



**STREAT Limited and its
controlled entity**

ABN 96 134 906 933

Financial report
For the year ended 30 June 2018

Pitcher Partners
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STREAT LIMITED AND ITS CONTROLLED ENTITY
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DIRECTORS' REPORT

The directors present their report together with the financial report of STREAT Limited ("the Company") and its Controlled Entity, ("the Registered Entity") for the year ended 30 June 2018 and auditor's report thereon.

Directors names

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

Jane Burns (Chair) (Appointed 1 July 2017)

Rebecca Scott

Kate Barrelle

Brian Williams

Jacob Spencer

Colin Duthie

Div Pillay (Appointed 25 June 2018)

Niamh Hussey (Appointed 29 January 2018)

Paul Breen (Resigned 13 November 2017)

Dianna Butterworth (Resigned 13 November 2017)

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

Significant changes in state of affairs

There were no significant changes in the Registered Entity's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

Short-term and long-term objectives and strategies

The Registered Entity's short-term objectives are to:

- Provide holistic support to ensure that the young people within the registered entity's care improve their wellbeing and have a healthy self, work and home.
- Engage a wide range of stakeholders, including individual customers, businesses, social service providers, community organisations, funders and governments, to partner with the registered entity in stopping youth homelessness and disadvantage.
- Grow the registered entity's new Cromwell flagship facility and businesses to reach the point of financial self-sufficiency.

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DIRECTORS' REPORT

Short-term and long-term objectives and strategies (Continued)

The Registered Entity's long-term objectives are to:

- Expand both the number of youth the registered entity can support each year, along with the depth of support the organisation can provide them.
- Establish and maintain relationships that foster social inclusion and community reconnection for homeless and disadvantaged young people.
- Operate a sustainable business model that maximises its social footprint, minimises its environmental footprint, whilst being financially sustainable across all of its operations.
- Expand the registered entity's Victorian operations into new areas of youth need.
- Further increase the registered entity's portfolio of hospitality businesses.
- Be a recognised leader in the social enterprise sector for developing a sustainable business model to address a major social issue.

To achieve its short-term and long-term objectives, the Registered Entity has adopted the following strategies:

- The registered entity strives to attract and retain quality staff and volunteers who are committed to working with youth in need, and this is evidenced by strong staff retention. The registered entity believes that attracting and retaining quality staff and volunteers will assist with the success of the registered entity in both the short and long term.
- The registered entity engages a wide range of stakeholders to support the registered entity's projects and initiatives. This includes raising awareness and understanding of the issues of youth homelessness and disadvantage and registered entity's work to address it.
- The registered entity is committed to continuous improvement and monitors and evaluates its progress and outcomes.
- The registered entity's staff and volunteers strive to meet consistent standards of best practice and provide clear expectations of professional accountabilities and responsibilities to all stakeholders. This is evidenced by the performance of staff and volunteers being assessed based on these accountabilities, and ensures staff are operating in the best interests of the youth and the registered entity.

Principal activities

The principal activity of the registered entity during the financial year was to provide support and services for homeless and disadvantaged young people through the provision of specialist social supports, vocational education, workplace experience and training.

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DIRECTORS' REPORT

Key performance indicators

Support 100 trainees per year across STREAT's suite of programs and transition the majority onto further training or employment.

Performance

Over the last year STREAT intensively supported 71 young people in programs of up to 12 months in length, and provided outreach support on over 500 occasions.

- Tasters – 35 young people
- Entree – 24 young people
- Main Course – 38 young people
- STREAT's Ahead – 7 young people
- Employment at STREAT– 2 young people
- Outreach – 556 contacts with young people.

In relation to the most intensive program, there was a 76% completion rate of the 20-week program. Six months after completion of the STREAT program, 5% of these young people took on parenting/carer responsibilities, 45% went into employment, education or volunteer work and 11% went into appropriate treatment programs. The remaining 39% were not in employment or training, which is disappointing, however, at the start of the program 98% of these same young people were unemployed and not in education.

STREAT delivers a full program suite:

Tasters

Tasters are half-day workshops for young people interested in STREAT's Entrée or Main Course programs.

Tasters provide an interactive experience that introduces STREAT and its programs, including the Entrée and Main Course. Making coffee and creating food whilst learning about STREAT might be just what a young person needs before committing to a longer program. Tasters are run on a semi-regular basis. These fun Taster workshops are for young people and their worker.

Entree

'Entrée' is a flexible 9-week individual program for people wanting to access hospitality focused work experience as part of another course or program, or just give working with coffee and food a try before committing to a longer program. If the timing is such that Main Course is not immediately available, a young person may also benefit from the Entrée program.

Entrée provides individualised intake and needs assessment, over two months of weekly work experience shifts in STREAT's businesses (such as the production kitchen, a la carte kitchen, bakery, or in one of our cafés), and individual case management support.

Main Course

'Main Course' is a 20-week fully supported group program that runs twice a year. It includes on-the-job training and mentoring within STREAT's portfolio of hospitality businesses, weekly group Work Readiness workshops, creative and social engagement, individual case support, linkages to specialist service providers, alongside accredited TAFE training.

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DIRECTORS' REPORT

Key performance indicators (Continued)

STREAT's Ahead

'STREATs Ahead' is a six-month program providing post-placement support to a small number of STREAT's graduates and carefully chosen partner employers such as Fonda Mexican chain, Epicure (Spotless), the Riverland Group and Ed Dixon.

