



**STREAT Limited and its  
controlled entity**

**ABN 96 134 906 933**

Financial report  
For the year ended 30 June 2017

**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 2017 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 (Appointed 26 June 2017)

Col Duthie (Appointed 5 December 2016)

Dianna Butterworth (Resigned 13 November 2017)

Dawn O'Neil (Resigned 30 June 2017)

Paul Breen (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**

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

We are aiming to support 365 young people each year by 2019.

Performance:

Over the last year we have worked with a total of 346 young people across our various programs:

- Outreach - 177 young people
- Tasters - 74 youth
- Entree - 39 youth
- Main Course - 47 youth
- STREAT Employment - 1 young person
- STREAT's Ahead - 8 youth

We delivered the following suite of programs:

**Outreach**

A sports program working with local police to engage high risk young people.

**Tasters**

The Taster programs introduce a group of young people to coffee. They are a great introduction to the registered entity and hospitality, and can be 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 Entree 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 the registered entity's portfolio of hospitality businesses, involvement in creative projects and social activities.

**STREAT's Ahead**

A program supporting the transition of the registered entity's graduates into open employment. Our current partners in this program are the Fonda Mexican chain, Epicure and the Riverland Group.

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**DIRECTORS' REPORT**

**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**

<b>Jane Burns (Chair)</b>	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.
<b>Rebecca Scott</b>	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.
<b>Kate Barrelle</b>	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.
<b>Brian Williams</b>	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.

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**DIRECTORS' REPORT**

**Information on directors (Continued)**

<b>Jacob Spencer</b>	Director, Chair of the Finance & Audit Committee (Appointed 26 June 2017)
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.
<b>Col Duthie</b>	Director (Appointed 5 December 2016)
Qualifications	Maths (UTAS), Graudate 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.
<b>Dawn O'Neil</b>	Director, Chair (Resigned 30 June 2017)
Qualifications	Master of Business Administration
Experience	Non-profit consultant. Previous roles include being former CEO of Lifeline Australia and Beyond Blue
<b>Dianna Butterworth</b>	Director, Chair of the Finance and Audit Committee (Resigned 13 November 2017)
Qualifications	Bachelor of Commerce, Chartered Accountant, Senior Associate, Finsia
Experience	Director of LDB Financial
<b>Paul Breen</b>	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**

**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)	-	-	-	-
Rebecca Scott	9	9	6	6
Kate Barrelle	9	6	-	-
Brian Williams	9	7	6	5
Jacob Spencer	1	1	-	-
Col Duthie	6	5	-	-
Dianna Butterworth	9	8	6	6
Dawn O'Neil	9	8	-	-
Paul Breen	9	6	-	-

**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 2017 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.

Signed on behalf of the Board of Directors.

Director: \_\_\_\_\_

Jacob Spencer

Director: \_\_\_\_\_

Rebecca Scott

Dated this 29 day of January 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 2017, 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: 30 January 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 2017**

	Note	2017 \$	2016 \$
Trade revenue	4	2,314,013	1,727,995
Cost of sales		<u>(655,618)</u>	<u>(519,250)</u>
Gross profit		1,658,395	1,208,745
<b>Other revenue</b>			
Interest income	4	2,044	3,180
Other revenue	4	56,055	75,558
Donations and grants	4	1,498,307	1,551,007
<b>Less: expenses</b>			
Depreciation and amortisation expense		(184,263)	(72,936)
Employee benefits expense		(2,395,840)	(1,536,542)
Occupancy expense		(57,403)	(172,453)
Repairs and maintenance expense		(19,213)	(8,775)
Advertising expense		(36,252)	(66,211)
Youth programs		(7,502)	(2,570)
Interest paid		(130,206)	(36,460)
Consultancy fees		(86,238)	(70,495)
Goodwill impairment		(139,765)	-
Other expenses		<u>(315,114)</u>	<u>(184,349)</u>
		<u>(3,371,796)</u>	<u>(2,150,791)</u>
<b>Profit / (loss) before income tax expense</b>		(156,995)	687,699
Income tax expense	15	<u>-</u>	<u>-</u>
<b>Net profit / (loss) from continuing operations</b>		<u>(156,995)</u>	<u>687,699</u>
Net loss before tax from discontinued operations	9	<u>(28,535)</u>	<u>(102,060)</u>
<b>Profit / (loss) for the year</b>		<u>(185,530)</u>	<u>585,639</u>
<b>Profit / (loss) is attributable to:</b>			
- Members of the parent entity		(155,122)	649,001
- Non-controlling interests		<u>(30,408)</u>	<u>(63,362)</u>
		<u>(185,530)</u>	<u>585,639</u>
<b>Total comprehensive income is attributable to:</b>			
- Members of the parent entity		(155,122)	649,001
- Non-controlling interests		<u>(30,408)</u>	<u>(63,362)</u>
		<u>(185,530)</u>	<u>585,639</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 2017**

