

# **PITCHER PARTNERS**

**STREAT Limited and  
Controlled Entity**

**ABN 96 134 906 933**

Consolidated Financial report  
For the year ended 30 June 2016

Pitcher Partners  
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## TABLE OF CONTENTS

Directors' report	1 - 6
Auditor's independence declaration	7
Financial report	
Consolidated statement of profit or loss and other comprehensive income	8
Consolidated statement of financial position	9
Consolidated statement of changes in equity	10
Consolidated statement of cash flows	11
Notes to financial statements	12 - 29
Directors' declaration	30
Independent auditor's report	31 - 32

**STREAT LIMITED AND CONTROLLED ENTITY**

**ABN 96 134 906 933**

**DIRECTORS' REPORT**

The directors present their report together with the financial report of the company, being STREAT Limited "the company" and its controlled entity "the group", for the year ended 30 June 2016 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:

Dawn O'Neil (Chair)

Rebecca Scott

Kate Barrelle

Dianna Butterworth

Paul Breen

Brian Williams

Philip Martin (Resigned 19 November 2015)

Col Duthie (Appointed 5 December 2016)

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

**Principal activities**

The principal activity of the 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.

**Significant changes in state of affairs**

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

**After balance date events**

In August 2016, STREAT Enterprises Pty Ltd "the controlled entity" entered into an agreement to sell its Remington cafe business, which was successfully settled in September 2016.

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 company, the results of those operations, or the state of affairs of the company in future financial years.

## **STREAT LIMITED AND CONTROLLED ENTITY**

**ABN 96 134 906 933**

### **DIRECTORS' REPORT**

#### **Short-term and long-term objectives and strategies**

The company's short-term objectives are to:

- Provide holistic support to ensure that the young people within STREAT's care improve their wellbeing and have a healthy life, job and home.
- Engage a wide range of stakeholders, including individual customers, corporates, social support services, community organisations, funders and governments, to partner with STREAT in stopping youth homelessness.
- Grow STREAT's new Cromwell flagship facility with a tripling of the site's revenue over the coming three years.
- Continue to expand the group's business operations to reach the point of financial self-sufficiency.

The company's long-term objectives are to:

- Expand both the number of youth STREAT 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 impact whilst being financially sustainable through its business revenues.
- Expand STREAT's Victorian operations into new areas of youth need, specifically the Dandenong and Brimbank regions.
- Further increase STREAT'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 company has adopted the following strategies:

- The group 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 group believes that attracting and retaining quality staff and volunteers will assist with the success of the group in both the short and long term.
- The group engages a wide range of stakeholders to support the group's projects and initiatives. This includes raising awareness and understanding of the issues of youth homelessness and disadvantage and STREAT's work to address it.
- The group is committed to continuous improvement and monitors and evaluates its progress and outcomes.
- The group'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

**STREAT LIMITED AND CONTROLLED ENTITY**

**ABN 96 134 906 933**

**DIRECTORS' REPORT**

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

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 group.

**Information on directors**

**Dawn O'Neil (Chair)**

Chair, Director

Qualifications

Master of Business Administration

Experience

Non-profit consultant. Previous roles include being former CEO of Lifeline Australia and Beyond Blue.

**Rebecca Scott**

Director, Company Secretary, Member of Finance & Audit Committee, Co-founder

Qualifications

Master of International and Community Development

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. In 2014, completed PhD in 2014 on terrorism and radicalisation process and currently consults to agencies and programs on this subject.

**Dianna Butterworth**

Director, Chair of the Finance & Audit Committee

Qualifications

Bachelor of Commerce, Chartered Accountant, Senior Associate, Finsia

Experience

Director of LDB Financial

**Paul Breen**

Director

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.

**Brian Williams**

Director

Qualifications

Grad Dip Education

Experience

Founder and Managing Director of Bastion S&GO. Previous roles include Chief of Staff to a range of Victorian government Ministers, union official and manager of various children's services and Government Relations Manager of AFL.