After balance date events

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

Information on directors

Jane Burns (Chair)	Chair, Director (Appointed 1 July 2017)
Qualifications	Professor of Innovation and Industry at the University of Sydney in the Faculty of Health Science, PhD in Medicine, Australian Institute of Company Directors
Experience	CEO of InnoWell and Professor of Innovation and Industry at the University of Sydney in the Faculty of Health Science. Previously the founder and CEO of the Young and Well Cooperative Research Centre.
Rebecca Scott	Director, Company Secretary, Member of Finance & Audit Committee, Co-founder
Qualifications	Master of International and Community Development, Graduate Diploma Science Communication, Bachelor of Science
Experience	CEO of STREAT Ltd. Previously Vice President of KOTO, a street youth social enterprise in Hanoi. A decade of management positions at the CSIRO.
Kate Barrelle	Director, Co-founder
Qualifications	Bachelor of Commerce, Bachelor of Science (Hans Psychology), Master of Clinical Psychology, PhD (Political Science)
Experience	A decade working in community mental health and private practice as a Clinical and Forensic Psychologist, six years working with the Department of Foreign Affairs and Trade. Kate has a PhD on terrorism and radicalisation process and currently consults to agencies and programs on this subject.

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DIRECTORS' REPORT

Information on directors (Continued)

Brian Williams Director
Qualifications Bachelor of Laws, Masters of Laws
Experience Senior legal management including 10 years of Chief Counsel for Rio Tinto Limited and 10 years as Chief Legal Officer for Quadrem International Holdings Ltd, an incorporated joint venture between 20 global mining companies.

Jacob Spencer Director, Chair of the Finance & Audit Committee
Qualifications Associate Diploma Business
Experience 15 years in executive roles at renowned food retail brands (McDonalds, Pret A Manger, Salsa, Boost Juice). He currently owns and runs Mobile Skips.

Colin Duthie Director
Qualifications Maths (UTAS), Graduate of Australia Institute of Company Directors
Experience 18 years experience working with social purpose organisations including World Vision Australia, Victoria Legal Aid, The PNG Sustainable Development Program. Previously the Managing Director of Ergo Consulting, a professional services firm. Various social purpose board memberships, including Chair of Donkey Wheel and Ethical Property Commercial Ltd.

Niamh Hussey Director (Appointed 29 January 2018)
Qualifications Bachelor of Business, Qualified Chartered Accountant
Experience Partner at Price Waterhouse Coopers.

Div Pillay Director (Appointed 25 June 2018)
Qualifications Masters in Human Resource Management, Bachelor of Arts (Organisational Psychology)
Experience CEO and Co-Founder of MindTribes Pty Ltd. MindTribes works with both Australian and Multinational corporates to improve business results by culturally aligning staff to internal and external customers, team members and stakeholders.

Paul Breen Director (Resigned 13 November 2017)
Qualifications Bachelor of Business
Experience Retail entrepreneur and business advisor. Founder of the retail chain Calendar Club and current Chairman of its International Advisory Board.

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DIRECTORS' REPORT

Information on directors (Continued)

Dianna Butterworth Director, Chair of the Finance and Audit Committee (Resigned 13 November 2017)

Qualifications Bachelor of Commerce, Chartered Accountant, Senior Associate, Finsia

Experience Retail entrepreneur and business advisor. Founder of the retail chain Calendar Club and current Chairman of its International Advisory Board.

Meetings of directors

Directors	Directors' meetings		Finance & Audit committee meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Jane Burns (Chair)	7	7	-	-
Rebecca Scott	7	6	5	5
Kate Barrelle	7	7	-	-
Brian Williams	7	7	5	4
Jacob Spencer	7	6	5	5
Colin Duthie	7	7	-	-
Niamh Hussey	2	1	2	1
Dianna Butterworth	3	2	2	2
Paul Breen	3	2	-	-
Div Pillay	-	-	-	-

Members guarantee

The Company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute to a maximum of \$100 each towards meeting any outstanding obligations of the Company. At 30 June 2018 the number of members was 6. The combined total amount that members of the Company are liable to contribute if the Company is wound up is \$600.

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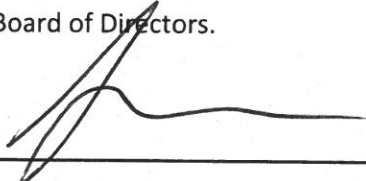
DIRECTORS' REPORT

Auditor's independence declaration

A copy of the auditor's independence declaration under division 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit for the financial year is provided with this report.


Signed on behalf of the Board of Directors.

Director: _____



Jacob Spencer

Director: _____



Rebecca Scott

Dated this

17th

day of

December

2018

**STREAT LIMITED AND ITS CONTROLLED ENTITY
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**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF STREAT LIMITED AND CONTROLLED ENTITY**

In relation to the independent audit for the year ended 30 June 2018, to the best of my knowledge and belief there have been no contraventions of APES 110 *Code of Ethics for Professional Accountants*.

This declaration is in respect of STREAT Limited and the entity it controlled during the year.