	Note	2017 \$	2016 \$
<b>Current assets</b>			
Cash and cash equivalents	5	289,998	259,181
Receivables	6	80,079	51,438
Inventories	7	88,268	74,443
Current tax assets	15	-	2,572
Other assets	8	65,129	99,640
Assets and liabilities classified as held for sale	9	<u>-</u>	<u>85,000</u>
<b>Total current assets</b>		<u>523,474</u>	<u>572,274</u>
<b>Non-current assets</b>			
Intangible assets	10	2,207,601	2,294,704
Plant and equipment	11	<u>3,773,182</u>	<u>3,548,758</u>
<b>Total non-current assets</b>		<u>5,980,783</u>	<u>5,843,462</u>
<b>Total assets</b>		<u>6,504,257</u>	<u>6,415,736</u>
<b>Current liabilities</b>			
Payables	12	351,497	421,379
Borrowings	13	2,520,009	2,250,332
Provisions	14	115,551	63,606
Other liabilities	16	<u>127,915</u>	<u>175,000</u>
<b>Total current liabilities</b>		<u>3,114,972</u>	<u>2,910,317</u>
<b>Non-current liabilities</b>			
Payables	12	94,233	2,667
Borrowings	13	42,719	28,968
Provisions	14	15,814	4,635
Other liabilities	16	<u>2,166,797</u>	<u>2,213,897</u>
<b>Total non-current liabilities</b>		<u>2,319,563</u>	<u>2,250,167</u>
<b>Total liabilities</b>		<u>5,434,535</u>	<u>5,160,484</u>
<b>Net assets</b>		<u>1,069,722</u>	<u>1,255,252</u>
<b>Equity</b>			
Accumulated surplus	17	<u>1,069,722</u>	<u>1,268,561</u>
<b>Equity attributable to members of STREAT Limited</b>		1,069,722	1,268,561
Non-controlling interests	18	<u>-</u>	<u>(13,309)</u>
<b>Total equity</b>		<u>1,069,722</u>	<u>1,255,252</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 2017**