**STREAT LIMITED AND CONTROLLED ENTITY**

**ABN 96 134 906 933**

**DIRECTORS' REPORT**

**Information on directors (Continued)**

<b>Philip Martin</b>	Director, Member of the Finance & Audit Committee (Resigned 19 November 2015)
Qualifications	Bachelor of Laws, Masters of Laws
Experience	Senior legal management including 10 years as 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.
<b>Col Duthie</b>	Director (Appointed 5 December 2016)
Qualifications	Bachelor of Science, Graduate of Australia Institute of Company Directors
Experience	Various social purpose board memberships, including Chair of Donkey Wheel and Ethical Property Commercial Ltd.

**Meetings of directors**

<b>Directors</b>	<b>Directors' meetings</b>		<b>Finance &amp; Audit committee meetings</b>	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Dawn O'Neil (Chair)	6	6		
Rebecca Scott	6	6	5	4
Kate Barrelle	6	4		
Dianna Butterworth	6	5	5	5
Paul Breen	6	5		
Brian Williams	6	5	5	4
Philip Martin	2	2		
Col Duthie				

**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 2016 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.

**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.

## STREAT LIMITED AND CONTROLLED ENTITY

ABN 96 134 906 933

### DIRECTORS' REPORT

#### Key performance indicators

To help evaluate whether the activities the company established during the year have achieved its short-term and long-term objectives, the company uses the following key performance indicators to measure, analyse and monitor its performance:

#### KPI

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 we have had a total of 148 young people in STREAT's various programs:

- Tasters - 49 youth
- Entree - 32 youth
- Main Course - 54 youth
- Dessert - 6 youth
- STREAT Employment - 1 young person
- STREAT's Ahead - 6 youth

We are delivering a full program suite with program types:

#### Tasters

The Taster programs introduce a group of young people to coffee. They are a great introduction to STREAT and hospitality, and can be a pre-cursor to our Entree and Main Course programs. Participants learn about the origins of coffee and coffee roasting, and then learn to make coffees on a commercial espresso machine.

#### Entree

The Entrée program is for young people wanting to access unpaid hospitality-focused work experience. It may be required as part of another course or program, or the young person may just want to give working with food or coffee a try before committing to a longer program.

#### Main Course

This is a 17 week program involving individual case support (including support from specialist service providers for drug and alcohol abuse, mental health, housing, legal), a life skills program, obtaining a Certificate II Kitchen Operations, on-the-job training and mentoring within STREAT's portfolio of hospitality businesses, involvement in creative projects and social activities.

#### Dessert

A creative arts program in which young people collaborate with a range of creative professionals to tell their stories, positively express themselves and write their future stories. The outcomes of these collaborations can include written stories, artwork, film, plays and songs.

#### STREAT's Ahead

A program supporting the transition of STREAT graduates into open employment. Our current partners in this program are the Fonda Mexican chain, and we will now start expansion of this program beyond them.

**STREAT LIMITED AND CONTROLLED ENTITY**

**ABN 96 134 906 933**

**DIRECTORS' REPORT**

Signed on behalf of the board of directors.

Director.

ianna Butterworth

Director.

Rebecca Scott

Dated this zri d day of p cervi be e. 2016



STREAT LIMITED AND CONTROLLED ENTITY

ABN 96 134 906 933

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 2016, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*; and
- (ii) No contraventions of any applicable code of professional conduct.

