



STREAT Limited and its controlled entity

ABN: 96 134 906 933

Financial report For the year ended 30 June 2020

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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 2020 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)

Rebecca Scott

Kate Barrelle

Jacob Spencer

Colin Duthie (resigned 24 August 2020)

Div Pillay

Niamh Hussey

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

Significant changes in the state of affairs of the Registered Entity during the financial year, were as follows:

The COVID-19 pandemic has created enormous disruption to every part of STREAT's youth programs and business operations. The organisation has remained agile during this time and pivoted to undertake new activities in both areas of its operations. This includes creating new ways of creating social impact when the pandemic caused the rapid closure of our training cafes, and new ways of generating revenue by diversifying our products and services and securing new customers.

Short-term and long-term objectives and strategies

The Registered Entity has three impact areas of People, Planet and Performance. Its goals within these impact areas are:

PEOPLE:

- To help young people live independently and reach their potential.
- To nurture and grow our people and culture.
- Strongly engage others to become change-makers

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DIRECTORS' REPORT

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

PLANET

- Create places where people feel a deep sense of belonging
- Nurture the environment

PERFORMANCE

- Operate a portfolio of impactful and profitable businesses
- Deliver high quality products that customers value
- Grow our business opportunities
- Operate with strong governance, accountability and effectiveness
- Enable systems change and innovate

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

- 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.
- Expand the support and training and employment pathways we can offer to young people.
- 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 environmental and social justice and the registered entity's work to address it.
- Further increase the registered entity's portfolio of hospitality businesses to reach the point of financial self sufficiency.
- Provide leadership within the social enterprise sector to help catalyse greater social and environmental change.
- The registered entity is committed to continuous improvement and monitors, evaluates and transparently shares its progress and outcomes.

Principal activities

The principal activity of the registered entity during the financial year was to operate a sustainable business model that maximises its social footprint, minimises its environmental footprint, whilst being financially sustainable across all of its operations.

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DIRECTORS' REPORT

Key performance indicators

STREAT provides a range of training and work-readiness programs for young people facing disadvantage and multiple barriers to work. Over the last year STREAT intensively supported 38 young people in programs of up to 12 months and provided almost 400 contacts to a wider cohort of similar young people. This year was interrupted by COVID-19 and so programs were suspended for the last four months of the year. This has almost halved the number of young people we would have otherwise supported.

- Engagement/Outreach – 393 contacts with young people
- Tasters (half day workshops for young people interested in our programs) – 15 young people
- Entree – 20
- Main Course – 11 (we only ran one Main Course program this year)
- STREATs Ahead – 7 (2 of which were interrupted because of COVID-19)
- Employment at STREAT– 0 young people

Concerning the most intensive program, Main Course, there was a 64% completion rate of the 20-week program. Six months after completion of the STREAT program, 67% were in employment or training. For comparison, the completion rate at open TAFE in Victoria for students *not* facing multiple barriers is 28.7%. Of them, 21% were employed or in education six months later. The Commonwealth employment program (Jobactive) achieves a 27% employment rate at 13 weeks with a similar cohort.

STREAT delivers a full program suite of training and work-readiness programs for young people facing disadvantage and multiple barriers to work:

Engagement/Outreach

Weekly outreach activities for young people in the community in conjunction with Collingwood Neighbourhood Justice Centre and Victoria Police.

Tasters

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

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

Entree

Entrée is a flexible 8-week individually tailored program for people wanting to access hospitality focused work experience as part of another course or program, or just give working with coffee and food a try before committing to a longer program. If the timing is such that Main Course is not immediately available, a young person may also benefit from the Entrée program.

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

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DIRECTORS' REPORT

Key performance indicators (Continued)

Main Course

'Main Course' is a 20-week fully supported group program that usually runs twice a year but only occurred once this year because of COVID-19. It includes an individualised needs assessment, on-the-job training and mentoring within STREAT's portfolio of hospitality businesses, weekly group Work Readiness workshops, creative and social engagement, individual case support, and linkages to specialist service providers alongside accredited TAFE training (Certificate II in Hospitality).

STREAT's Ahead

'STREATs Ahead' is a six-month employment program providing intensive post-placement support to a suitable STREAT graduates employed by our carefully chosen partner employers such as Fonda Mexican Restaurant, Nando's, RACV and STREAT itself.

We have also been developing a new training and employment program for our young people into urban horticulture and this program is due to kick-start in early 2021.

After balance date events

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

Information on directors

Jane Burns (Chair)	Chair, Director
Qualifications	Professor of Innovation and Industry at the University of Sydney in the Faculty of Health Science, PhD in Medicine, Australian Institute of Company Directors
Experience	CEO of InnoWell and Professor of Innovation and Industry at the University of Sydney in the Faculty of Health Science. Previously the founder and CEO of the Young and Well Cooperative Research Centre.
Rebecca Scott	Director, Company Secretary, Member of Finance & Audit Committee, Co-founder
Qualifications	Master of International and Community Development, Graduate Diploma Science Communication, Bachelor of Science
Experience	CEO of STREAT Ltd. Previously Vice President of KOTO, a street youth social enterprise in Hanoi. A decade of management positions at the CSIRO.