	Note	Contributed equity \$	Accumulated surplus \$	Non- controlling interests \$	Total equity \$
<b>Balance as at 1 July 2015</b>		-	619,560	68,869	688,429
Profit/(loss) for the year		-	<u>649,001</u>	<u>(63,362)</u>	<u>585,639</u>
<b>Total comprehensive income for the year</b>		-	<u>649,001</u>	<u>(63,362)</u>	<u>585,639</u>
<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>1,268,561</u>	<u>(13,309)</u>	<u>1,255,252</u>
<b>Balance as at 1 July 2016</b>		-	1,268,561	(13,309)	1,255,252
Profit / (Loss) for the year		-	<u>(155,122)</u>	<u>(30,408)</u>	<u>(185,530)</u>
<b>Total comprehensive income for the year</b>		-	<u>(155,122)</u>	<u>(30,408)</u>	<u>(185,530)</u>
Transfers		-	<u>(43,717)</u>	<u>43,717</u>	-
<b>Balance as at 30 June 2017</b>		-	<u>1,069,722</u>	<u>-</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 CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017 \$	2016 \$
<b>Cash flow from operating activities</b>			
Receipts from customers		2,551,901	2,769,827
Payments to suppliers and employees		(3,911,300)	(3,590,483)
Interest received		2,044	3,180
Income tax received/(paid)		<u>2,582</u>	<u>(643)</u>
<b>Net cash used in operating activities</b>		<u>(1,354,773)</u>	<u>(818,119)</u>
<b>Cash flow from investing activities</b>			
Payment for property, plant and equipment		(374,898)	(3,079,665)
Net proceeds from the sale of the Flemington Cafe		<u>77,293</u>	<u>-</u>
<b>Net cash used in investing activities</b>		<u>(297,605)</u>	<u>(3,079,665)</u>
<b>Cash flow from financing activities</b>			
Proceeds from borrowings		283,428	2,216,006
Dividends paid		-	(18,816)
Grants and donations received		<u>1,399,767</u>	<u>1,315,940</u>
<b>Net cash provided by financing activities</b>		<u>1,683,195</u>	<u>3,513,130</u>
<b>Reconciliation of cash</b>			
Cash at beginning of the financial year		259,181	643,835
Net decrease in cash held		<u>30,817</u>	<u>(384,654)</u>
<b>Cash at end of financial year</b>		<u><u>289,998</u></u>	<u><u>259,181</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 2017**

**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 2017**

**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 \$185,530 during the year ended 30 June 2017 and, as of that date the registered entity's current liabilities exceeded its current assets by \$2,594,498.

The registered entity is dependent on the continued receipt of donations and grants to support its programs. Management has received 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 2017**

**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).



**STREAT LIMITED AND ITS CONTROLLED ENTITY**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**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 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 ITS CONTROLLED ENTITY**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**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.

<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	2.5 - 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 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**  
**ABN 96 134 906 933**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**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**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**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 2017.

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 2017**

**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% (2016: 3%) for cash flows in year two to five and which is based on the historical average and a terminal value growth rate of 12.0% (2016: 12.0%) a discount rate of 3% (2016: 3%) 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 2017.

*(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 2017**

	<b>2017</b>	<b>2016</b>
	\$	\$
<b>NOTE 3: PARENT ENTITY DETAILS</b>		
Summarised presentation of the parent entity, STREAT Limited, financial statements:		
<b>(a) Summarised statement of financial position</b>		
<b>Assets</b>		
Current assets	566,380	661,870
Non-current assets	<u>5,980,783</u>	<u>5,828,834</u>
Total assets	<u>6,547,163</u>	<u>6,490,704</u>
<b>Liabilities</b>		
Current liabilities	3,136,316	2,880,419
Non-current liabilities	<u>2,299,377</u>	<u>2,250,155</u>
Total liabilities	<u>5,435,693</u>	<u>5,130,574</u>
Net assets	<u>1,111,470</u>	<u>1,360,130</u>
<b>Equity</b>		
Accumulated surplus	<u>1,111,470</u>	<u>1,360,130</u>
Total equity	<u>1,111,470</u>	<u>1,360,130</u>
<b>(b) Summarised statement of profit or loss and other comprehensive income</b>		
(Loss)/profit for the year	(233,987)	745,986
Other comprehensive income for the year	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>(233,987)</u>	<u>745,986</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 2017 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 (2016: Nil).

**(e) Parent entity contractual commitments**

At 30 June 2017 STREAT Limited has the contractual commitments outlined at Note 9 and Note 23.