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

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PITCHER PARTNERS  
Melbourne

Date: *au 1 eu,,,b44 clott*

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

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	Note	2016 \$	2015 \$
Trade revenue	4	2,269,957	1,978,763
Cost of sales		<u>(655,560)</u>	<u>(609,789)</u>
Gross profit		1,614,397	1,368,974
<b>Other revenue</b>			
Interest income	4	3,180	12,496
Other revenue	4	75,558	59,149
Donations and grants	4	1,566,373	1,329,516
<b>Less: expenses</b>			
Depreciation and amortisation expense		(70,834)	(70,800)
Employee benefits expense		(1,816,685)	(1,779,604)
Occupancy expense		(228,624)	(200,831)
Advertising expense		(66,211)	(25,699)
Other expenses		<u>(322,942)</u>	<u>(317,728)</u>
		<u>(2,505,296)</u>	<u>(2,394,662)</u>
<b>Profit before income tax expense</b>		754,212	375,473
Income tax expense	15		
<b>Net profit from continuing operations</b>		<u>754,212</u>	<u>375,473</u>
Net loss before tax from discontinued operations	9	<u>(109,297)</u>	<u>(58,196)</u>
<b>Profit for the year</b>		<u>644,915</u>	<u>317,277</u>
<b>Profit is attributable to:</b>			
- Members of the parent entity		708,277	396,549
- Non-controlling interests		<u>(63,362)</u>	<u>(79,272)</u>
		644,915	<u>317,277</u>
<b>Total comprehensive income is attributable to:</b>			
- Members of the parent entity		708,277	396,549
- Non-controlling interests		<u>(63,362)</u>	<u>(79,272)</u>
		644,915	<u>317,277</u>

The accompanying notes form part of these financial statements.

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2016**

	Note	2016	2015
		\$	\$
<b>Current assets</b>			
Cash and cash equivalents	5	259,181	643,835
Receivables	6	51,438	73,815
Inventories	7	74,443	42,672
Current tax assets	15	2,572	
Other assets	8	99,640	114,080
Assets and liabilities classified as held for sale	9	85,000	97,116
<b>Total current assets</b>		<u>572,274</u>	971,518
<b>Non-current assets</b>			
Intangible assets	10	2,294,704	2,341,204
Plant and equipment	11	3,593,034	534,234
<b>Total non-current assets</b>		<u>5,887,738</u>	2,875,438
<b>Total assets</b>		<u>6,460,012</u>	<u>3,846,956</u>
<b>Current liabilities</b>			
Payables	12	406,379	308,842
Borrowings	13	2,250,332	24,378
Provisions	14	63,606	79,185
Current tax liabilities	15		8,252
Other liabilities	16	175,000	425,433
<b>Total current liabilities</b>		2,895,317	846,090
<b>Non-current liabilities</b>			
Payables	12	2,667	10,667
Borrowings	13	28,968	38,916
Provisions	14	4,635	1,857
Other liabilities	16	2,213,897	2,260,997
<b>Total non-current liabilities</b>		2,250,167	<u>2,312,437</u>
<b>Total liabilities</b>		5,145,484	<u>3,158,527</u>
<b>Net assets</b>		<u>1,314,528</u>	<u>688,429</u>
<b>Equity</b>			
Accumulated surplus	17	1,327,837	<u>619,560</u>
<b>Equity attributable to members of STREAT Limited</b>		1,327,837	619,560
Non-controlling interests	18	<u>(13,309)</u>	<u>68,869</u>
<b>Total equity</b>		<u>1,314,528</u>	<u>688,429</u>

The accompanying notes form part of these financial statements.

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	<b>Accumulated surplus</b>	<b>Non- controlling interests</b>	<b>Total equity</b>
	\$	\$	\$
<b>Consolidated</b>			
<b>Balance as at 1 July 2014</b>	223,011	148,141	371,152
Profit/(loss) for the year	<u>396,549</u>	<u>(79,272)</u>	<u>317,277</u>
<b>Total comprehensive income for the year</b>	<u>396,549</u>	<u>(79,272)</u>	<u>317,277</u>
<b>Balance as at 1 July 2015</b>	619,560	68,869	688,429
Profit / (Loss) for the year	<u>708,277</u>	<u>(63,362)</u>	<u>644,915</u>
<b>Total comprehensive income for the year</b>	<u>708,277</u>	<u>(63,362)</u>	644,915
<b>Transactions with owners in their capacity as owners:</b>			
Dividends		<u>(18,816)</u>	<u>(18,816)</u>
<b>Total transactions with owners in their capacity as owners</b>		<u>(18,816)</u>	<u>(18,816)</u>
<b>Balance as at 30 June 2016</b>	<u>1,327,837</u>	<u>(13,309)</u>	1,314,528

The accompanying notes form part of these financial statements.