N R Bull
Partner



PITCHER PARTNERS
Melbourne

Date: 17th December 2018

STREAT LIMITED AND ITS CONTROLLED ENTITY
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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
Trade revenue	4	3,168,891	2,314,013
Cost of sales		<u>(779,733)</u>	<u>(655,618)</u>
Gross profit		2,389,158	1,658,395
Other revenue			
Interest income	4	1,068	2,044
Gain on fair value adjustments	4	64,052	-
Other revenue	4	142,789	56,055
Donations and grants	4	1,502,845	1,498,307
Less: expenses			
Depreciation and amortisation expense		(236,800)	(184,263)
Employee benefits expense		(3,182,250)	(2,395,840)
Occupancy expense		(71,335)	(57,403)
Repairs and maintenance expense		(25,576)	(19,213)
Advertising expense		(47,363)	(36,252)
Youth programs		(7,937)	(7,502)
Interest paid		(134,894)	(130,206)
Consultancy fees		(16,510)	(86,238)
Goodwill impairment		-	(139,765)
Other expenses		<u>(407,707)</u>	<u>(315,114)</u>
		<u>(4,130,372)</u>	<u>(3,371,796)</u>
Profit / (loss) before income tax expense		(30,460)	(156,995)
Income tax expense	15	-	-
Net profit / (loss) from continuing operations		<u>(30,460)</u>	<u>(156,995)</u>
Net loss before tax from discontinued operations	9	-	(28,535)
Profit / (loss) for the year		<u><u>(30,460)</u></u>	<u><u>(185,530)</u></u>
Profit / (loss) is attributable to:			
- Members of the parent entity		(30,460)	(155,122)
- Non-controlling interests		-	(30,408)
		<u><u>(30,460)</u></u>	<u><u>(185,530)</u></u>
Total comprehensive income is attributable to:			
- Members of the parent entity		(30,460)	(155,122)
- Non-controlling interests		-	(30,408)
		<u><u>(30,460)</u></u>	<u><u>(185,530)</u></u>

The accompanying notes form part of these financial statements.

STREAT LIMITED AND ITS CONTROLLED ENTITY
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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	2018 \$	2017 \$
Current assets			
Cash and cash equivalents	5	602,418	289,998
Receivables	6	71,246	80,079
Inventories	7	79,762	88,268
Other assets	8	<u>37,632</u>	<u>65,129</u>
Total current assets		<u>791,058</u>	<u>523,474</u>
Non-current assets			
Intangible assets	10	2,160,629	2,207,601
Plant and equipment	11	<u>3,660,273</u>	<u>3,773,182</u>
Total non-current assets		<u>5,820,902</u>	<u>5,980,783</u>
Total assets		<u>6,611,960</u>	<u>6,504,257</u>
Current liabilities			
Payables	12	387,931	351,497
Borrowings	13	2,575,364	2,520,009
Provisions	14	138,894	115,551
Other liabilities	16	<u>223,270</u>	<u>127,915</u>
Total current liabilities		<u>3,325,459</u>	<u>3,114,972</u>
Non-current liabilities			
Payables	12	30,181	94,233
Borrowings	13	81,267	42,719
Provisions	14	12,304	15,814
Other liabilities	16	<u>2,123,487</u>	<u>2,166,797</u>
Total non-current liabilities		<u>2,247,239</u>	<u>2,319,563</u>
Total liabilities		<u>5,572,698</u>	<u>5,434,535</u>
Net assets		<u>1,039,262</u>	<u>1,069,722</u>
Equity			
Accumulated surplus	17	<u>1,039,262</u>	<u>1,069,722</u>
Equity attributable to members of STREAT Limited		1,039,262	1,069,722
Total equity		<u>1,039,262</u>	<u>1,069,722</u>

The accompanying notes form part of these financial statements.

STREAT LIMITED AND ITS CONTROLLED ENTITY
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Contributed equity \$	Accumulated surplus \$	Non- controlling interests \$	Total equity \$
Balance as at 1 July 2016	-	1,268,561	(13,309)	1,255,252
Profit / (Loss) for the year	-	(155,122)	(30,408)	(185,530)
Total comprehensive income for the year	-	(155,122)	(30,408)	(185,530)
Transfers	-	(43,717)	43,717	-
Balance as at 30 June 2017	-	<u>1,069,722</u>	-	<u>1,069,722</u>
Balance as at 1 July 2017	-	1,069,722	-	1,069,722
Profit / (Loss) for the year	-	(30,460)	-	(30,460)
Total comprehensive income for the year	-	(30,460)	-	(30,460)
Balance as at 30 June 2018	-	<u>1,039,262</u>	-	<u>1,039,262</u>

The accompanying notes form part of these financial statements.

STREAT LIMITED AND ITS CONTROLLED ENTITY
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		\$	\$
Cash flow from operating activities			
Receipts from customers		3,618,144	2,551,901
Payments to suppliers and employees		(4,902,006)	(3,911,300)
Interest received		1,068	2,044
Income tax received/(paid)		<u>-</u>	<u>2,582</u>
Net cash used in operating activities		<u>(1,282,794)</u>	<u>(1,354,773)</u>
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		10,000	-
Payment for property, plant and equipment		(92,785)	(374,898)
Net proceeds from the sale of the Flemington Cafe		<u>-</u>	<u>77,293</u>
Net cash used in investing activities		<u>(82,785)</u>	<u>(297,605)</u>
Cash flow from financing activities			
Proceeds from borrowings (net of repayments)		93,903	283,428
Grants and donations received		<u>1,584,096</u>	<u>1,399,767</u>
Net cash provided by financing activities		<u>1,677,999</u>	<u>1,683,195</u>
Reconciliation of cash			
Cash at beginning of the financial year		289,998	259,181
Net increase in cash held		<u>312,420</u>	<u>30,817</u>
Cash at end of financial year		<u><u>602,418</u></u>	<u><u>289,998</u></u>

The accompanying notes form part of these financial statements.