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DIRECTORS' REPORT

Information on directors (Continued)

Kate Barrelle	Director, Co-founder
Qualifications	Bachelor of Commerce, Bachelor of Science (Hans Psychology), Master of Clinical Psychology, PhD (Political Science)
Experience	A decade working in community mental health and private practice as a Clinical and Forensic Psychologist, six years working with the Department of Foreign Affairs and Trade. Kate has a PhD on terrorism and radicalisation process and currently consults to agencies and programs on this subject.
Div Pillay	Director
Qualifications	Masters In Human Resource Management, Bachelor of Arts (Organisational Psychology)
Experience	CEO and CoFounder of MindTribes Pty Ltd. MindTribes works with both Australian and Multinational corporates to improve business results by culturally aligning staff to internal and external customers, team members and stakeholders.
Jacob Spencer	Director, Chair of the Finance & Audit Committee
Qualifications	Associate Diploma Business
Experience	15 years in executive roles at renowned food retail brands (McDonalds, Pret A Manger, Salsa, Boost Juice). He currently owns and runs Mobile Skips.
Collin Duthie	Director (resigned 24 August 2020)
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.
Niamh Hussey	Director, Member of Finance & Audit Committee
Qualifications	Bachelor of Business, Qualified Chartered Accountant, Post Graduate Diploma in Accounting, Member of Chartered Accountants Australia and New Zealand (CA ANZ)
Experience	Partner at PriceWaterhouseCoopers, Niamh has over 15 years experience in accounting, financial auditing and consultancy.

STREAT LIMITED AND ITS CONTROLLED ENTITY**ABN: 96 134 906 933****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)	8	7	-	-
Rebecca Scott	8	7	6	5
Kate Barrelle	8	7	-	-
Div Pillay	8	7	-	-
Jacob Spencer	8	8	6	6
Collin Duthle	8	8	-	-
Niamh Hussey	8	8	6	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 outstanding and obligations of the Company. At 30 June 2020 the number of members was 8. The combined total amount that members of the Company are liable to contribute if the Company is wound up is \$800.


**STREAT LIMITED AND ITS CONTROLLED ENTITY
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DIRECTORS' REPORT

Auditor's Independence declaration

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

Signed on behalf of the Board of Directors.

Director: _____

Jacob Spencer

Director: _____

Rebecca Scott

Dated this 16th day of December 2020

**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 2020, to the best of my knowledge and belief there have been no contraventions of APES 110 *Code of Ethics for Professional Accountants (Including Independence Standards)*.

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



N R Bull
Partner



PITCHER PARTNERS
Melbourne

Date: 18 December 2020

STREAT LIMITED AND ITS CONTROLLED ENTITY
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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
Revenue			
Trade revenue	4	4,587,304	4,360,285
Less: Cost of sales			
Cost of sales		<u>(1,142,158)</u>	<u>(1,030,685)</u>
Gross profit		3,445,146	3,329,600
Other revenue			
Interest income	5	655	774
Donated assets	5	80,000	56,660
Other revenue	5	179,945	132,198
JobKeeper revenue	5	495,000	-
Donations and grants	5	<u>2,209,459</u>	<u>1,753,995</u>
		<u>2,965,059</u>	<u>1,943,627</u>
		<u>6,410,205</u>	<u>5,273,227</u>
Less: expenses			
Depreciation and amortisation expense		(275,075)	(238,350)
Employee benefits expense		(4,377,419)	(3,929,800)
Repairs and maintenance expense		(61,223)	(60,568)
Communications and marketing expense		(33,500)	(51,437)
Utilities		(82,535)	(91,237)
Loss on revaluation of contingent consideration		-	(236,487)
Interest paid		(99,634)	(136,378)
Consultancy fees		(24,870)	(27,386)
Other expenses		<u>(441,342)</u>	<u>(460,242)</u>
		<u>(5,395,598)</u>	<u>(5,231,885)</u>
Profit before income tax expense		1,014,607	41,342
Other comprehensive income for the year		-	-
Total comprehensive income		<u>1,014,607</u>	<u>41,342</u>

The accompanying notes form part of these financial statements.

STREAT LIMITED AND ITS CONTROLLED ENTITY
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 \$	2019 \$
Current assets			
Cash and cash equivalents	6	963,440	877,535
Receivables	7	282,179	184,329
Inventories	8	198,974	79,076
Other assets	9	<u>56,346</u>	<u>43,887</u>
Total current assets		<u>1,500,939</u>	<u>1,184,827</u>
Non-current assets			
Intangible assets	10	40,597	2,113,657
Lease assets	12	177,202	-
Plant and equipment	11	<u>3,640,462</u>	<u>3,689,695</u>
Total non-current assets		<u>3,858,261</u>	<u>5,803,352</u>
Total assets		<u>5,359,200</u>	<u>6,988,179</u>
Current liabilities			
Payables	13	457,393	426,371
Lease liabilities	12	77,071	-
Borrowings	14	116,731	109,252
Provisions	15	269,491	199,713
Other liabilities	16	<u>395,882</u>	<u>373,512</u>
Total current liabilities		<u>1,316,568</u>	<u>1,108,848</u>
Non-current liabilities			
Payables	13	166,667	166,667
Lease liabilities	12	110,257	-
Borrowings	14	1,643,182	2,527,812
Provisions	15	27,315	24,937
Other liabilities	16	<u>-</u>	<u>2,079,311</u>
Total non-current liabilities		<u>1,947,421</u>	<u>4,798,727</u>
Total liabilities		<u>3,263,989</u>	<u>5,907,575</u>
Net assets		<u>2,095,211</u>	<u>1,080,604</u>
Equity			
Accumulated surplus	17	<u>2,095,211</u>	<u>1,080,604</u>
Total equity		<u>2,095,211</u>	<u>1,080,604</u>

The accompanying notes form part of these financial statements.