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	Note	2016	2015
		\$	\$
<b>Cash flow from operating activities</b>			
Receipts from customers		2,769,827	2,398,186
Payments to suppliers and employees		(3,590,483)	(3,455,181)
Interest received		3,180	12,496
Income tax paid		<u>(643)</u>	<u>(2,565)</u>
<b>Net cash used in operating activities</b>		<u>(818,119)</u>	<u>(1,047,064)</u>
<b>Cash flow from investing activities</b>			
Payment for property, plant and equipment		<u>(3,079,665)</u>	<u>(217,053)</u>
<b>Net cash used in investing activities</b>		<u>(3,079,665)</u>	<u>(217,053)</u>
<b>Cash flow from financing activities</b>			
Proceeds from borrowings		2,216,006	34,568
Dividends paid		(18,816)	
Grants and donations received		1,315,940	1,200,449
<b>Net cash provided by financing activities</b>		<u>3,513,130</u>	1,235,017
<b>Reconciliation of cash</b>			
Cash at beginning of the financial year		643,835	672,935
Net decrease in cash held		<u>(384,654)</u>	<u>(29,100)</u>
<b>Cash at end of financial year</b>		<u>259,181</u>	643,835

The accompanying notes form part of these financial statements.

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

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

The following is a summary of the material accounting policies adopted by the company 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*

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

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

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**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.

The group 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 remaining redevelopment of the Cromwell property and repayment of borrowings for this redevelopment. The group 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.

Additionally, Management has extended its existing financing facilities, disclosed in Note 13, with the financiers until 31 March 2017, and is in the process of agreeing a further long term refinancing. This situation indicates the existence of a material uncertainty that may cast significant doubt on the group's ability to continue as a going concern and therefore, the group may be unable to realise its assets and discharge its liabilities in the normal course of business.

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.

**(c) 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.

**STREAT LIMITED AND CONTROLLED ENTITY**

**ABN 96 134 906 933**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(d) Principles of consolidation**

The consolidated financial statements are those of the consolidated entity ("the company"), comprising the financial statements of the parent entity and all of the entities the parent controls. The company 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 subsidiaries 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. Subsidiaries are consolidated from the date on which control is transferred to the company and are de-recognised from the date that control ceases.

Equity interests in a subsidiary not attributable, directly or indirectly, to the company are presented as non-controlling interests. Non-controlling interests in the result of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position respectively.

**(e) 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 recognised when it becomes receivable on a proportional basis taking in to account the interest rates applicable to the financial assets.

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

**(f) Contributions - Government Grants and Donations**

A non-reciprocal contribution or grant is recognised when the 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 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 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 CONTROLLED ENTITY**

**ABN 96 134 906 933**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**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*

The depreciable amount of all plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held ready for use.

<b>Class of fixed asset</b>	<b>Depreciation rates</b>	<b>Depreciation basis</b>
Plant, equipment and motor vehicles	10 - 33.33%	Diminishing value
Office fit out	10%	Diminishing value
Improvements at cost	10%	Diminishing value
Computer equipment at cost	20-33.33%	Diminishing value
Hospitality equipment at cost	10%	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 company 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 and 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 company 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.

*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 CONTROLLED ENTITY**  
**ABN 96 134 906 933**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(i) Financial instruments**

*Classification*

The company 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 were acquired. Management determines the classification of its financial instruments at initial recognition.

*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 group 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) Employee benefits**

*(0 Short-term employee benefit obligations*

Liabilities arising in respect of wages and salaries, annual leave, accumulated sick 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 consolidated statement of financial position.

