STREAT Limited and its controlled entity

Annual financial report

ABN 96 134 906 933

30 June 2022

Contents

Directors' report

For the year ended 30 June 2022

The directors present their report together with the financial statements prepared as a General Purpose financial report - Simplified Disclosures on the consolidated entity (referred to hereafter as the "Group") consisting of STREAT Limited and its controlled entity for the year ended 30 June 2022 and the auditor's report thereon.

The registered office of the Group is 66 Cromwell, Street, Collingwood.

1. Operating and Financial Review

Commentary on Operating Results

The Group posted a net surplus of $1,333,007 for the year ended 30 June 2022 (2021: $755,908). The financial results were substantially impacted by the ongoing impacts of COVID-19.

Grants and donations activities continued to provide important support for the Group recording $5,268,766 in 2022 (2021: $2,013,989) which assisted in sustaining the Group's financial results. Employee benefits expense of $4,829,186 (2021: $3,698,902) has increased with the re-opening of locations, with a similar increase in trading revenue resulting in $2,770,755 being recorded in 2022 (2021: $2,513,868).

Review of Operations

The accompanying Financial Report forms part of the review of operations. During the year, the Group continued to engage in its principal activities; the results of which are disclosed in the Financial Report. The Group continued to hold Deductible Gift Recipient (DGR) status throughout the year and operates under the name of STREAT Limited.

Significant Changes in the State of Affairs

In the opinion of the directors there were no significant changes to the operations of the Group during the financial year under review. There were however internal operational changes in order to manage government regulations around COVID-19.

2. Directors

The directors of the Group at any time during or since the end of the financial year are:

Niamh Hussey	(Chair from 23 June 2021)
Rebecca Scott	
Kate Barrelle	
Jacob Spencer	
Fiona Sharkie	Appointed 18 October 2021
Elinor Colaso	Appointed 18 October 2021
Chris Grelis	Appointed 2 May 2022
Div Pallay	Resigned 4 October 2021

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

Daniel Komesaroff (Company Secretary)	Appointed 2 May 2022

Directors' report (continued)

For the year ended 30 June 2022

2. Directors (continued)

Niamh Hussey	Board Chair (from 23 June 2021)
Qualifications	Bachelor of Business, Qualified Chartered Accountant
Experience	Partner at Price Waterhouse Coopers.
Rebecca Scott	Director, Member of Finance & Audit Committee, Co-founder
Qualifications	Master of International and Community Development, Graduate Diploma Science Communication, Bachelor of Science
Experience	CEO of STREAT Ltd. Previously Vice President of KOTO, a street youth social enterprise in Hanoi. A decade of management positions at the CSIRO.
Kate Barrelle	Director, Co-founder
Qualifications	Bachelor of Commerce, Bachelor of Science (Honours 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. She has 20+ years working with marginalised young people, behaviour change, building models and frameworks as well as impact measurement.
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.
Fiona Sharkie	Director (appointed 18 October 2021)
Qualifications	Graduate Certificate in Social Impact, Swinburne University of Technology, Bachelor of Business (Marketing) with Distinction, Group Directors Course for Not For Profit Organisations Australian Institute of Group Directors
Experience	20 years experience on not for profit boards in international development and women's rights including 2 years as Chair (International Womens Development Agency) and 4 years as Deputy Chair (Plan International Australia). Experience includes developing strategy, changes to corporate structure, recruitment of skills based board.

Directors' report (continued)
For the year ended 30 June 2022

2. Directors (continued)

Elinor Colaso	Director (appointed 18 October 2021)
Qualifications	MSc International Business & Development (Birkbeck, University of London), Admission to the Supreme Courts of Queensland and Melbourne and the Federal Court of Australia. Bachelor of Science and Bachelor of Laws.
Experience	Deputy General Council, Head of Compliance Minter Ellison. Previously the Assistant General Counsel (Deputy Ethics & Compliance Officer) Capgemini Australia, and Acting Head of Legal & Senior Legal Counsel Barclays Bank Retail Business.
Chris Grelis	Director (appointed 2 May 2022)
Qualifications	Bachelor Commerce with Honours Deakin University, Graduate Diploma Chartered Accountants Australia, Graduate Diploma Applied Finance.
Experience	Chris is a senior manager at MGI Dobbyn Carafa, he has experience in mergers and acquisitions, valuation, and financial modelling.
Daniel Komesaroff	Company Secretary (appointed 2 May 2022)
Qualifications	Bachelor of Laws Monash University, Graduate Diploma Legal Practice College of Law Australia. Bachelor of Science and Bachelor of Laws.
Experience	Pro Bono community investment lawyer at Minter Ellison with over 5 years in legal and government roles.