STREAT LIMITED AND ITS CONTROLLED ENTITY
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and Australian Accounting Standards - Reduced Disclosure Requirements, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board.

The financial report covers STREAT Limited and its Controlled Entity. STREAT Limited and its Controlled Entity is a company limited by guarantee, incorporated and domiciled in Australia. STREAT Limited and its Controlled Entity are a not-for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The following are the significant accounting policies adopted by the Registered Entity in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

Significant accounting estimates and judgements

The preparation of the financial report requires the use of certain estimates and judgements in applying the Registered Entity's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 2.

STREAT LIMITED AND ITS CONTROLLED ENTITY
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities.

STREAT Limited and its Controlled Entity incurred a net loss of \$30,460 during the year ended 30 June 2018 and, as of that date the Registered Entity's current liabilities exceeded its current assets by \$2,534,401.

The Registered Entity is dependent on the continued receipt of donations and grants to support its programs. Management has reviewed the income from pledged donations and committed grants to ensure it has sufficient funding to meet its ongoing operational commitments and program delivery at current levels, including the repayment of borrowings for the Cromwell redevelopment. The Registered Entity will continue to depend on funding from donors and grants until the business generates sufficient cashflows from trading operations. Management have put in place plans to diversify its funder base, along with its business revenue, increased funding activities, increased trading operations and exercise control over uncommitted expenditure.

The current borrowings for the Cromwell development are interest-only subject to successful annual review of STREAT Limited and Controlled Entity's financial position and performance by its financiers. Subsequent to year end the facility was renewed by the financier for a further 12 months.

As a result of the matters described above, the Board believe that STREAT Limited and Controlled Entity will continue to operate as a going concern.

These circumstances indicate the existence of a material uncertainty that may cast significant doubt on the Registered Entity's ability to continue as a going concern and therefore, the Registered Entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Principles of consolidation

The consolidated financial statements are those of the consolidated entity ("the Registered Entity"), comprising the financial statements of the parent entity and the entity the parent controls. The Registered Entity controls an entity where it has the power, for which the parent has exposure or rights to variable returns from its involvement with the entity, and for which the parent has the ability to use its power over the entities to affect the amount of its returns.

The financial statements of the subsidiary are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. The subsidiary is consolidated from the date on which control is transferred to STREAT Limited and are de-recognised from the date that control ceases.

Equity interests in a subsidiary not attributable, directly or indirectly, to STREAT Limited are presented as non-controlling interests. Non-controlling interests are initially recognised either at fair value or at the non-controlling interests' proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. Non-controlling interests in the results of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income and statement of financial position respectively.

(d) Revenue

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

Interest revenue is measured in accordance with the effective interest method.

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

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Intangibles

Goodwill

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identifiable or separately recognised.

Goodwill is not amortised, but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less any accumulated impairment losses.

Right to Occupy Cromwell Property

The right to occupy Cromwell Property is recognised initially at the fair value of the right, being the purchase consideration of the property.

The right to occupy Cromwell Property is amortised in line with the lease agreement and represents the use of the right. The right to occupy will be tested for impairment whereby indicators of impairment exist.

Intangible assets

Except for indefinite useful life intangible assets, which are not amortised but are tested annually for impairment, intangible assets are amortised over their estimated useful lives commencing from the time the asset is available for use. The amortisation method applied to an intangible asset is consistent with the estimated consumption of economic benefits of the asset.

(f) Contributions - Government Grants and Donations

A non-reciprocal contribution or grant is recognised when the Registered Entity obtains control of the contribution or grant and it is probable that the economic benefits will flow to the entity, and the amount of the contribution or grant can be measured reliably.

If conditions attached to the contribution or grant that must be satisfied before the Registered Entity is eligible to receive the contribution, recognition of contribution or income is deferred until those conditions are met.

A non-reciprocal donation is recognised when the right to receive a donation has been established.

When the Registered Entity receives grants but is obliged to give directly approximately equal value to the contributor, recognition of grant income will be deferred until the delivery of service.

STREAT LIMITED AND ITS CONTROLLED ENTITY
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Property, plant and equipment

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

Plant and equipment

Plant and equipment is measured on the cost basis.

Depreciation

Land is not depreciated. The depreciable amount of all property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held available for use, consistent with the estimated consumption of the economic benefits embodied in the asset.

Class of fixed asset	Depreciation rates	Depreciation basis
Plant, equipment and motor vehicles	10%	Diminishing value
Office fit out	10%	Diminishing value
Improvements at cost	2.5%	Diminishing value
Computer equipment at cost	20 - 40%	Diminishing value
Hospitality equipment at cost	5 - 15%	Diminishing value

(h) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Finance leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Registered Entity are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the fair value or, if lower, the present value of the minimum lease payments, including any guaranteed residual values. The interest expense is calculated using the interest rate implicit in the lease, if this is practicable to determine; if not, the Registered Entity's incremental borrowing rate is used. Interest expense on finance leases is included in finance costs in the statement of profit or loss. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the Registered Entity will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period in accordance with the effective interest method.