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

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(j) Employee benefits (Continued)**

*(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 have maturity dates that approximate the terms of the obligations. 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.

**(k) 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 consolidated statement of financial position are shown inclusive of GST.

Cash flows are presented in the consolidated 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.

**(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 asset of \$2,572 at 30 June 2016.

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.

**(m) 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.

**STREAT LIMITED AND CONTROLLED ENTITY**

**ABN 96 134 906 933**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(n) Comparatives**

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

**NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

*(a) Impairment of goodwill*

Goodwill is allocated to cash generating units (CGU's) according to applicable business operations. 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 period of 5 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 2.5% for cash flows in years one to five and a discount rate of 12.0% 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 are currently in compliance with conditions of the lease, management do not deem this right to occupy land as impaired as at 30 June 2016.

*(c) Income tax*

Income tax benefits are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the company 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 if management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

**STREAT LIMITED AND CONTROLLED ENTITY**

**ABN 96 134 906 933**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

	<b>2016</b>	<b>2015</b>
	\$	\$
<b>NOTE 3: PARENT ENTITY DETAILS</b>		
Summarised presentation of the parent entity, STREAT Limited, financial statements:		
<b>(a) Summarised consolidated statement of financial position</b>		
<b>Assets</b>		
Current assets	661,870	855,424
Non-current assets	<u>5,828,834</u>	<u>2,868,996</u>
Total assets	<u>6,490,704</u>	<u>3,724,420</u>
<b>Liabilities</b>		
Current liabilities	2,880,419	797,820
Non-current liabilities	<u>2,250,155</u>	<u>2,312,437</u>
Total liabilities	5,130,574	3,110,257
Net assets	<u>1,360,130</u>	<u>614,163</u>
<b>Equity</b>		
Accumulated surplus	<u>1,360,130</u>	614,163
Total equity	<u>1,360,130</u>	<u>614,163</u>
<b>(b) Summarised consolidated statement of profit or loss and other comprehensive income</b>		
Profit for the year	745,986	409,043
Other comprehensive income for the year		
Total comprehensive income for the year	<u>745,986</u>	<u>409,043</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 2016, 5-TREAT Limited did not have a share in any contingent liability (2015: Nil).

**(e) Parent entity contractual commitments**

At 30 June 2016, STREAT Limited has the contractual commitments outlined at Note 23.

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

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	<b>2016</b>	<b>2015</b>
	\$	\$
<b>NOTE 4: REVENUE AND OTHER INCOME</b>		
<b>Sales revenue</b>		
Trade revenue	2,269,957	1,978,763
<b>Other revenue</b>		
Interest income	3,180	12,496
Donations and grants	1,566,373	1,329,516
Other revenue	75,558	<u>59,149</u>
	<u>1,645,111</u>	1,401,161
	<u>3,915,068</u>	<u>3,379,924</u>

**NOTE 5: CASH AND CASH EQUIVALENTS**

Cash on hand	4,425	8,002
Cash at bank	254,756	635,833
	<u>259,181</u>	643,835

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.

**NOTE 6: RECEIVABLES**

CURRENT

Trade debtors	49,481	73,815
Other receivables	1,957	
	51,438	73,815

**NOTE 7: INVENTORIES**

CURRENT

*At cost*

Inventory	<u>74,443</u>	<u>421,672</u>
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**NOTE 8: OTHER ASSETS**

CURRENT

Prepayments	19,074	33,214
Other current assets	80,566	80,866
	<u>99,640</u>	114,080

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

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	<b>2016</b>	<b>2015</b>
	\$	\$

**NOTE 9: ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE**

On 9 August 2016, STREAT Enterprises entered into an agreement to sell the Flemington cafe business for consideration of \$85,000 payable on settlement. Settlement successfully occurred on 12 September 2016. At 30 June 2016, management had fully committed to the plan to sell the Flemington cafe and were actively seeking a vendor.