STREAT LIMITED AND ITS CONTROLLED ENTITY
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Contributed equity \$	Accumulated surplus \$	Total equity \$
Balance as at 1 July 2018	-	1,039,262	1,039,262
Profit for the year	-	<u>41,342</u>	<u>41,342</u>
Total comprehensive income for the year	-	<u>41,342</u>	<u>41,342</u>
Balance as at 30 June 2019	-	<u>1,080,604</u>	<u>1,080,604</u>
Balance as at 1 July 2019	-	1,080,604	1,080,604
Profit for the year	-	<u>1,014,607</u>	<u>1,014,607</u>
Total comprehensive income for the year	-	<u>1,014,607</u>	<u>1,014,607</u>
Balance as at 30 June 2020	-	<u>2,095,211</u>	<u>2,095,211</u>

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
Cash flow from operating activities			
Receipts from customers		4,948,184	4,820,671
Payments to suppliers and employees		(6,628,586)	(5,844,682)
Interest received		655	774
Finance costs		(99,634)	(136,378)
JobKeeper receipts		<u>330,000</u>	<u>-</u>
Net cash used in operating activities		<u>(1,449,381)</u>	<u>(1,159,615)</u>
Cash flow from investing activities			
Payment for property, plant and equipment		(69,709)	(164,141)
Payment of contingent consideration		<u>-</u>	<u>(100,001)</u>
Net cash used in investing activities		<u>(69,709)</u>	<u>(264,142)</u>
Cash flow from financing activities			
Proceeds from borrowings (net of repayments)		(943,158)	(155,945)
Grants and donations received		<u>2,548,153</u>	<u>1,854,819</u>
Net cash provided by financing activities		<u>1,604,995</u>	<u>1,698,874</u>
Reconciliation of cash			
Cash at beginning of the financial year		877,535	602,418
Net increase in cash held		<u>85,905</u>	<u>275,117</u>
Cash at end of financial year		<u>963,440</u>	<u>877,535</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 2020

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 to the financial statements.

COVID-19

The operational reduction as a consequence of COVID-19 on hospitality and youth service operations and the broader economy are likely to impact the timing and level of the Registered Entity's profitability and trading over the foreseeable future.

The impact of the pandemic on the Registered Entity has been substantial to date but will not be fully quantifiable for some time, however, in the short term the Registered Entity is conserving cash and minimising expenses as it seeks to resume operations within Government guidelines.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

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 generated a net profit of \$1,014,607 during the year ended 30 June 2020 and, as of that date the Registered Entity's current assets exceeded its current liabilities by \$184,371.

During the COVID-19 pandemic STREAT has successfully managed its cashflow and organisational security through employing a range of strategies, including:

- Continuing to trade wherever possible – we kept our Cromwell, Parkville, Melbourne Central and Alphington businesses open for take-away service throughout the major lockdowns.
- Reduction of operational costs wherever possible – we've reduced staff hours and redeployed them where possible across the business.
- Utilising government funds – we've taken full advantage of the Commonwealth government's Jobkeeper payments where possible, and also applied for Victorian state government funds where we're eligible (for example the Working for Victoria fund).
- Renegotiation of leases and loans – we've successfully undertaken negotiations with landlords. The current loan for the Cromwell development is interest-only until April 2021 with STREAT also due to commence negotiation with Westpac to further extend the interest-free period until our trading further increases.
- Renegotiation of major existing grant funds to allow STREAT to use the funds for other activities – for example, funds that were previously allocated to our youth team to train and support our young people have been used for those same staff to create new wellbeing content to deliver virtually to community organisations.
- Development of new projects to create social and environmental impact and then securing funders for this work – for example, we've been successful in securing major new multi-year funding to develop new training and employment pathways into urban horticulture, post 30 June 2020. We've also kept our kitchens open to be cooking readymade meals as part of the pandemic food relief efforts and this work has been fully funded by either philanthropic grants or fee-for-service by the Victorian state government.
- Undertaking a crowdfunding campaign – at the start of the pandemic we created a crowdfunding campaign to fund the making of readymade meals for vulnerable Victorians suffering from food insecurity. This campaign raised over \$650,000 for the Moving Feast project, some of this funding will be provided to STREAT for participation in the project.
- Catalysing a major new collaborative food system project – we developed Moving Feast, a major social enterprise collaboration working towards a fair and regenerative food system for Victoria. Our first collective work has been growing and cooking food for the pandemic food relief efforts, but we are planning for this collaboration to continue into recovery and regeneration work across the state. We

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Going concern (Continued)

have secured very strong funding support for this project not just for STREAT but also its partner organisations.

- Development of new products and services – we've diversified our revenue streams into new areas by selling our knowledge (we've run paid workshops to a wide range of organisations) or creating new food and beverage products (like preserves, food boxes, hampers and gift vouchers).
- Over the next 12 months our intention is to re-open all STREAT sites, when COVID restrictions allow, to increase sales revenue, profitability and training opportunities for our young people.