Operating leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as an expense on a straight-line basis over the term of the lease.

Lease incentives received under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

STREAT LIMITED AND ITS CONTROLLED ENTITY
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial instruments

Classification

The Registered Entity classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the nature of the item and the purpose for which the instruments are held.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including inter-company balances and loans from or other amounts due to director-related entities.

Non-derivative financial liabilities are subsequently measured at amortised cost, comprising original debt less principal payments and amortisation.

Financial liabilities are classified as current liabilities unless the Registered Entity has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Impairment of financial assets

Financial assets are tested for impairment at each financial year end to establish whether there is any objective evidence for impairment as a result of one or more events ('loss events') having occurred and which have an impact on the estimated future cash flows of the financial assets.

(j) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax 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 cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

STREAT LIMITED AND ITS CONTROLLED ENTITY
ABN 96 134 906 933

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the annual reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave and accumulated sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the statement of financial position.

(ii) Long-term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. For currencies in which there is no deep market in such high quality corporate bonds, the market yields (at the end of the reporting period) on government bonds denominated in that currency are used. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

Other long-term employee benefit obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the statement of financial position.

(l) Income tax

No provision for income tax has been raised for STREAT Limited as the parent entity is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

The subsidiary STREAT Enterprises Pty Ltd is a taxable entity and has a current tax liability of \$nil at 30 June 2018.

Current income tax expense or revenue is the tax payable on the current periods taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled.

STREAT LIMITED AND ITS CONTROLLED ENTITY
ABN 96 134 906 933

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Provisions

Provisions are recognised when the Registered Entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(n) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Impairment of goodwill

Goodwill is allocated to a cash generating unit or units (CGU's) according to management's expectations regarding which assets will be expected to benefit from the synergies arising from the business combination that gave rise to the goodwill. The recoverable amount of a CGU is based on value in use calculations. These calculations are based on projected cash flows approved by management covering a minimum period of 1 year (maximum of five years). Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future. The present value of future cash flows has been calculated using an average growth rate of 3% (2017: 3%) for cash flows in year two to five and which is based on the historical average and a terminal value growth rate of 3.0% (2017: 3.0%) a discount rate of 12% (2017: 12%) to determine value-in-use.

(b) Impairment of non-financial assets other than goodwill (right to occupy Cromwell)

The intangible asset to recognise the right to use the Cromwell property is measured at fair value. As STREAT Limited is currently in compliance with the conditions of the lease, management do not deem this right to occupy land as impaired at 30 June 2018.

(c) Income tax

Deferred tax assets and liabilities are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

STREAT LIMITED AND ITS CONTROLLED ENTITY
ABN 96 134 906 933

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 3: PARENT ENTITY DETAILS		
Summarised presentation of the parent entity, STREAT Limited, financial statements:		
(a) Summarised statement of financial position		
Assets		
Current assets	791,058	566,380
Non-current assets	<u>5,820,902</u>	<u>5,980,783</u>
Total assets	<u>6,611,960</u>	<u>6,547,163</u>
Liabilities		
Current liabilities	3,325,459	3,136,316
Non-current liabilities	<u>2,247,239</u>	<u>2,299,377</u>
Total liabilities	<u>5,572,698</u>	<u>5,435,693</u>
Net assets	<u>1,039,262</u>	<u>1,111,470</u>
Equity		
Accumulated surplus	<u>1,039,262</u>	<u>1,111,470</u>
Total equity	<u>1,039,262</u>	<u>1,111,470</u>
(b) Summarised statement of profit or loss and other comprehensive income		
(Loss)/profit for the year	(30,460)	(233,987)
Other comprehensive income for the year	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>(30,460)</u>	<u>(233,987)</u>

(c) Parent entity guarantees

STREAT Limited has not entered into any guarantees, in the current or previous financial year, in relation to the debts of its subsidiaries.

(d) Parent entity contingent liabilities

At 30 June 2018 STREAT Limited has a contingent liability in relation to the contingent consideration on the acquisition of 50% of the shares in STREAT Enterprises Pty Ltd as outlined at Note 9 (2017: \$94,232).

(e) Parent entity contractual commitments

At 30 June 2018 STREAT Limited has the contractual commitments outlined at Note 9 and Note 22.