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

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	<b>2017</b>	<b>2016</b>
	\$	\$
<b>NOTE 4: REVENUE AND OTHER INCOME</b>		
<b>Sales revenue</b>		
Trade revenue	2,314,013	1,727,995
<b>Other revenue</b>		
Interest income	2,044	3,180
Donations and grants	1,498,307	1,551,007
Other revenue	<u>56,055</u>	<u>75,558</u>
	<u>1,556,406</u>	<u>1,629,745</u>
	<u><u>3,870,419</u></u>	<u><u>3,357,740</u></u>

**NOTE 5: CASH AND CASH EQUIVALENTS**

Cash on hand	3,773	4,425
Cash at bank	<u>286,225</u>	<u>254,756</u>
	<u><u>289,998</u></u>	<u><u>259,181</u></u>

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	80,079	49,481
Other receivables	<u>-</u>	<u>1,957</u>
	<u><u>80,079</u></u>	<u><u>51,438</u></u>

**NOTE 7: INVENTORIES**

**CURRENT**

*At cost*

Inventory	<u>88,268</u>	<u>74,443</u>
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**STREAT LIMITED AND ITS CONTROLLED ENTITY**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	2017	2016
	\$	\$
<b>NOTE 8: OTHER ASSETS</b>		
CURRENT		
Prepayments	10,308	19,074
Other current assets	<u>54,821</u>	<u>80,566</u>
	<u><u>65,129</u></u>	<u><u>99,640</u></u>

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

On 9 August 2016, STREAT Enterprises Pty Ltd 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.

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:

	2017	2016
	\$	\$
<b>(a) Cash flow information</b>		
Net cash used in operating activities	(15,006)	(68,835)
Net cash used in investing activities	(568)	(46,725)
Net cash provided by financing activities	<u>1,403</u>	<u>163,479</u>
Net cash flow	<u><u>(14,171)</u></u>	<u><u>47,919</u></u>
<b>(b) Carrying amounts of assets and liabilities classified as held for sale</b>		
<i>Assets</i>		
Property, plant and equipment	-	45,600
Intangible assets	<u>-</u>	<u>39,400</u>
	<u>-</u>	<u>85,000</u>
Net assets attributable to discontinued operations	<u><u>-</u></u>	<u><u>85,000</u></u>



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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	<b>2017</b>	<b>2016</b>
	\$	\$
<b>NOTE 9: ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE (CONTINUED)</b>		
<b>(c) Details of division disposed</b>		
Cash consideration received post balance date	-	85,000
Less assets disposed of	<u>-</u>	<u>(85,000)</u>
Profit on disposal of discontinued operations	<u>-</u>	<u>-</u>

**NOTE 10: INTANGIBLE ASSETS**

Goodwill at cost	<u>40,597</u>	<u>80,600</u>
	40,597	80,600
Right to occupy Cromwell Property	2,350,000	2,350,000
Accumulated amortisation	<u>(182,996)</u>	<u>(135,896)</u>
	<u>2,167,004</u>	<u>2,214,104</u>
Total intangible assets	<u><u>2,207,601</u></u>	<u><u>2,294,704</u></u>

**(a) Reconciliations**

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year

*Goodwill at cost*

Opening balance	80,600	-
Additions	99,762	120,000
Impairment	(139,765)	-
Transfer to assets available for sale	<u>-</u>	<u>(39,400)</u>
Closing balance	<u><u>40,597</u></u>	<u><u>80,600</u></u>

*Right to occupy Cromwell Property*

Opening balance	2,214,104	2,261,204
Amortisation expense	<u>(47,100)</u>	<u>(47,100)</u>
Closing balance	<u><u>2,167,004</u></u>	<u><u>2,214,104</u></u>

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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	<b>2017</b>	<b>2016</b>
	\$	\$
<b>NOTE 11: PLANT AND EQUIPMENT</b>		
<b>Plant and equipment</b>		
Leasehold improvements at cost	2,701,615	3,328,350
Accumulated depreciation	<u>(50,655)</u>	<u>-</u>
	2,650,960	3,328,350
Motor vehicles at cost	59,240	17,655
Accumulated depreciation	<u>(9,061)</u>	<u>(5,796)</u>
	50,179	11,859
Office equipment at cost	15,153	15,153
Accumulated depreciation	<u>(7,841)</u>	<u>(7,029)</u>
	7,312	8,124
Furniture, fixtures and fittings at cost	101,035	63,053
Accumulated depreciation	<u>(26,384)</u>	<u>(19,364)</u>
	74,651	43,689
Computer equipment at cost	56,962	18,057
Accumulated depreciation	<u>(18,860)</u>	<u>(16,339)</u>
	38,102	1,718
Hospitality equipment at cost	1,085,532	209,849
Accumulated depreciation	<u>(133,554)</u>	<u>(54,831)</u>
	<u>951,978</u>	<u>155,018</u>
Total property, plant and equipment	<u><u>3,773,182</u></u>	<u><u>3,548,758</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	3,328,350	306,026
Additions	250,535	3,022,324
Depreciation expense	(50,655)	-
Transfers	<u>(877,270)</u>	<u>-</u>
Closing carrying amount	<u><u>2,650,960</u></u>	<u><u>3,328,350</u></u>