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

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.

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.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

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 entity 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 the Registered Entity 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 consolidated statement of profit or loss and other comprehensive income and the consolidated statement of financial position respectively.

(d) Revenue from contracts with customers

Revenue from the sale of goods is recognised as, or when, goods are transferred to the customer, and is measured at an amount that reflects the consideration to which the Registered Entity expects to be entitled in exchange for goods.

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

(e) Grant revenue

Grants are recognised when the related performance obligations are satisfied, provided there is an agreement which creates enforceable rights and obligations between the parties and includes sufficiently specific performance obligations for the Registered Entity to determine when the obligation is satisfied. When the arrangement does meet this criteria grants are recognised upon receipt of the funds by the Registered Entity.

(f) Other revenue and other income

Donations

Revenue from donations is recognised upon receipt of the donated funds by the Registered Entity.

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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest

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).

(g) Intangible assets

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 initially recognised at an amount equal to the excess of: (a) the aggregate of the consideration transferred, the amount of any non controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition); over (b) the net fair value of the identifiable assets acquired and liabilities assumed. For accounting purposes, such measurement is treated as the cost of goodwill at that date.

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. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses.

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.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Property, plant and equipment

Each class of plant and equipment is measured 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 other property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held available for use, consistent with the estimated consumption of the economic benefits embodied in the asset.

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

(i) Leases

Accounting policy applied to the information presented for the current period under AASB 16 Leases:

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the Registered Entity recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Lease assets

Lease assets are initially recognised at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, less any lease incentives received, any initial direct costs incurred by the Registered Entity, and an estimate of costs to be incurred by the Registered Entity in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequent to initial recognition, lease assets are measured at cost (adjusted for any remeasurement of the associated lease liability), less accumulated depreciation and any accumulated impairment loss.

Lease assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, consistent with the estimated consumption of the economic benefits embodied in the underlying asset.

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

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Leases (Continued)

Lease liabilities

Lease liabilities are initially recognised at the present value of the future lease payments (i.e., the lease payments that are unpaid at the commencement date of the lease). These lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the Registered Entity's incremental borrowing rate.

Subsequent to initial recognition, lease liabilities are measured at the present value of the remaining lease payments (i.e., the lease payments that are unpaid at the reporting date). Interest expense on lease liabilities is recognised in profit or loss (presented as a component of finance costs). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

Leases of 12-months or less and leases of low value assets

Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a lease asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the lease term.

COVID-19 related rent concessions

The Registered Entity has elected to apply the practical expedient (as permitted by Australian Accounting Standards) not to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications, and to account for any changes in lease payments resulting from the rent concessions as if the changes were not lease modifications. Any gains arising from COVID-19 related rent concessions are recognised in profit or loss.

The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all the following conditions are met:

- (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) any reduction in lease payments affects only payments due on or before 30 June 2021; and
- (c) there is no substantive change to other terms and conditions of the lease.

Accounting policy applied to the information presented for the prior period under AASB 117 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.

STREAT LIMITED AND ITS CONTROLLED ENTITY
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Leases (Continued)

Finance leases

Leases of fixed assets, where substantially all of the risks and benefits incidental to 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 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 and other comprehensive income. Lease assets are depreciated on a straight line basis over their estimated useful lives where it is likely 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 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.

(j) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Registered Entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Registered Entity commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

Classification of financial liabilities

Financial liabilities classified as held-for-trading, contingent consideration payable by the Registered Entity for the acquisition of a business, and financial liabilities designated at fair value through profit or loss (FVTPL), are subsequently measured at fair value.

All other financial liabilities recognised by the Registered Entity are subsequently measured at amortised cost.

Trade and other receivables

Trade and other receivables arise from the Registered Entity's transactions with its customers and are normally settled within 30 days.

STREAT LIMITED AND ITS CONTROLLED ENTITY
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial Instruments (Continued)

Consistent with both the Registered Entity's business model for managing the financial assets and the contractual cash flow characteristics of the assets, trade and other receivables are subsequently measured at amortised cost.

(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) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the 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 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.

(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 government bonds that are denominated in the currency in which the benefits will be paid. 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 consolidated statement of financial position if the Registered 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 consolidated statement of financial position.

STREAT LIMITED AND ITS CONTROLLED ENTITY

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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) 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 and income tax expense of \$nil at 30 June 2020 (2019: \$nil).

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.

(n) 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.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

(o) Comparatives

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

(p) New and revised accounting standards effective at 30 June 2020

The Registered Entity has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 July 2019, including AASB 16 *Leases* (AASB 16), AASB 1058 *Income of Not-for-Profit Entities* (AASB 1058) and AASB 15 *Revenue from Contracts with Customers* (AASB 15).

STREET LIMITED AND ITS CONTROLLED ENTITY
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) New and revised accounting standards effective at 30 June 2020 (Continued)

AASB 16: Leases

AASB 16 replaces AASB 117 *Leases* and introduces a single lessee accounting model that requires a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

- (a) right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for on a cost basis unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is:
- i. investment property, the lessee applies the fair value model in AASB 140 *Investment Property* to the right-of-use asset; or
 - ii. property, plant or equipment, the lessee applies the revaluation model in AASB 116 *Property, Plant and Equipment* to all of the right-of-use assets that relate to that class of property, plant and equipment; and
- (b) lease liabilities are accounted for on a similar basis to other financial liabilities, whereby interest expense is recognised in respect of the lease liability and the carrying amount of the lease liability is reduced to reflect the principal portion of lease payments made.