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

**(a) Cash flow information**

Net cash used in operating activities	(101,871)	(45,726)
Net cash used in investing activities	(46,725)	(10,499)
Net cash provided by financing activities	148,596	<u>54,769</u>
Net cash flow		<u>(1,456)</u>

**(b) Carrying amounts of assets and liabilities**

*Assets*

Property, plant and equipment	45,600	57,116
Intangible assets	<u>39,400</u>	<u>40,000</u>
	85,000	<u>97,116</u>
Net assets attributable to discontinued operations	85,000	97,116

**(c) Details of division disposed**

Cash consideration received post balance date	85,000	
Less assets disposed of	<u>(85,000)</u>	
Profit on disposal of discontinued operations		

**NOTE 10: INTANGIBLE ASSETS**

Goodwill at cost	<u>80,600</u>	<u>80,000</u>
	80,600	80,000
Right to occupy Cromwell Property	2,350,000	2,350,000
Accumulated amortisation	<u>(135,896)</u>	<u>(88,796)</u>
	2,214,104	<u>2,261,204</u>
Total intangible assets	<u>2,294,704</u>	<u>2,341,204</u>

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

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	<b>2016</b>	<b>2015</b>
	\$	\$
<b>NOTE 11: PLANT AND EQUIPMENT</b>		
<b>Plant and equipment</b>		
Leasehold improvements at cost	<u>3,328,350</u>	<u>306,026</u>
	3,328,350	306,026
Motor vehicles at cost	17,655	17,655
Accumulated depreciation	<u>(5,796)</u>	<u>(4,478)</u>
	11,859	13,177
Office equipment at cost	15,153	15,153
Accumulated depreciation	<u>(7,029)</u>	<u>(6,126)</u>
	8,124	9,027
Furniture, fixtures and fittings at cost	110,721	65,287
Accumulated depreciation	<u>(22,756)</u>	<u>(15,090)</u>
	87,965	50,197
Computer equipment at cost	18,057	17,002
Accumulated depreciation	<u>(16,339)</u>	<u>(15,775)</u>
	1,718	1,227
Hospitality equipment at cost	209,849	199,847
Accumulated depreciation	<u>(54,831)</u>	<u>(45,267)</u>
	155,018	<u>154,580</u>
Total property, plant and equipment	<u>3,593,034</u>	<u>534,234</u>
<b>(a) Reconciliations</b>		
<i>Leasehold improvements</i>		
Opening carrying amount	306,026	156,975
Additions	3,022,324	149,051
Closing carrying amount	<u>3,328,350</u>	<u>306,026</u>
<i>Motor vehicles</i>		
Opening carrying amount	13,177	14,641
Depreciation expense	<u>(1,318)</u>	<u>(1,464)</u>
Closing carrying amount	11,859	13,177



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

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	<b>2016</b>	<b>2015</b>
	\$	\$
<b>NOTE 11: PLANT AND EQUIPMENT (CONTINUED)</b>		
<b>(a) Reconciliations (Continued)</b>		
<i>Office equipment</i>		
Opening carrying amount	9,027	10,030
Depreciation expense	<u>(903)</u>	<u>(1,003)</u>
Closing carrying amount	<u>8,124</u>	<u>9,027</u>
<i>Furniture, fixtures and fittings</i>		
Opening carrying amount	50,197	55,774
Additions	45,434	
Depreciation expense	<u>(7,666)</u>	<u>(5,577)</u>
Closing carrying amount	87,965	<u>50,197</u>
<i>Computer equipment</i>		
Opening carrying amount	1,227	1,679
Additions	1,055	
Depreciation expense	<u>(564)</u>	<u>(452)</u>
Closing carrying amount	<u>1,718</u>	<u>1,227</u>
<i>Hospitality equipment</i>		
Opening carrying amount	154,580	165,449
Additions	10,852	68,002
Depreciation expense	(10,414)	(21,755)
Transfer to assets held for sale		<u>(57,116)</u>
Closing carrying amount	<u>155,018</u>	<u>154,580</u>
<i>Total property, plant and equipment</i>		
Carrying amount at 1 July	534,234	404,548
Additions	3,079,665	217,053
Depreciation expense	(20,865)	(30,251)
Transfer to assets held for sale		<u>(57,116)</u>
Carrying amount at 30 June	<u>3,593,034</u>	534,234

