000 respectively. During the 2021 year impairment for the Thornlie property was partially reversed after an independent valuation was conducted during the year. During the 2022 year, impairment on the Kalgoorlie property was fully reversed after an independent valuation was conducted during the year. For the 2023 year, there have been no further reversals.

-	77,980
<u>-</u>	<u>77,980</u>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	\$	\$
<b>4. CASH &amp; CASH EQUIVALENTS</b>		
Cash at Bank	932,674	1,225,589
Petty Cash	95	205
	<u>932,769</u>	<u>1,225,794</u>

### 5. TRADE & OTHER RECEIVABLES

Trade Debtors	81,472	81,957
<i>Less: Allowance for Doubtful Debts (Vacated Tenants)</i>	(57,258)	(58,233)
Prepayments	6,562	140,044
GST Receivable	30,224	36,911
Other Receivables/(Payables)	(12,805)	10,011
Accrued Income	288,298	102,134
	<u>336,493</u>	<u>312,824</u>

Current trade receivables are non-interest bearing. Non-tenant debtors are generally on 30 day net terms. Tenant debtors terms are fortnightly.

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2023**

	2023	2022
	\$	\$
<b>6. PROPERTY, PLANT &amp; EQUIPMENT</b>		
Land – at cost	12,108,794	11,357,399
Buildings – at cost	39,160,353	39,032,242
Impairment	(982,341)	(982,341)
Accumulated Depreciation	<u>(9,942,312)</u>	<u>(8,966,505)</u>
	40,344,494	40,440,795
Building Improvements – at cost	301,788	301,788
Accumulated Depreciation	<u>(66,725)</u>	<u>(59,180)</u>
	235,063	242,608
Plant and Equipment – at cost	102,373	100,161
Accumulated Depreciation	<u>(86,212)</u>	<u>(74,499)</u>
	16,161	25,662
Office equipment and furniture - at cost	19,453	19,453
Accumulated Depreciation	<u>(19,172)</u>	<u>(18,932)</u>
	281	521
Motor Vehicle – at cost	53,498	34,511
Accumulated Depreciation	<u>(14,687)</u>	<u>(20,274)</u>
	38,811	14,237
<b>TOTAL PROPERTY, PLANT &amp; EQUIPMENT</b>	<u><u>40,634,810</u></u>	<u><u>40,723,823</u></u>

Reconciliations:

	Land	Buildings	Building Improvements	Plant and equipment	Office equipment and furniture	Motor vehicles	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2022	11,357,399	27,083,396	242,608	25,662	521	14,237	40,723,823
Additions (i)	751,395	128,111	-	2,212	-	30,665	913,383
Disposals	-	-	-	-	-	(729)	(729)
Depreciation	-	(975,807)	(7,545)	(11,713)	(240)	(6,362)	(1,001,667)
Balance at 30 June 2023	12,108,794	28,235,700	235,063	16,161	281	38,811	40,634,810

(i) The increase in the balance of Land relates predominantly to the purchase of land at Byford for \$750,000.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	\$	\$
<b>7. TRADE &amp; OTHER PAYABLES</b>		
Trade Creditors	61,097	187,530
Accrued Expenses	103,148	30,439
Payroll Liabilities	9,494	20,417
Tenant Bonds	-	2,835
Rental Income in Advance	94,311	113,608
Annual Leave Accrual	43,791	42,190
	<u>311,841</u>	<u>397,019</u>
<b>8. PROVISIONS</b>		
<b>Current Long Service Leave</b>		
Opening Balance	71,153	102,401
Additional Provision Raised	6,600	(31,248)
<b>TOTAL CURRENT PROVISIONS</b>	<u>77,753</u>	<u>71,153</u>
<b>9. BORROWINGS</b>		
<b>Current</b>		
Westpac Loan	2,926,424	-
<b>TOTAL CURRENT BORROWINGS</b>	<u>2,926,424</u>	<u>-</u>
<b>Non - Current</b>		
Westpac Loan	-	3,782,672
<b>TOTAL NON - CURRENT BORROWINGS</b>	<u>-</u>	<u>3,782,672</u>

The interest bearing secured loan is payable to Westpac Bank. It attracts a variable rate at balance date of 4.61% plus a 1.0% line fee. The following properties have been pledged as security - Redcliffe, Hadlow Place Thornlie, Erskine and part of Meadow Springs.