STREAT LIMITED AND ITS CONTROLLED ENTITY
ABN 96 134 906 933

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 4: REVENUE AND OTHER INCOME		
Sales revenue		
Trade revenue	3,168,891	2,314,013
Other revenue		
Interest income	1,068	2,044
Donations and grants	1,502,845	1,498,307
Other revenue	<u>142,789</u>	<u>56,055</u>
	<u>1,646,702</u>	<u>1,556,406</u>
Other Income		
Gain on fair value adjustments	<u>64,052</u>	-
	<u>4,879,645</u>	<u>3,870,419</u>
NOTE 5: CASH AND CASH EQUIVALENTS		
Cash on hand	2,997	3,773
Cash at bank	<u>599,421</u>	<u>286,225</u>
	<u>602,418</u>	<u>289,998</u>
<p>STREAT Limited have access to an overdraft facility, with a fixed and floating charge over all present and future assets, undertakings and unpaid/uncalled capital of the Company, made available to the company by the Australia and New Zealand Banking Group Limited ("ANZ"). The facility limit is \$90,000.</p>		
NOTE 6: RECEIVABLES		
CURRENT		
Trade debtors	<u>71,246</u>	<u>80,079</u>
NOTE 7: INVENTORIES		
CURRENT		
<i>At cost</i>		
Inventory	<u>79,762</u>	<u>88,268</u>

STREAT LIMITED AND ITS CONTROLLED ENTITY
ABN 96 134 906 933

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 8: OTHER ASSETS		
CURRENT		
Prepayments	18,021	10,308
Other current assets	<u>19,611</u>	<u>54,821</u>
	<u><u>37,632</u></u>	<u><u>65,129</u></u>

NOTE 9: ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

On 24 April 2017 STREAT Enterprises Pty Ltd ceased its operations at the PwC Cafe.

On 6 October 2017 STREAT Enterprises Pty Ltd ceased its operations at the McKillop Cafe. At 30 June 2017, management had fully committed to cease operations of the cafe.

The results of the discontinued operation for the period are presented below:

	2018	2017
	\$	\$
(a) Cash flow information		
Net cash used in operating activities	-	(15,006)
Net cash used in investing activities	-	(568)
Net cash provided by financing activities	<u>-</u>	<u>1,403</u>
Net cash flow	<u><u>-</u></u>	<u><u>(14,171)</u></u>

NOTE 10: INTANGIBLE ASSETS

Goodwill at cost	<u>40,597</u>	<u>40,597</u>
	40,597	40,597
Right to occupy Cromwell Property	2,350,000	2,350,000
Accumulated amortisation	<u>(229,968)</u>	<u>(182,996)</u>
	<u>2,120,032</u>	<u>2,167,004</u>
Total intangible assets	<u><u>2,160,629</u></u>	<u><u>2,207,601</u></u>

STREAT LIMITED AND ITS CONTROLLED ENTITY
ABN 96 134 906 933

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 10: INTANGIBLE ASSETS (CONTINUED)		
(a) Reconciliations		
Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year		
<i>Goodwill at cost</i>		
Opening balance	40,597	80,600
Additions	-	99,762
Impairment	-	(139,765)
Closing balance	<u>40,597</u>	<u>40,597</u>
 <i>Right to occupy Cromwell Property</i>		
Opening balance	2,167,004	2,214,104
Amortisation expense	(46,972)	(47,100)
Closing balance	<u>2,120,032</u>	<u>2,167,004</u>

STREAT LIMITED AND ITS CONTROLLED ENTITY
ABN 96 134 906 933

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 11: PLANT AND EQUIPMENT		
Plant and equipment		
Leasehold improvements at cost	2,738,958	2,701,615
Accumulated depreciation	<u>(117,318)</u>	<u>(50,655)</u>
	2,621,640	2,650,960
Motor vehicles at cost	59,240	59,240
Accumulated depreciation	<u>(14,079)</u>	<u>(9,061)</u>
	45,161	50,179
Office equipment at cost	16,959	15,153
Accumulated depreciation	<u>(8,603)</u>	<u>(7,841)</u>
	8,356	7,312
Furniture, fixtures and fittings at cost	115,472	101,035
Accumulated depreciation	<u>(29,615)</u>	<u>(26,384)</u>
	85,857	74,651
Computer equipment at cost	71,083	56,962
Accumulated depreciation	<u>(33,138)</u>	<u>(18,860)</u>
	37,945	38,102
Hospitality equipment at cost	1,083,982	1,085,532
Accumulated depreciation	<u>(222,668)</u>	<u>(133,554)</u>
	<u>861,314</u>	<u>951,978</u>
Total property, plant and equipment	<u><u>3,660,273</u></u>	<u><u>3,773,182</u></u>

(a) Reconciliations

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year

<i>Leasehold improvements</i>		
Opening carrying amount	2,650,960	3,328,350
Additions	37,343	250,535
Depreciation expense	(66,663)	(50,655)
Transfers	-	<u>(877,270)</u>
Closing carrying amount	<u><u>2,621,640</u></u>	<u><u>2,650,960</u></u>

STREAT LIMITED AND ITS CONTROLLED ENTITY
ABN 96 134 906 933

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 11: PLANT AND EQUIPMENT (CONTINUED)		
(a) Reconciliations (Continued)		
<i>Motor vehicles</i>		
Opening carrying amount	50,179	11,859
Additions	-	41,585
Depreciation expense	<u>(5,018)</u>	<u>(3,265)</u>
Closing carrying amount	<u>45,161</u>	<u>50,179</u>
<i>Office equipment</i>		
Opening carrying amount	7,312	8,124
Additions	1,806	-
Depreciation expense	<u>(762)</u>	<u>(812)</u>
Closing carrying amount	<u>8,356</u>	<u>7,312</u>
<i>Furniture, fixtures and fittings</i>		
Opening carrying amount	74,651	43,689
Additions	25,227	37,982
Disposals	(5,367)	-
Depreciation expense	<u>(8,654)</u>	<u>(7,020)</u>
Closing carrying amount	<u>85,857</u>	<u>74,651</u>
<i>Computer equipment</i>		
Opening carrying amount	38,102	1,718
Additions	14,121	38,905
Depreciation expense	<u>(14,278)</u>	<u>(2,521)</u>
Closing carrying amount	<u>37,945</u>	<u>38,102</u>
<i>Hospitality equipment</i>		
Opening carrying amount	951,978	155,018
Additions	14,288	5,893
Disposals	(10,499)	(11,097)
Depreciation expense	(94,453)	(75,106)
Transfers	-	877,270
Closing carrying amount	<u>861,314</u>	<u>951,978</u>