Directors' report (continued)

For the year ended 30 June 2022

2. Directors (continued)

Meetings of directors

Directors	Directors' meetings		Finance, Audit & Risk committee meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Niamh Hussey	7	6	5	3
Rebecca Scott	7	7	6	6
Kate Barrelle	7	7	-	-
Jacob Spencer	7	7	6	6
Fiona Sharkie	5	5	-	-
Elinor Colaso	5	5	4	4
Chris Grelis	2	2	2	2
Daniel Komesaroff	2	2	-	-
Div Pillay	2	2	-	-

The Company is incorporated under the *Australian Charities and Not-for-profits Commission Act 2012* 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 2022 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.

3. Principal activities

The principal activity of the Group 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.

4. Environmental Regulation

The Group is not subject to any significant environmental regulation in respect of its services provided. The directors are not aware of any significant breaches in environmental regulation during the period covered by this report.

Directors' report (continued)
For the year ended 30 June 2022

5. Key performance indicators
Performance

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 62 young people in learning to earning pathways of up to 12 months and provided 657 contacts to a wider cohort of similar young people. The programs were impacted by COVID-19, however the Company is incredibly proud of the trainees and staff for what they achieved during this time.

- Engagement/Outreach – 573 contacts with young people
- Tasters (half-day workshops for young people interested in our programs) – 8 young people
- Job Club - 76
- Parkville - 2
- Intro to Work - 31
- Ready to work - 11
- Fast Track to Work - 7
- Paid to Work (external) - 10
- Employment at STREAT - 2 (1 open employment + 1 internal Paid to Work)

Concerning the most intensive programs, Ready to Work and Fast-Track to Work, there was an 89% completion rate. At the start of the program, none were in employment, education, or training, whereas by the end, 94% were employed or enrolled in education/training, and at the sixth-month mark, 91% were still in employment or education/training. Across both classes delivered in 2012-2022, the trainees themselves rated the intensive program at 93%.

STREAT delivers a complete program suite of training and work-readiness programs for young people facing 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 interactive, half-day workshops for young people interested in the Group's Intro to Work or Paid to Work programs. The Group engages with potential paid to work candidates before they commit to a more extended program. Tasters are run on a semi-regular basis. These fun Taster workshops are for young people and their worker.

Jobs Club

Jobs Club is a weekly drop-in program for young people aged 16-24 who would like assistance looking for work. In Jobs Club, trained youth workers and employment specialists assist young people with digital access and support with resumes, cover letters, job search, applications, and interview preparation.

Directors' report (continued)

For the year ended 30 June 2022

5. Key performance indicators (continued)

Parkville

The STREAT café on the Parkville Youth Justice Precinct offers a program to young people in custody, those in transition and those on parole. This 6-week program aims to creates effective transitions of young people from the Malmsbury and Parkville Youth Justice Centres into STREAT's programs and/or into further employment/study. Young people are offered 27 three-hour shifts in a six-week program in the STREAT Parkville café alongside STREAT's fully qualified baristas, chefs, and hospitality staff. Young people undertake Work Modules including front of house, coffee training, service training, table service, point-of-sale sandwich service and Work Readiness Modules including; training and employment pathways, presentation, and routine, five ways to wellbeing, employability skills, job hunting and resume writing skills and an individual transition plan.

Intro to Work

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

Intro to Work offers 8 weeks of weekly work experience shifts in the Group's businesses (such as the production kitchen, a la carte kitchen, bakery, one of our cafés or on one of our many urban horticulture sites) as well as individual case management support.

Intro to Work was discontinued in April 2022.

Ready to Work

Ready to Work' 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 the Group'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).

Ready to Work was discontinued in March 2022.

Fast Track to Work

Based on feedback from trainees, research, and our experience over a decade of supporting young people into work, STREAT combined the pace of Intro to Work with proven elements of Ready to Work to create Fast-Track to Work. Launched in April 2022, Fast-Track to Work is an 8-week supported work-readiness program for young people seeking employment in hospitality or horticulture (e.g. gardening, urban farming, landscaping, indoor plants). Fast-Track to Work includes real on-the-job work experience across multiple teams, weekly group Work Readiness workshops, social engagement, individual case support and specialist referral. There are guaranteed employment opportunities for suitable graduates through our Paid to Work program. Magic the Therapy Assist Dog attends this program regularly.