AASB 16 substantially carries forward the lessor accounting requirements of the predecessor standard, AASB 117. Accordingly, under AASB 16 a lessor continues to classify its leases as operating leases or finance leases subject to whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset, and accounts for each type of lease in a manner consistent with the current approach under AASB 117.

In accordance with the transition requirements of AASB 16, the Registered Entity has elected to apply AASB 16 retrospectively to those contracts that were previously identified as leases under the predecessor standard, with the cumulative effect, if any, of initially applying the new standard recognised as an adjustment to opening retained earnings at the date of initial application (i.e., at 1 July 2019). Accordingly, comparative information has not been restated.

The Registered Entity has also elected to apply the following practical expedients to the measurement of right-of-use assets and lease liabilities in relation to those leases previously classified as operating leases under the predecessor standard:

- to recognise each right-of-use asset at the date of initial application at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application;
- to not recognise a right-of-use asset and a lease liability for leases for which the underlying asset is of low value;
- to not recognise a right-of-use asset and a lease liability for leases for which the lease term ends within 12 months of the date of initial application;
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics;

STREAT LIMITED AND ITS CONTROLLED ENTITY
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) New and revised accounting standards effective at 30 June 2020 (Continued)

- to adjust each right-of-use asset at the date of initial application by the amount of any provision for onerous leases recognised in the statement of financial position immediately before the date of initial application;
- to exclude initial direct costs from the measurement of each right-of-use asset at the date of initial application; and
- to use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

The application of AASB 16 resulted in the recognition of right-of-use assets with an aggregate carrying amount of \$177,202 (referred to in these financial statements as "lease assets") and corresponding lease liabilities with an aggregate carrying amount of \$187,328 as at 30 June 2020. The weighted average incremental borrowing rate applied in the calculation of the initial carrying amount of lease liabilities was 2.5% to 3.50%.

The following is a reconciliation of non-cancellable operating lease commitments disclosed at the end of the prior reporting period (i.e., at 30 June 2019) to the aggregate carrying amount of lease liabilities recognised at the date of the initial application (i.e., at 1 July 2019):

	\$
Aggregate non-cancellable operating lease commitments at 30 June 2019	411,415
Plus: lease payments included in the measurement of lease liabilities and not previously included in non-cancellable operating lease commitments	3,552
Less: impact of discounting lease payments to their present value at 1 July 2019	<u>(161,632)</u>
Carrying amount of lease liabilities recognised at 1 July 2019	<u>253,335</u>

Further details of the Registered Entity's accounting policy in relation to accounting for leases under AASB 16 are contained in Note 1(i).

AASB 1058: Income for not-for-profit entities and AASB 15: Revenue from contracts with customers

AASB 1058 replaces the income recognition requirements in AASB 1004: *Contributions* applicable to private sector not-for-profit entities with a model based on the principles of AASB 15: *Revenue from Contracts with Customers*. Consequently, AASB 1058 requires private sector not-for-profit entities to recognise all revenue from contracts with customers when the related performance obligations are satisfied, irrespective of whether the ultimate beneficiary of the goods or services provided by the not-for-profit entity is the grantor of the funds or another entity. An agreement involving a not-for-profit entity would be classified as a contract with a customer (and therefore accounted for under AASB 15) if the agreement:

- (a) creates enforceable rights and obligations between the parties; and
- (b) includes a promise by the not-for-profit entity to transfer a good or service that is sufficiently specific for the entity to determine when the obligation is satisfied.

For contracts with customers that comprise a donation component, AASB 1058 requires such components to be treated as part of the performance obligation(s) unless the entity can demonstrate that component is not related to the promised goods or services.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) New and revised accounting standards effective at 30 June 2020 (Continued)

When an arrangement does not meet the criteria for a contract with a customer under AASB 15, the arrangement is accounted for in accordance with AASB 1058, which requires:

- (a) the asset received by the not-for-profit entity to be accounted for in accordance with the applicable Australian Accounting Standard, which in most circumstances requires the asset to be initially measured at its fair value;
- (b) any related amounts (such as contributions from owners, financial liabilities, contract liabilities, lease liabilities and provisions) to be accounted for in accordance with the applicable Australian Accounting Standard; and
- (c) any difference between the consideration given for the asset and its fair value, after recognising any related amounts (such as contributions from owners, financial liabilities, contract liabilities, lease liabilities and provisions), is recognised as income.

However, amending standard AASB 2018-8 provides a temporary option for not-for-profit entities to not apply the fair value initial measurement requirement to right-of-use assets arising under leases with significantly below-market terms and conditions. This enables not-for-profit entities to elect to initially measure such right-of-use assets at cost rather than fair value, which has the corresponding effect of reducing the amount of income recognised under AASB 1058.

AASB 1058 also permits a not-for-profit entity to recognise volunteer services as an asset or expense (as applicable) and any related contributions by owners or revenue as an accounting policy choice, provided that the fair value of the services can be measured reliably.