STREAT LIMITED AND ITS CONTROLLED ENTITY
ABN 96 134 906 933

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 11: PLANT AND EQUIPMENT (CONTINUED)		
(a) Reconciliations (Continued)		
<i>Total property, plant and equipment</i>		
Carrying amount at 1 July	3,773,182	3,548,758
Additions	92,785	374,900
Disposals	(15,866)	(11,097)
Depreciation expense	(189,828)	(139,379)
Carrying amount at 30 June	<u>3,660,273</u>	<u>3,773,182</u>
 NOTE 12: PAYABLES		
CURRENT		
<i>Unsecured liabilities</i>		
Trade creditors	82,289	98,266
Unearned lease incentive	-	2,667
Sundry creditors and accruals	<u>305,642</u>	<u>250,564</u>
	<u>387,931</u>	<u>351,497</u>
 NON CURRENT		
Contingent consideration	<u>30,181</u>	<u>94,233</u>
 NOTE 13: BORROWINGS		
CURRENT		
<i>Unsecured liabilities</i>		
Bank overdraft	-	143
Finance lease liability	<u>75,364</u>	<u>19,866</u>
	<u>75,364</u>	<u>20,009</u>
 <i>Secured liabilities</i>		
Bank loans	<u>2,500,000</u>	<u>2,500,000</u>
	<u>2,575,364</u>	<u>2,520,009</u>
 NON CURRENT		
<i>Unsecured liabilities</i>		
Finance lease liability	<u>81,267</u>	<u>42,719</u>

STREAT LIMITED AND ITS CONTROLLED ENTITY
ABN 96 134 906 933

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 14: PROVISIONS		
CURRENT		
Employee benefits	<u>138,894</u>	<u>115,551</u>
NON CURRENT		
Employee benefits	<u>12,304</u>	<u>15,814</u>
 NOTE 15: INCOME TAX		
(a) Components of tax expense		
Current tax	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
 (b) Prima facie tax payable		
The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:		
Prima facie income tax payable on profit before income tax at 27.5% (2017: 27.5%)		
	(8,376)	(43,299)
Add tax effect of:		
- Prepayments	-	2,171
Tax losses not brought to account	<u>8,376</u>	<u>41,128</u>
	<u>8,376</u>	<u>43,299</u>
Income tax expense attributable to profit	<u>-</u>	<u>-</u>
 (c) Current tax		
Current tax relates to the following:		
<i>Current tax liabilities</i>		
Opening balance	-	(2,572)
Tax payments	-	2,582
Over provisions	-	(10)
Current tax liabilities/ (assets)	<u>-</u>	<u>-</u>

STREAT LIMITED AND ITS CONTROLLED ENTITY
ABN 96 134 906 933

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 15: INCOME TAX (CONTINUED)		
(d) Deferred tax assets not brought to account		
Operating tax losses	-	98,389
	<u>-</u>	<u>(98,389)</u>

STREAT Enterprises Pty Ltd has tax losses for which no deferred tax asset is recognised on the balance sheet. No accumulated losses (2017: \$98,389) may be available against further income, subject to tax legislation.

NOTE 16: OTHER LIABILITIES

CURRENT

Deferred income	14,104	4,355
Grants received in advance	<u>209,166</u>	<u>123,560</u>
	<u>223,270</u>	<u>127,915</u>

NON CURRENT

Deferred lease contribution	<u>2,123,487</u>	<u>2,166,797</u>
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NOTE 17: ACCUMULATED SURPLUS

Accumulated surplus at beginning of year	1,069,722	1,268,561
Net (loss)/gain	(30,460)	(155,122)
Transfers from / (to) reserves	<u>-</u>	<u>(43,717)</u>
	<u>1,039,262</u>	<u>1,069,722</u>

NOTE 18: BUSINESS COMBINATIONS

On 12 December 2016, STREAT Limited acquired 50% of the STREAT Enterprises Pty Ltd.

Details of the purchase consideration

	\$
Consideration paid	<u>94,232</u>
Total purchase consideration	<u>94,232</u>

STREAT LIMITED AND ITS CONTROLLED ENTITY
ABN 96 134 906 933

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 18: BUSINESS COMBINATIONS (CONTINUED)

Contingent consideration

Consideration for the acquisition of 50% of the shares in STREAT Enterprises Pty Ltd is to be determined as follows:

1. Profits of the Coffee Roasting business are to be determined by 31 October each year.
2. The profits each year are to be applied to repay the intercompany loan.
3. Once the intercompany loan had been repaid in full, an amount should be retained from the profits until that amount is equal to \$50,000 as working capital.
4. Once the \$50,000 has been retained, 50% of the profits of the Coffee Roasting business is paid to the shareholders as part payment of the purchase price until June 2021 or until the purchase price of \$300,000 is paid in full (whichever occurs earlier).