**STREAT LIMITED AND ITS CONTROLLED ENTITY**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	2017	2016
	\$	\$
<b>NOTE 11: PLANT AND EQUIPMENT (CONTINUED)</b>		
<b>(a) Reconciliations (Continued)</b>		
<i>Motor vehicles</i>		
Opening carrying amount	11,859	13,177
Additions	41,585	-
Depreciation expense	<u>(3,265)</u>	<u>(1,318)</u>
Closing carrying amount	<u><u>50,179</u></u>	<u><u>11,859</u></u>
<i>Office equipment</i>		
Opening carrying amount	8,124	9,027
Depreciation expense	<u>(812)</u>	<u>(903)</u>
Closing carrying amount	<u><u>7,312</u></u>	<u><u>8,124</u></u>
<i>Furniture, fixtures and fittings</i>		
Opening carrying amount	43,689	50,197
Additions	37,982	45,434
Depreciation expense	(7,020)	(7,666)
Impairment	<u>-</u>	<u>(44,276)</u>
Closing carrying amount	<u><u>74,651</u></u>	<u><u>43,689</u></u>
<i>Computer equipment</i>		
Opening carrying amount	1,718	1,227
Additions	38,905	1,055
Depreciation expense	<u>(2,521)</u>	<u>(564)</u>
Closing carrying amount	<u><u>38,102</u></u>	<u><u>1,718</u></u>
<i>Hospitality equipment</i>		
Opening carrying amount	155,018	154,580
Additions	5,893	10,852
Disposals	(11,097)	-
Depreciation expense	(75,106)	(10,414)
Transfers	<u>877,270</u>	<u>-</u>
Closing carrying amount	<u><u>951,978</u></u>	<u><u>155,018</u></u>

**STREAT LIMITED AND ITS CONTROLLED ENTITY**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	2017	2016
	\$	\$
<b>NOTE 11: PLANT AND EQUIPMENT (CONTINUED)</b>		
<b>(a) Reconciliations (Continued)</b>		
<i>Total property, plant and equipment</i>		
Carrying amount at 1 July	3,548,758	534,234
Additions	374,900	3,079,665
Disposals	(11,097)	-
Depreciation expense	(139,379)	(20,865)
Impairment	-	(44,276)
Carrying amount at 30 June	<u>3,773,182</u>	<u>3,548,758</u>
 <b>NOTE 12: PAYABLES</b>		
CURRENT		
<i>Unsecured liabilities</i>		
Trade creditors	98,266	263,630
Unearned lease incentive	2,667	8,000
Sundry creditors and accruals	<u>250,564</u>	<u>149,749</u>
	<u>351,497</u>	<u>421,379</u>
 NON CURRENT		
Contingent consideration	94,233	-
Unearned lease incentive	-	2,667
	<u>94,233</u>	<u>2,667</u>
 <b>NOTE 13: BORROWINGS</b>		
CURRENT		
<i>Unsecured liabilities</i>		
Bank overdraft	143	-
Finance lease liability	<u>19,866</u>	<u>9,948</u>
	<u>20,009</u>	<u>9,948</u>
 <i>Secured liabilities</i>		
Bank loans	2,500,000	-
Secured loan liability	-	2,240,384
	<u>2,500,000</u>	<u>2,240,384</u>
	<u>2,520,009</u>	<u>2,250,332</u>