AASB 1058 also has specific recognition criteria in relation to transfers to enable an entity to acquire or construct a recognisable non-financial asset to be controlled by the entity. The obligation to acquire or construct the non-financial asset is accounted for similarly to a performance obligation under AASB 15.

In accordance with the transition requirements of AASB 1058 and AASB 15, the Registered Entity has elected to apply AASB 1058 and AASB 15 retrospectively, with the cumulative effect, if any, of initially applying the new standards recognised as an adjustment to opening retained earnings at the date of initial application (i.e., at 1 July 2019). Accordingly, comparative information has not been restated.

The application of AASB 1058 and AASB 15 has not materially impacted the recognition and measurement of income or revenue from contracts with customers and donations.

The application of AASB 1058 and AASB 15 has materially impacted the recognition and measurement of income or revenue from grants: During the year ended 30 June 2020, \$727,500 of grant revenue was recognised due to the adoption of AASB 1058, which under the previous standard would have been deferred.

Further details of the Registered Entity's accounting policy in relation to accounting for income under AASB 1058 and revenue from contracts with customers under AASB 15 are contained in Note 1(d) and Note 1

AASB 2020-4: Amendments to Australian Accounting Standards - Covid-19-Related Rent Concessions

The Registered Entity has elected to early adopt AASB 2020-4 Amendments to *Australian Accounting Standards - Covid-19-Related Rent Concessions* in the current reporting period, with effect from 1 July 2019.

STREAT LIMITED AND ITS CONTROLLED ENTITY
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) New and revised accounting standards effective at 30 June 2020 (Continued)

AASB 2020-4 amends AASB 16: *Leases* to provide an optional practical expedient to lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all the following conditions are met:

- (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) any reduction in lease payments affects only payments due on or before 30 June 2021; and
- (c) there is no substantive change to other terms and conditions of the lease.

In accordance with AASB 2020-4, the Registered Entity has elected to apply the practical expedient not to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications, and to account for any changes in lease payments resulting from the rent concessions as if the changes were not lease modifications. Any gains arising from COVID-19 related rent concessions are recognised in profit or loss.

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% (2019: 3%) for cash flows in year two to five and which is based on the historical average and a terminal value growth rate of 2.5% (2019: 2.5%) a discount rate of 12% (2019: 12%) to determine value-in-use.

(b) 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.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
NOTE 3: PARENT ENTITY DETAILS		
Summarised presentation of the parent entity, STREAT Limited, financial statements:		
(a) Summarised consolidated statement of financial position		
Assets		
Current assets	1,500,939	1,184,827
Non-current assets	<u>3,858,261</u>	<u>5,803,352</u>
Total assets	<u>5,359,200</u>	<u>6,988,179</u>
Liabilities		
Current liabilities	1,316,568	1,108,848
Non-current liabilities	<u>1,947,421</u>	<u>4,798,727</u>
Total liabilities	<u>3,263,989</u>	<u>5,907,575</u>
Net assets	<u>2,095,211</u>	<u>1,080,604</u>
Equity		
Accumulated surplus	<u>2,095,211</u>	<u>1,080,604</u>
Total equity	<u>2,095,211</u>	<u>1,080,604</u>
(b) Summarised consolidated statement of profit or loss and other comprehensive income		
Profit/(loss) for the year	1,014,607	41,342
Other comprehensive income for the year	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>1,014,607</u>	<u>41,342</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 subsidiary.

(d) Parent entity contingent liabilities

At 30 June 2020 STREAT Limited has a liability in relation to the contingent consideration on the acquisition of 50% of the shares in STREAT Enterprises Pty Ltd as outlined at Note 13.

(e) Parent entity contractual commitments

At 30 June 2020 STREAT Limited has contractual commitments for operating leases which have been disclosed in Note 12 as lease liabilities.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
NOTE 4: REVENUE FROM CONTRACTS WITH CUSTOMERS		
Revenue from contracts with customers		
Sale of goods	<u>4,587,304</u>	<u>4,360,285</u>
	<u>4,587,304</u>	<u>4,360,285</u>

NOTE 5: OTHER REVENUE AND OTHER INCOME

Donated assets	80,000	56,660
Interest income	655	774
Donations and grants	2,209,459	1,753,995
Other revenue	179,945	132,198
JobKeeper revenue	<u>495,000</u>	<u>-</u>
	<u>2,965,059</u>	<u>1,943,627</u>

NOTE 6: CASH AND CASH EQUIVALENTS

Cash on hand	3,316	3,302
Cash at bank	<u>960,124</u>	<u>874,233</u>
	<u>963,440</u>	<u>877,535</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 Registered Entity, made available to the Registered Entity by the Westpac Banking Corporation. The facility limit is \$90,000.