As at 30 June 2018, management has estimated the amount of contingent consideration to be paid of \$30,181. As such the contingent consideration of \$94,232 was revalued to fair value resulting in a gain on revaluation of \$64,052.

Assets and liabilities acquired

Assets and liabilities acquired as a result of the business combination were:

	Recognised on acquisition at fair value \$
Assets and liabilities held at acquisition date:	
- Trade receivables	3,642
- Inventories	7,408
- Property, plant and equipment	28,320
- Other assets	151
- Trade creditors	(4,253)
- Other liabilities	(66,042)
- Cash	4,944
- Intangible assets	<u>20,300</u>
Net identifiable assets acquired	(5,530)
Add: Goodwill	<u>99,762</u>
Total purchase consideration	<u><u>94,232</u></u>

Contribution achieved in stages

STREAT Enterprises already held 50% of the shares in STREAT Limited Pty Ltd, prior to the acquisition of the remaining 50% of shares on 12 December 2016.

STREAT LIMITED AND ITS CONTROLLED ENTITY
ABN 96 134 906 933

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 19: KEY MANAGEMENT PERSONNEL COMPENSATION		
Compensation received by key management personnel of the Registered Entity		
- Total compensation	<u>204,650</u>	<u>138,472</u>
	<u>204,650</u>	<u>138,472</u>

NOTE 20: RELATED PARTY TRANSACTIONS

(a) Transactions with related party

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

NOTE 21: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no other matter or circumstance, which has arisen since 30 June 2018 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2018, of the Registered Entity, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2018, of the Registered Entity.

NOTE 22: CAPITAL AND LEASING COMMITMENTS

(a) Finance leasing commitments

Payable		
- not later than one year	82,278	18,252
- later than one year and not later than five years	<u>83,940</u>	<u>50,572</u>
Minimum lease payments	166,218	68,824
Less future finance charges	<u>(9,587)</u>	<u>(6,239)</u>
Total finance lease liability	<u>156,631</u>	<u>62,585</u>
Represented by:		
Current liability	75,364	19,866
Non-current liability	<u>81,267</u>	<u>42,719</u>
	<u>156,631</u>	<u>62,585</u>

STREAT LIMITED AND ITS CONTROLLED ENTITY
ABN 96 134 906 933

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 22: CAPITAL AND LEASING COMMITMENTS (CONTINUED)		
(b) Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Payable		
- not later than one year	114,130	8,016
- later than one year and not later than five years	411,214	-
- later than five years	<u>201</u>	<u>-</u>
	<u>525,545</u>	<u>8,016</u>

The property lease commitments are non-cancellable operating leases contracted for but not capitalised in the financial statements with a five-year term. Increase in lease commitments may occur in line with CPI.

NOTE 23: MEMBERS' GUARANTEE

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute to a maximum of \$100 each towards meeting any outstandings and obligations of the Company. At 30 June 2018 the number of members was 6. The combined total amount that members of the Company are liable to contribute if the Company is wound up is \$600.

NOTE 24: CONTINGENT LIABILITIES AND ASSETS

The Directors are not aware of any material contingent liabilities and assets as at 30 June 2018 (2017: Nil).

STREAT LIMITED AND ITS CONTROLLED ENTITY
ABN 96 134 906 933

DIRECTORS' DECLARATION

The directors declare that:

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

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

Director: _____


Jacob Spencer

Director: _____


Rebecca Scott

Dated this

17th

day of

December,

2018

**STREAT LIMITED AND ITS CONTROLLED ENTITY
ABN 96 134 906 933**

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF STREAT LIMITED AND CONTROLLED ENTITY**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of STREAT Limited and Controlled Entity, "the Registered Entity", which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (a) giving a true and fair view of the Registered Entity's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements 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 Registered Entity in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* "ACNC Act" and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Material Uncertainty related to Going Concern

Without modifying our opinion, we draw attention to Note 1 (b) in the financial report which indicates that STREAT Limited and its Controlled Entity incurred a net loss of \$30,460 during the year ended 30 June 2018 and, as of that date the registered entity's current liabilities exceeded its current assets by \$2,534,401. As stated in Note 1 (b), these events and conditions, along with other matters set forth in Note 1 (b), indicate that a material uncertainty exists that may cast significant doubt on the registered entity's ability to continue as a going concern.

**STREAT LIMITED AND ITS CONTROLLED ENTITY
ABN 96 134 906 933**

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF STREAT LIMITED AND CONTROLLED ENTITY**

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Registered Entity's director's report for the year ended 30 June 2018, 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.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the *ACNC Act* and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Registered Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Registered Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Registered Entity's financial reporting process.

**STREAT LIMITED AND ITS CONTROLLED ENTITY
ABN 96 134 906 933**

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF STREAT LIMITED AND CONTROLLED ENTITY**

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 Registered 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 Registered 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 Registered 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.

**STREAT LIMITED AND ITS CONTROLLED ENTITY
ABN 96 134 906 933**

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF STREAT LIMITED AND CONTROLLED ENTITY**

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

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



N R Bull
Partner

Date 17th December 2018



PITCHER PARTNERS

Melbourne