**STREAT LIMITED AND ITS CONTROLLED ENTITY**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 13: BORROWINGS (CONTINUED)</b>		
NON CURRENT		
<i>Unsecured liabilities</i>		
Finance lease liability	<u>42,719</u>	<u>28,968</u>
<b>NOTE 14: PROVISIONS</b>		
CURRENT		
Employee benefits	<u>115,551</u>	<u>63,606</u>
NON CURRENT		
Employee benefits	<u>15,814</u>	<u>4,635</u>

**STREAT LIMITED AND ITS CONTROLLED ENTITY**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	<b>2017</b>	<b>2016</b>
	\$	\$
<b>NOTE 15: INCOME TAX</b>		
<b>(a) Components of tax expense</b>		
Current tax	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
<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%)		
	(43,299)	193,475
Add tax effect of:		
- Other non-allowable items	-	482
- Prepayments	2,171	511
Tax losses not brought to account	<u>41,128</u>	<u>30,652</u>
	43,299	31,645
Less tax effect of:		
- Permanent differences	-	224,758
- S 40-880 deductions	<u>-</u>	<u>362</u>
	<u>-</u>	<u>225,120</u>
Income tax expense attributable to profit	<u>-</u>	<u>-</u>
<b>(c) Current tax</b>		
Current tax relates to the following:		
<i>Current tax liabilities</i>		
Opening balance	(2,572)	8,252
Tax payments	2,582	(643)
Over provisions	<u>(10)</u>	<u>(10,181)</u>
Current tax liabilities/ (assets)	<u>-</u>	<u>(2,572)</u>
<b>(d) Deferred tax assets not brought to account</b>		
Operating tax losses	<u>(98,389)</u>	<u>(57,261)</u>
	<u>(98,389)</u>	<u>(57,261)</u>

STREAT Enterprises Pty Ltd has tax losses for which no deferred tax asset is recognised on the balance sheet. Accumulated losses of \$98,389 (2016: \$57,261) may be available against further income, subject to tax legislation.

**STREAT LIMITED AND ITS CONTROLLED ENTITY**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 16: OTHER LIABILITIES</b>		
CURRENT		
Deposits Received in advance	4,355	-
Grants received in advance	<u>123,560</u>	<u>175,000</u>
	<u>127,915</u>	<u>175,000</u>
NON CURRENT		
Deferred lease contribution	<u>2,166,797</u>	<u>2,213,897</u>
<b>NOTE 17: ACCUMULATED SURPLUS</b>		
Accumulated surplus at beginning of year	1,268,561	619,560
Net (loss)/gain	(155,122)	649,001
Transfers from / (to) reserves	<u>(43,717)</u>	<u>-</u>
	<u>1,069,722</u>	<u>1,268,561</u>
<b>NOTE 18: NON-CONTROLLING INTERESTS</b>		
Retained Earnings (Deficit)	<u>-</u>	<u>(13,309)</u>
	<u>-</u>	<u>(13,309)</u>
<b>NOTE 19: BUSINESS COMBINATIONS</b>		
On 11 December 2016, STREAT Limited acquired 100% of the McKillop Cafe business from it's subsidiary STREAT Enterprises Pty Ltd. .		
Details of the purchase consideration		
	<b>\$</b>	
Consideration paid	<u>25,000</u>	
Total purchase consideration	<u>25,000</u>	

**STREAT LIMITED AND ITS CONTROLLED ENTITY**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 19: BUSINESS COMBINATIONS (CONTINUED)**

**Assets and liabilities acquired**

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

	<b>Recognised on acquisition at fair value \$</b>
Assets and liabilities held at acquisition date:	
- Inventories	3,878
- Property, plant and equipment	8,732
- Other assets	5,467
- Trade creditors	<u>(6,690)</u>
Net identifiable assets acquired	11,387
Add: Goodwill	<u>13,613</u>
Total purchase consideration	<u><u>25,000</u></u>

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

Details of the purchase consideration

	<b>\$</b>
Contingent consideration	<u>94,232</u>
Total consideration	<u><u>94,232</u></u>

**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 2017, management has estimated the amount of contingent consideration to be paid of \$94,232.