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

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	<b>2016</b>	<b>2015</b>
	\$	\$
<b>NOTE 12: PAYABLES</b>		
CURRENT		
<i>Unsecured liabilities</i>		
Trade creditors	263,630	102,422
Unearned lease incentive	8,000	8,000
Sundry creditors and accruals	<u>134,749</u>	<u>198,420</u>
	406,379	308,842
NON CURRENT		
Unearned lease incentive	<u>2,667</u>	<u>10,667</u>
<b>NOTE 13: BORROWINGS</b>		
CURRENT		
<i>Unsecured liabilities</i>		
Finance lease liability	<u>9,948</u>	<u>24,378</u>
<i>Secured liabilities</i>		
Secured loan liability	2,240,384	
	<u>2,250,332</u>	<u>24,378</u>
NON CURRENT		
<i>Unsecured liabilities</i>		
Finance lease liability	<u>28,968</u>	<u>38,916</u>

**STREAT LIMITED AND CONTROLLED ENTITY**

**ABN 96 134 906 933**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

	<b>2016</b>	<b>2015</b>
	\$	\$

**NOTE 13: BORROWINGS (CONTINUED)**

(a)

STREAT Limited and Controlled Entity have access to the following undrawn borrowing facilities:

NAB Business Markets — Flexible Rate Loan	129,808	
SVA Loan Facility	129,808	
	259,616	

The terms of the loan require funds to be drawn down as costs are incurred and paid by STREAT Limited in relation to the 'fit-out' and redevelopment of Cromwell property. The facility may be used only for the redevelopment of the Cromwell property. NAB and SVA are not obliged to provide Drawings under the facility after the Cromwell property completion date.

The loan facility is secured by a registered mortgage over the lease for the Right to Occupy Cromwell Property. The loan facility is secured against all of the present and future rights, property and undertaking of STREAT Limited. Guarantee and Indemnity for \$1,250,000 has been given by STREAT Enterprises Pty Ltd.

Interest is payable commencing on the first drawdown date.

**NOTE 14: PROVISIONS**

CURRENT

Employee benefits	<u>63,606</u>	<u>79,185</u>
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NON CURRENT

Employee benefits	<u>4,635</u>	<u>1,857</u>
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**STREAT LIMITED AND CONTROLLED ENTITY**

ABN 96 134 906 933

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

	<b>2016</b>	<b>2015</b>
	\$	\$
<b>NOTE 15: INCOME TAX</b>		
<b>(a) Components of tax expense</b>		
Current tax		
<b>(b) Prima facie tax payable</b>		
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 30.0% (2014: 30.0%)	193,475	95,183
Add tax effect of:		
- Other non-allowable items	482	
- Prepayments	511	1,274
Tax losses not brought to account	30,652	26,609
	<u>31,645</u>	<u>27,883</u>
Less tax effect of:		
- Permanent differences	224,758	122,704
- S 40-880 deductions	<u>362</u>	<u>362</u>
	<u>225,120</u>	<u>123,066</u>
Income tax expense attributable to profit		
<b>(c) Current tax</b>		
Current tax relates to the following:		
<i>Current tax liabilities</i>		
Opening balance	8,252	10,817
Tax payments	(643)	(2,565)
Over provisions	<u>(10,181)</u>	=
Current tax liabilities/ (assets)	<u>(2,572)</u>	<u>8,252</u>
<b>(d) Deferred tax assets not brought to account</b>		
Operating tax losses	<u>(57,261)</u>	<u>(26,609)</u>
	<u>157,261</u>	<u>(26,609)</u>

The entity has tax losses for which no deferred tax asset is recognised on the balance sheet. Accumulated losses of \$57,261 (2015: \$26,609) may be available against further income, subject to tax legislation.