Paid to Work

Paid to Work 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, Leonda by the Lake, Plant Society, Green Options and STREAT itself.

Directors' report (continued)

For the year ended 30 June 2022

6. Significant changes in the state of affairs

The COVID-19 pandemic has created enormous disruption to every part of the Group's youth programs and business operations. The Group 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 the Group's products and services and securing new customers.

7. Likely developments

The Group will continue to trade in the same industry and in the same manner as it has done to date. The Group will continue to expand its horticultural activities to complement the existing hospitality training programs and further upskill candidates, providing more holistic training and ongoing pathways for young people.

Further information about likely developments in the operation of the Company and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

8. Short term and long term objectives and strategies

The Group 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; and
- Strongly engage others to become change-makers.

PLANET:

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

PERFORMANCE:

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

To achieve its objectives, the Group has adopted the following strategies:

- Provide holistic support to ensure that the young people within the Group's care improve their wellbeing and have a healthy self, work and home.
- Expand the support and training and employment pathways the Group can offer to young people.
- The Group strives to attract and retain quality staff and volunteers who are committed to working with youth in need, and this is evidenced by strong staff retention.
  The Group believes that attracting and retaining quality staff and volunteers will assist with the success of the Group in both the short and long term.
- The Group engages a wide range of stakeholders to support the Group's projects and initiatives. This includes raising awareness and understanding of the issues of environmental and social justice and the registered entity's work to address it.
- Further increase the Group's portfolio of hospitality businesses to reach the point of financial self-sufficiency.

Directors' report (continued)
For the year ended 30 June 2022

8. Short term and long term objectives and strategies (continued)

- Provide leadership within the social enterprise sector to help catalyse greater social and environmental change.
- The Group is committed to continuous improvement and monitors, evaluates and transparently shares its progress and outcomes.

9. Indemnification and insurance of Directors and Officers

The Group has not indemnified or made a relevant agreement for indemnifying against a liability to any person who is or has been an officer or auditor of the Group.

During or since the end of the financial year, the Group received coverage of a premium under a contract insuring the directors, the company secretary and certain officers for liabilities incurred in those capacities. These premiums were received by the Group on a pro-bono basis.

Disclosures of the nature of the liability and the amount of premium in respect of the period cannot be disclosed under the contract.

10. Related Party Transactions

The Directors of the Group do not receive any remuneration for the performance of their duties as Directors.

The senior executive officers have received a total of $231,026 in remuneration for services performed for the Group (2021: $223,240).

11. Dividends

The constitution of STREAT Limited expressly prohibits the distribution of any surpluses or profits to Members of STREAT Limited or its controlled entities, accordingly no dividends have been paid or declared during the year.

12. 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.

13. 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 and is set out in page 39.

Director: Elinor Colaso

Elinor Colaso

Director: Rebecca Scott

Rebecca Scott

Dated this 8th day of December 2022

Consolidated statement of surplus or deficit and other comprehensive income

For the year ended 30 June 2022

	Note	2022	2021
		$	$
Revenue			
Trade Revenue	*4*	2,770,755	2,513,868
Cost of Sales	*8*	(695,095)	(657,371)
Gross profit		2,075,660	1,856,497
Other revenue			
Donations and grants	*4*	5,268,766	2,013,989
Other revenue	*4*	452,846	185,075
Jobkeeper revenue		-	1,335,600
Total other revenue		5,721,612	3,534,664
Total gross profit and other revenue		7,797,272	5,391,161
Expenses			
Employee benefits expenses		(4,829,186)	(3,698,902)
Consultancy fees		(423,144)	(56,765)
Communications and marketing expenses		(40,727)	(12,511)
Other administration expenses		(511,903)	(372,199)
Depreciation and amortisation expense		(369,831)	(273,428)
Repairs and maintenance expense		(74,571)	(53,417)
Utilities expense		(72,953)	(65,936)
Loss on disposal of plant & equipment		(91,174)	(48,258)
Total expenses		(6,413,489)	(4,581,416)
Surplus before finance costs		1,383,783	809,745
Finance income		302	402
Finance costs		(51,078)	(54,239)
Net finance costs	*5*	(50,776)	(53,837)
Surplus before income tax		1,333,007	755,908
Income tax expense	*1(s)*	-	-
Surpus after income tax		1,333,007	755,908
Other comprehensive income for the year		-	-
Total comprehensive income for the year		1,333,007	755,908

The statement of surplus or deficit and other comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 15 to 37.