**STREAT LIMITED AND ITS CONTROLLED ENTITY**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 19: BUSINESS COMBINATIONS (CONTINUED)**

**Assets and liabilities acquired**

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

	<b>Recognised on acquisition at fair value \$</b>
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.

The previously held shares were held at \$150,000 and were revalued to fair value on 12 December 2016 to \$94,232 resulting in loss on revaluation of \$55,768.

On 30 June 2017, STREAT Limited acquired 100% of the Coffee Roasting business from it's subsidiary STREAT Enterprises Pty Ltd.

Details of the purchase consideration

	<b>\$</b>
Consideration and costs paid	<u>104,338</u>
Total purchase consideration	<u><u>104,338</u></u>

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

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 19: BUSINESS COMBINATIONS (CONTINUED)**

**Assets and liabilities acquired**

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

	<b>Recognised on acquisition at fair value \$</b>
Assets and liabilities held at acquisition date:	
- Trade receivables	6,087
- Inventories	17,772
- Property, plant and equipment	52,860
- Other assets	4,301
- Trade creditors	(17,282)
- Intangible assets	<u>40,600</u>
Net identifiable assets acquired	<u>104,338</u>
Total purchase consideration	<u><u>104,338</u></u>

**NOTE 20: KEY MANAGEMENT PERSONNEL COMPENSATION**

Compensation received by key management personnel of the registered entity

- Total compensation	<u>138,472</u>	<u>140,000</u>
	<u><u>138,472</u></u>	<u><u>140,000</u></u>

**NOTE 21: 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 ITS CONTROLLED ENTITY**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 22: EVENTS SUBSEQUENT TO REPORTING DATE**

There has been no other matter or circumstance, which has arisen since 30 June 2017 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2017, of the registered entity, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2017, of the registered entity.

	<b>2017</b>	<b>2016</b>
	\$	\$
<b>NOTE 23: CAPITAL AND LEASING COMMITMENTS</b>		
<b>(a) Finance leasing commitments</b>		
Payable		
- not later than one year	18,252	16,497
- later than one year and not later than five years	<u>50,572</u>	<u>27,351</u>
Minimum lease payments	68,824	43,848
Less future finance charges	<u>(6,239)</u>	<u>(4,932)</u>
Total finance lease liability	<u>62,585</u>	<u>38,916</u>
Represented by:		
Current liability	19,866	9,948
Non-current liability	<u>42,719</u>	<u>28,968</u>
	<u>62,585</u>	<u>38,916</u>
<b>(b) Operating lease commitments</b>		
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Payable		
- not later than one year	8,016	119,660
- later than one year and not later than five years	<u>-</u>	<u>8,016</u>
	<u>8,016</u>	<u>127,676</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.

**STREAT LIMITED AND ITS CONTROLLED ENTITY  
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**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 24: 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 2017 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 25: CONTINGENT LIABILITIES AND ASSETS**

The Directors are not aware of any material contingent liabilities and assets as at 30 June 2017 (2016: Nil).

**STREAT LIMITED AND ITS CONTROLLED ENTITY  
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**DIRECTORS' DECLARATION**

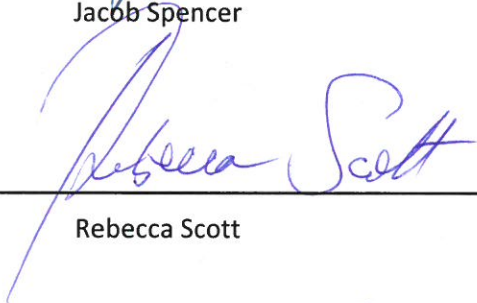
The directors declare that:

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 29<sup>th</sup> day of January 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 2017, 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 2017 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 \$185,530 during the year ended 30 June 2017 and, as of that date the registered entity's current liabilities exceeded its current assets by \$2,594,498. 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  
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**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 2017, 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: 30 January 2018



PITCHER PARTNERS

Melbourne