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

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	<b>2016</b>	<b>2015</b>
	\$	\$
<b>NOTE 16: OTHER LIABILITIES</b>		
CURRENT		
Grants received in advance	<u>175,000</u>	<u>425,433</u>
NON CURRENT		
Deferred lease contribution	<u>2,213,897</u>	<u>2,260,997</u>
<b>NOTE 17: ACCUMULATED SURPLUS</b>		
Accumulated surplus at beginning of year	619,560	223,011
Net gain	708,277	396,549
	<u>1,327,837</u>	<u>619,560</u>
<b>NOTE 18: NON-CONTROLLING INTERESTS</b>		
Non-controlling interest	5,507	68,869
Dividends paid	<u>(18,816)</u>	
	<u>(13,309)</u>	<u>68,869</u>
<b>NOTE 19: KEY MANAGEMENT PERSONNEL COMPENSATION</b>		
Compensation received by key management personnel of the company		
- Total compensation	<u>140,000</u>	140,000
	140,000	140,000

**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.

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

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 21: EVENTS SUBSEQUENT TO REPORTING DATE**

On 9 August 2016, STREAT Enterprises Pty Ltd entered into an agreement to sell its Flemington cafe business for consideration of \$85,000 payable on settlement. Settlement successfully occurred on 12 September 2016.

There has been no other matter or circumstance, which has arisen since 30 June 2016 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2016, of the company, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2016, of the company.

	2016	2015
	\$	\$
<b>NOTE 22: CAPITAL AND LEASING COMMITMENTS</b>		
<b>(a) Finance leasing commitments</b>		
Payable		
- not later than one year	16,497	28,337
- later than one year and not later than five years	<u>27,351</u>	<u>43,847</u>
Minimum lease payments	43,848	72,184
Less future finance charges	<u>(4,932)</u>	<u>(8,891)</u>
Total finance lease liability	38,916	63,293
Represented by:		
Current liability	9,948	24,378
Non-current liability	28,968	38,915
	38,916	63,293

**(b) Operating lease commitments**

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

Payable		
- not later than one year	119,660	133,099
- later than one year and not later than five years	8,016	89,714
	127,676	222,813

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.

**STREAT LIMITED AND CONTROLLED ENTITY**

**ABN 96 134 906 933**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**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 2016 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 2016 (2015: Nil)

**STREAT LIMITED AND CONTROLLED ENTITY**

**ABN 96 134 906 933**

**DIRECTORS' DECLARATION**

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 8 - 29, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*; and
  - (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulation 2013*; and
  - (b) give a true and fair view of the financial position of the consolidated entity as at 30 June 2016 and its performance for the year ended on that date.
2. In the directors' opinion 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.

Director

Dianna Butterworth

Director

Rebecca Scott

Dated this *22<sup>nd</sup>* day of *December* 2016



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

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

We have audited the accompanying financial report of STREAT Limited "the company" and Controlled Entity "the consolidated entity", which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

*Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act)* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation of the financial report that gives a true and fair view 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 consolidated entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

*Independence*

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

STREAT LIMITED AND CONTROLLED ENTITY

ABN 96 134 906 933

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

*Opinion*

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*.

*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 Controlled Entity are dependent on the continued receipt of income from donations and committed grants, and the successful refinancing of the group's facility with its financiers. These matters and those set out in Note 1(b), indicates the existence of a material uncertainty that may cast significant doubt on the group's ability to continue as a going concern and therefore, the group may be unable to realise its assets and discharge its liabilities in the normal course of business.

PITCHER PARTNERS

Melbourne

Date a.2. Oectik 12.g./ 201,1