Consolidated statement of financial position

As at 30 June 2022

	Note	2022	2021
		$	**$**
Current Assets			
Cash and cash equivalents	*6*	1,549,789	431,212
Receivables	*7*	292,903	192,242
Inventories	*8*	193,174	228,214
Other assets	*9*	73,697	87,203
Total current assets		2,109,563	938,871
Non-current Assets			
Intangible assets	*10*	40,597	40,597
Lease assets	*12*	602,470	624,192
Plant and equipment	*11*	3,337,979	3,500,855
Total non-current assets		3,981,046	4,165,644
Total Assets		6,090,609	5,104,515
Current Liabilities			
Trade and other payables	*13*	(736,521)	(558,799)
Lease liabilities	*12*	(112,721)	(209,990)
Borrowings	*14*	-	(15,000)
Provisions	*15*	(267,963)	(292,511)
Contract liabilities	*16*	(106,631)	(372,945)
Total current liabilities		(1,223,836)	(1,449,245)
Non-current Liabilities			
Payables	*13*	-	(166,667)
Lease liabilities	*12*	(509,611)	(425,882)
Borrowings	*14*	-	(57,935)
Provisions	*15*	(44,733)	(25,364)
Total non-current liabilities		(554,344)	(675,848)
Total liabilities		(1,778,180)	(2,125,093)
Net assets		4,312,429	2,979,422
Equity			
Contributed equity		-	-
Accumulated surplus	*17*	4,312,429	2,979,422
Total Equity		4,312,429	2,979,422

The statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 15 to 37.

Consolidated statement of changes in equity

For the year ended 30 June 2022

	Note	**Contributed Equity**	**Accumulated Surplus**	**Total equity**
		$	**$**	**$**
Balance at 1 July 2020		-	2,223,514	2,223,514
Surplus for the year		-	755,908	755,908
Total comprehensive income for the year		-	755,908	755,908
Balance as at 30 June 2021		-	2,979,422	2,979,422
Balance as at 1 July 2021		-	2,979,422	2,979,422
Surplus for the year		-	1,333,007	1,333,007
Total surplus for the year		-	1,333,007	1,333,007
Total comprehensive income for the year		-	1,333,007	1,333,007
Balance at 30 June 2022		-	4,312,429	4,312,429

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 15 to 37.

Consolidated statement of cash flows

For the year ended 30 June 2022

	Note	2022	2021
		$	$
Cash flows from operating activities			
Cash receipts from customers		3,136,173	2,894,162
Payments to supplier and employees		(6,674,471)	(5,037,689)
Grants and donations		5,002,452	2,088,355
Interest received		302	402
Finance costs		(37,276)	(49,280)
JobKeeper receipts		-	1,335,600
Net cash from operating activities		1,427,180	1,231,550
Cash flows from investing activities			
Acquisition of plant and equipment and intangibles	*11*	(121,838)	(35,443)
Net cash used in investing activities		(121,838)	(35,443)
Cash flows from financing activities			
Repayment of borrowings (non-principal)		(72,935)	(1,686,978)
Payment of lease liabilities	*12 c)*	(100,028)	(36,398)
Payment of interest on lease liabilities	*12 c)*	(13,802)	(4,959)
Net cash used in financing activities		(186,765)	(1,728,335)
Net increase/(decrease) in cash and cash equivalents		1,118,577	(532,228)
Cash and cash equivalents at 1 July		431,212	963,440
Cash and cash equivalents at 30 June	*6*	1,549,789	431,212

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 15 to 37.

Notes to the financial statements

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

In the opinion of the directors, STREAT Ltd ("the Company") is not publicly accountable. 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 - Simplified Disclosures, Accounting Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board.

These consolidated financial statements are the first general purpose financial statements prepared in accordance with Australian Accounting Standards - Simplified Disclosures. In the prior year the consolidated financial statements were general purpose financial statements prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements. There was no impact on the recognition and measurement of amounts recognised in the statements of financial position, surplus or deficit and other comprehensive income and cash flows of the Group as a result of the change in the basis of preparation.