NOTE 7: RECEIVABLES

CURRENT

Receivables from contracts with customers	117,179	184,329
Other receivables	<u>165,000</u>	<u>-</u>
	<u>282,179</u>	<u>184,329</u>

STREAT LIMITED AND ITS CONTROLLED ENTITY
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
NOTE 8: INVENTORIES		
CURRENT		
<i>At cost</i>		
Inventory	<u>198,974</u>	<u>79,076</u>
 NOTE 9: OTHER ASSETS		
CURRENT		
Prepayments	36,735	24,276
Other current assets	<u>19,611</u>	<u>19,611</u>
	<u>56,346</u>	<u>43,887</u>
 NOTE 10: INTANGIBLE ASSETS		
Goodwill at cost	<u>40,597</u>	<u>40,597</u>
	40,597	40,597
Right to occupy Cromwell Property	-	2,350,000
Accumulated amortisation	<u>-</u>	<u>(276,940)</u>
	<u>-</u>	<u>2,073,060</u>
Total intangible assets	<u>40,597</u>	<u>2,113,657</u>
 (a) Reconciliations		
Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year		
<i>Goodwill at cost</i>		
Opening balance	<u>40,597</u>	<u>40,597</u>
Closing balance	<u>40,597</u>	<u>40,597</u>
 <i>Right to occupy Cromwell Property</i>		
Opening balance	2,073,060	2,120,032
Amortisation expense	-	(46,972)
Remeasurement upon adoption of AASB 16 and AASB 1058	<u>(2,073,060)</u>	<u>-</u>
Closing balance	<u>-</u>	<u>2,073,060</u>

**STREAT LIMITED AND ITS CONTROLLED ENTITY
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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

	2020	2019
	\$	\$
NOTE 11: PLANT AND EQUIPMENT		
Plant and equipment		
Leasehold improvements at cost	2,738,958	2,738,958
Accumulated depreciation	<u>(246,762)</u>	<u>(182,859)</u>
	2,492,196	2,556,099
Motor vehicles at cost	122,140	118,140
Accumulated depreciation	<u>(30,461)</u>	<u>(20,536)</u>
	91,679	97,604
Office equipment at cost	18,108	16,959
Accumulated depreciation	<u>(10,288)</u>	<u>(9,439)</u>
	7,820	7,520
Furniture, fixtures and fittings at cost	324,738	231,061
Accumulated depreciation	<u>(71,209)</u>	<u>(43,943)</u>
	253,529	187,118
Computer equipment at cost	106,147	86,025
Accumulated depreciation	<u>(66,409)</u>	<u>(50,153)</u>
	39,738	35,872
Hospitality equipment at cost	1,146,112	1,115,352
Accumulated depreciation	<u>(390,612)</u>	<u>(309,870)</u>
	755,500	805,482
Total property, plant and equipment	<u>3,640,462</u>	<u>3,689,695</u>

(a) Reconciliations

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

<i>Leasehold improvements</i>		
Opening carrying amount	2,556,099	2,621,640
Depreciation expense	<u>(63,903)</u>	<u>(65,541)</u>
Closing carrying amount	<u>2,492,196</u>	<u>2,556,099</u>
<i>Motor vehicles</i>		
Opening carrying amount	97,604	45,161
Additions	4,000	58,900
Depreciation expense	<u>(9,925)</u>	<u>(6,457)</u>
Closing carrying amount	<u>91,679</u>	<u>97,604</u>

STREAT LIMITED AND ITS CONTROLLED ENTITY
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
NOTE 11: PLANT AND EQUIPMENT (CONTINUED)		
(a) Reconcillations (Continued)		
<i>Office equipment</i>		
Opening carrying amount	7,520	8,356
Additions	1,149	-
Depreciation expense	<u>(849)</u>	<u>(836)</u>
Closing carrying amount	<u>7,820</u>	<u>7,520</u>
<i>Furniture, fixtures and fittings</i>		
Opening carrying amount	187,118	85,857
Additions	93,677	115,589
Depreciation expense	<u>(27,266)</u>	<u>(14,328)</u>
Closing carrying amount	<u>253,529</u>	<u>187,118</u>
<i>Computer equipment</i>		
Opening carrying amount	35,872	37,945
Additions	20,122	14,942
Depreciation expense	<u>(16,256)</u>	<u>(17,015)</u>
Closing carrying amount	<u>39,738</u>	<u>35,872</u>
<i>Hospitality equipment</i>		
Opening carrying amount	805,482	861,314
Additions	30,761	31,370
Depreciation expense	<u>(80,743)</u>	<u>(87,202)</u>
Closing carrying amount	<u>755,500</u>	<u>805,482</u>
<i>Total property, plant and equipment</i>		
Carrying amount at 1 July	3,689,695	3,660,273
Additions	149,709	220,801
Depreciation expense	<u>(198,942)</u>	<u>(191,379)</u>
Carrying amount at 30 June	<u>3,640,462</u>	<u>3,689,695</u>

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

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 12: LEASE ASSETS AND LEASE LIABILITIES

Lease arrangements (30 June 2020)

The following information relates to the current reporting period only, and is presented in accordance with AASB 16 *Leases* (which was applied by the Registered Entity for the first time in the current reporting period).