The balance of the Westpac loan is part of a total facility of \$5,500,000 which expires on 8 May 2024. The facility is interest-only with interest payments being made monthly, and any principal repayments being made at the Company's discretion. During the current year, principal repayments totalling \$1.6 million were made, and an amount of \$743,752 was drawn against the facility to fund the acquisition of the Byford property. Due to the loan facility expiring on 8 May 2024, the loan balance has been disclosed as a current liability, however the Directors' intention is to extend the loan facility at the end of the term.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	\$	\$
<b>10. PROVISIONS</b>		
<b>Non-Current Long Service Leave</b>		
Opening Balance	1,338	886
Less Adjustment to Provision	672	452
<b>TOTAL NON-CURRENT PROVISIONS</b>	<u>2,010</u>	<u>1,338</u>

### 11. RETAINED PROFITS

Balance at beginning of year	37,804,694	37,982,316
Loss for the year	(170,173)	(177,622)
Balance at end of year	<u>37,634,521</u>	<u>37,804,694</u>

### 12. CASH FLOW INFORMATION

#### (a) Reconciliation of Cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash on hand, at bank and term deposits	<u>932,769</u>	<u>1,225,794</u>
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### 13. AUDITOR'S REMUNERATION

Audit of the financial statements	<u>16,065</u>	<u>15,726</u>
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## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2023

#### 14. COMPANY DETAILS

The registered office and principal place of business of the Company is Office 1, 1 Hadlow Place, Thornlie, Western Australia 6108.

#### 15. COMMITMENTS

The Company had no expenditure commitments at balance date, other than in relation to building works associated with certain capital grants as set out in Note 17.

#### 16. RELATED PARTY TRANSACTIONS

##### Sole member

The sole member of Stellar Living Ltd is Centrecare Inc. A Service Level Agreement exists between the parties for Centrecare to contribute to Stellar Living for rent loss and for tenant bad debts in respect of tenancies supported by Centrecare. During the year, an amount of \$12,161 (2022 \$16,969) was received from Centrecare.

##### Key management personnel

Disclosures relating to key management personnel are set out in Note 20.

##### Transactions with related parties

Other than transactions with Centrecare Inc as set out above, the Company did not engage in any transactions with other related parties during the year.

#### 17. CAPITAL GRANTS

During the previous year the Company was successful in securing funding from the WA state via the Social Housing Economic Recovery Package ("SHERP"), as follows:

- a) Refurbishment grant of \$411,130 plus GST. This grant is for the refurbishment of two transitional properties. The first tranche of \$205,565 plus GST was received prior to 30 June 2022 and had been carried forward as an unexpended grant at 30 June 2022 and at 30 June 2023. The second tranche of \$205,565 plus GST is receivable upon providing evidence of progress on the refurbishment.
- b) New build grant of \$3,729,791 plus GST. This grant is for the development of 16 units in Rockingham. The first instalment of \$745,958 plus GST was received in August 2022, with further instalments receivable on achievement of various milestones. The funds received to date have been carried forward as an unexpended grant at 30 June 2023.

*Total amounts carried forward to future years:*

	SHERP Refurbishment Grant 2023 \$	205,565 2022 \$
SHERP Refurbishment Grant	205,565	205,565
SHERP New Builds Grant	745,968	-
	<u>951,523</u>	<u>205,565</u>



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2023

#### 18. CONTINGENT LIABILITIES

The Company has entered into a Community Housing Agreement and Funding Agreement with the Department of Communities (Housing Authority) as part of the transfer of properties and funds from the Department. These Agreements establish the terms on which the Company must discharge its function as a Community Housing Provider. The Department has lodged caveats over the properties it transferred to the Company to secure the performance of the Company's obligations under the Agreements.

#### 19. LEASING COMMITMENTS

The Company has applied the option available under AASB 2018-8 to measure "peppercorn" or concessionary leases at cost, rather than at fair value. The Company has these types of leases in place for 70 properties which have been provided to it by the Housing Authority at no cost in order to enable the Company to further its objectives.

#### 20. KEY MANAGEMENT PERSONNEL DISCLOSURE

	2023	2022
	\$	\$
<i>Compensation</i>		
The aggregate compensation made to directors and other members of key management personnel of the Company is set out below:		
Aggregate compensation	<u>164,860</u>	<u>157,017</u>

#### 21. MATTERS SUBSEQUENT TO BALANCE DATE

There are no matters or circumstances that have arisen since 30 June 2023 that are likely to significantly affect the Company's operations, the results of those operations or the Company's state of affairs in future financial years.

## **DIRECTORS' DECLARATION**

The directors of the Company declare that:

1. The attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards – Simplified Disclosures, the Corporations Regulations 2001, the Australian Charities and Not-for-profits Commission Act 2012 and other mandatory professional reporting requirements;
2. The attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2023 and performance for the year ended on that date; and
3. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

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**Tony Bevan**  
**Chair**

Dated this 28<sup>th</sup> day of September 2023