The Financial report covers the Company and its Controlled Entity STREAT Enterprises Pty Ltd (together referred to as "the Group"). STREAT Limited and its Controlled Entity is a company limited by guarantee, incorporated and domiciled in Australia. The Group is a not-for-profit for the purpose of preparing the financial statements. The Group's registered office is 66 Cromwell Street, Collingwood VIC 3066.

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

The financial report was authorised for issue by the directors on 8 December 2022.

(a) Basis of preparation of the financial report

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 require the use of certain estimates and judgements in applying the Group'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 have continued to impact the timing and level of the Group's profitability and the trading over the course of the financial year.

Whilst the impact of the pandemic on the Group has been substantial, the efforts of the entity to conserve cash and minimise expenses during the limited trading under the Government guidelines has meant that the entity has been able to achieve a small profit and continue to conserve its cash balances.

(b) Functional and Presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Group's functional currency.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Use of judgements and estimates

- Note 4 - revenue recognition: whether revenue from grants and donations is a contract with a customer under AASB 15, and recognised over time or at a point in time, or whether the revenue is accounted for under AASB 1058 immediately as a contribution;
- Lease term: whether the Group is reasonably certain to exercise extension options.

(d) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 30 June 2022 is included in the following notes:

- Note 10 - intangible assets - impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts, including VIU assumptions.

(e) Going Concern basis of preparation

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal trading operations and the realisation of assets and settlement of liabilities in the ordinary course of business.

The statement of financial position reflects a net current assets of $885,727 (2021 - net current liabilities of $510,374) and a surplus in net assets of $4,312,429 (2021 - $2,979,422) as at 30 June 2022. The Group has also recorded a net operating surplus of $1,333,007 (2021 - $755,908) for the year ended 30 June 2022.

The Group operates primarily in the hospitality industry and whilst the COVID-19 restrictions imposed on the industry have eased in FY22, there continues to be reduced foot traffic from hybrid working arrangements. This has resulted in a small increase in trading revenue of $256,887 from 30 June 2021 to 30 June 2022, however this is still significantly lower than trading results before COVID-19. A return to pre-COVID trading results is key to the long term sustainability of the Group.

The Group has cash on hand at 30 June 2022 of $1,549,789 (2021 - $431,212). The current loan facility of the Group with a $nil amount drawn (2021 - $57,935) expires on 13 April 2033. The maximum available facility limit under this facility is $2,500,000 which provides $2,500,000 of undrawn facility at 30 June 2022. The Group is forecasting its drawn debt to increase over the coming 12 months to meet its cash flow requirements consistent with its forecast deficit for the year ended 30 June 2023.

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

- Continuing its investment in the production and sale of long shelf life, delivery food items – such as muesli and preserves. The Group expects the volume of sales to increase over the next 12 months, to help counteract the reduction in the Catering and Events business.
- Reduction of operational costs wherever possible – the Group reduced staff hours and redeployed them where possible across the business.
- Significant donation – the Group received $2,432,780 in FY22 and negotiated for the purpose of the grant to be unconditional to assist the Group in continuing its horticultural and hospitality programs and manage its cashflows into the future.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Going concern basis of preparation (continued)

- Renegotiation of leases and loans – the Group has successfully undertaken negotiations with landlords. The Melbourne Central lease was terminated with no penalty. The current loan facility is interest-only until April 2023 and will be required to be repaid over a period of 10 years from then. RMIT rent has been waived for 2022, with a reduced lease monthly payment for 2023.
- Development of new projects to create social and environmental impact and then securing funders for this work – for example, the Group has been successful in securing major new multi-year funding to develop new training and employment pathways into urban horticulture and hospitality, subsequent to 30 June 2022.
- Over the next 12 months the Group's intention is open new business sites when foot traffic starts to return in higher numbers in the CBD and surrounds to increase sales revenue, profitability and training opportunities for young people. One of the main challenges over the past 12 months has been the shortage of skilled hospitality staff, which has restricted some opening hours and revenue.