	2020 \$
(a) Lease assets	
Under lease	249,783
Accumulated depreciation	<u>(74,357)</u>
	175,426
Office equipment	
Office equipment under lease	3,552
Accumulated depreciation	<u>(1,776)</u>
	<u>1,776</u>
Total carrying amount of lease assets	<u><u>177,202</u></u>

Reconciliations

Reconciliation of the carry amount of lease assets at the beginning and end of the financial year:

Land and buildings

Opening carrying amount	-
Additions	249,783
Depreciation	<u>(74,357)</u>
Closing carrying amount	<u><u>175,426</u></u>

Office equipment

Opening carrying amount	3,552
Additions	-
Depreciation	<u>(1,776)</u>
Closing carrying amount	<u><u>1,776</u></u>

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

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
NOTE 12: LEASE ASSETS AND LEASE LIABILITIES (CONTINUED)		
(b) Lease liabilities		
CURRENT		
Land and buildings	75,264	
Office equipment	<u>1,807</u>	
	<u>77,071</u>	
NON-CURRENT		
Land and buildings	110,257	
Office equipment	<u>-</u>	
Total carrying amount of lease liabilities	<u>187,328</u>	
(c) Lease expenses and cashflows		
Interest expense on lease liabilities	5,839	
Gains recognised in profit or loss to reflect changes in lease payments arising from rent concessions occurring as a direct consequence of the COVID-19 pandemic	5,408	
Depreciation expense on lease assets	76,133	
Cash outflow in relation to leases	66,438	
(d) Non-cancellable operating lease arrangements (30 June 2019)		
The following information relates to non-cancellable operating lease arrangements of the prior reporting period only, and is presented in accordance with the predecessor accounting standard AASB 117 Leases.		
		2019
		\$
- Not later than 1 year		119,836
- Later than 1 year and not later than 5 years		291,383
- Later than 5 years		<u>196</u>
Aggregate lease payments contracted for at reporting date		<u>411,415</u>

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

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
NOTE 13: PAYABLES		
CURRENT		
<i>Unsecured liabilities</i>		
Trade creditors	43,104	101,453
Sundry creditors and accruals	<u>414,289</u>	<u>324,918</u>
	<u>457,393</u>	<u>426,371</u>
NON-CURRENT		
Contingent consideration	<u>166,667</u>	<u>166,667</u>

Included in other payables is a contingent consideration liability derived from a business combination dated 12 December 2016.

As at 30 June 2019, the Board has agreed to pay \$300,000 to the shareholders, as consideration for the acquisition of the STREAT Enterprises Pty Ltd shares. As such the contingent consideration of \$30,181 was revalued to \$300,000 resulting in a loss on revaluation of \$236,487.

NOTE 14: BORROWINGS

CURRENT		
<i>Unsecured liabilities</i>		
Chattel mortgages	<u>29,913</u>	<u>109,252</u>
<i>Secured liabilities</i>		
Bank loans	<u>86,818</u>	<u>-</u>
	<u>116,731</u>	<u>109,252</u>
NON-CURRENT		
<i>Unsecured liabilities</i>		
Chattel mortgages	<u>-</u>	<u>27,812</u>
<i>Secured liabilities</i>		
Bank loans	<u>1,643,182</u>	<u>2,500,000</u>
	<u>1,643,182</u>	<u>2,527,812</u>

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

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
NOTE 15: PROVISIONS		
CURRENT		
Employee benefits	<u>269,491</u>	<u>199,713</u>
NON-CURRENT		
Employee benefits	<u>27,315</u>	<u>24,937</u>
 NOTE 16: OTHER LIABILITIES		
CURRENT		
Deferred income	25,801	19,346
Grants received in advance	<u>370,081</u>	<u>354,166</u>
	<u>395,882</u>	<u>373,512</u>
NON-CURRENT		
Deferred lease contribution	<u>-</u>	<u>2,079,311</u>
 NOTE 17: ACCUMULATED SURPLUS		
Accumulated surplus at beginning of year	1,080,604	1,039,262
Net gain	<u>1,014,607</u>	<u>41,342</u>
	<u>2,095,211</u>	<u>1,080,604</u>
 NOTE 18: KEY MANAGEMENT PERSONNEL COMPENSATION		
Compensation received by key management personnel of the Registered Entity		
- Total compensation	<u>240,000</u>	<u>194,469</u>
	<u>240,000</u>	<u>194,469</u>

NOTE 19: 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
ABN: 96 134 906 933**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 20: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no other matter or circumstance, which has arisen since 30 June 2020 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2020, of the Registered Entity, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2020, of the Registered Entity.

NOTE 21: MEMBERS' GUARANTEE

The Registered Entity 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 2020 the number of members was 8. The combined total amount that members of the Company are liable to contribute if the Company is wound up is \$800.

NOTE 22: CONTINGENT LIABILITIES AND ASSETS

The Directors are not aware of any material contingent liabilities and assets as at 30 June 2020 (2019: Nil).


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

DIRECTORS' DECLARATION

The directors declare that:

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

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

Director: 

Jacob Spencer

Director: 

Rebecca Scott

Dated this 18th day of December 2020

**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 consolidated statement of financial position as at 30 June 2020, 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, 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 2020 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 (including Independence Standards)* "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.

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 are dependent upon continued receipt of donations and grants to support its operations. As stated in Note 1 (b), these events and conditions, along with other matters set forth in Note 1 (b), indicate that a material uncertainty exists that may cast significant doubt on the Registered Entity's ability to continue as a going concern.

STREAT LIMITED AND ITS CONTROLLED ENTITY**ABN: 96 134 906 933****INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF STREAT LIMITED AND CONTROLLED ENTITY*****Other Information***

The directors are responsible for the other information. The other information comprises the information included in the Registered Entity's director's report for the year ended 30 June 2020, 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



PITCHER PARTNERS

Melbourne

Date: 18 December 2020