In the opinion of directors, the Group will be able to meet its financial obligations for the 12-month period from the date of the approval of the annual financial statements. In reaching this conclusion, the Directors have had regard to the following key factors:

- An increase in sales trends across its existing Cafés and catering business, with more employees returning to the CBD offices for work and study in 2023. The Group is also planning to continue its growth of hospitality venues by opening new sites in 2023.
- As at 30 June 2022, the Group had a redraw debt facility with a $2,500,000 limit which expires on 13 April 2033. As at 30 June 2022, the drawn amount of the facility was $nil which provides $2,500,000 of undrawn facility. There are no financial covenants under the facility agreement.
- The Group is forecasting positive ending cash balances including cash drawn from the redraw debt facility for each month ending in the 12 months subsequent to the date of this financial report.
- The Group is expecting to secure additional grant and donations fundings as necessary.

Accordingly, in the Directors' opinion, there are reasonable grounds to believe that the Group will be able to meet its debts as and when they become due and payable. On this basis, the Directors have prepared the financial statements on a going concern basis.

Given the Group's ongoing dependency on the continued receipt of donations and grants (inclusive of amounts which have yet to be secured and are consequently inherently uncertain) and the undrawn available cash of its redraw debt facility to fund its cash flows in future periods, and the continued uncertainty surrounding hybrid working arrangements on the hospitality industry, there is a material uncertainty whether the Group will be able to continue as a going concern. In the event the Group is unable to continue as a going concern, it may be required to realise assets at an amount different to that recorded in the consolidated statement of financial position and settle liabilities other than in the ordinary course of business.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Principles of consolidation

The consolidated financial statements are those of the STREAT Limited and its controlled entity ("the Group"), comprising the financial statements of the parent entity and the entity the parent controls. The Group controls and 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 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 intercompany balances and transactions, including any unrealised profits or losses have been eliminated in 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. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group 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.

(g) Revenue from contracts with customers

Revenue from 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 Group expects to be entitled in exchange for goods. Revenue from contracts with customers relates to trading revenue from cafe sales and items cannot be returned once transfer of the goods has taken place and exchange of funds and the goods occurs instantaneously. Therefore, no refund liability is required. Invoices are usually payable within 14 days.

Invoices for catering services are invoiced at the point of time the service is provided and are usually payable within 14 days. Where deposits are taken for catering services, the revenue is held as a liability until the service has been provided and the revenue recognised once the service has been provided.

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Grant and donations 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 Group to determine when the obligations are satisfied. When the arrangement does not meet this criteria grants are recognised upon receipt of the funds by the Group.

For contracts that contain a right to return of funds, revenue is recognised to the extent that the obligations of the contract have been met and there is no longer any right to return funds. In these circumstances, a contract liability is recognised. The contract liability is included in note 16. The Group reviews the contract liability at each reporting date and updates the amount of the liability accordingly.

Revenue from donations are recognised upon receipt of the donated funds by the Group.

(i) Other income

Other revenue is recognised when the right to receive the revenue has been established. All revenue is stated net of the amount of goods and services tax (GST).

(j) Finance income and costs

Finance income comprises interest income. Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprise interest expense on borrowings and lease liabilities. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(k) 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 recognized. 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 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 it 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Plant and equipment

Each class of plant and equipment is measured at cost less any accumulated depreciation and any accumulated impairment losses.

Plant and equipment
Plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenditure and disposal
Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Any gain and loss on disposal of an item of plant and equipment is recognised in profit or loss.

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. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Class of fixed asset	Depreciation rates	Depreciation basis
Motor vehicles and office equipment	10.00%	Diminishing value
Furniture, fixtures and fittings	10.00%	Diminishing value
Leasehold improvements at cost	2.50%	Diminishing value
Computer equipment at cost	20-40%	Diminishing value
Hospitality equipment at cost	5-15%	Diminishing value

(m) Leases

The Group has leases over buildings and office equipment. Information relating to the leases in place and associated balances and transactions are provided below.

Buildings

Commercial lease
The Company leases office buildings in Melbourne for the corporate offices, the leases are between 2 and 5 years with options to renew.

The Group includes options in the leases to provide flexibility and certainty to its operations and reduce costs of moving premises. At commencement date and each subsequent reporting date, the Group assesses whether it is

The Group has the right to use the Cromwell Street office and café for $5 per year. These buildings are required to be used for training, youth activities and related offices and operations. The term of the lease including all options extends to 2058. The Group is dependent on this lease to have significantly below-market terms and conditions principally to enable the entity to further its objectives.

The Group has elected to measure the right of use asset arising from the concessionary leases at cost, which is based on the associated lease liability.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Leases (Continued)

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee
At the commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group by the end of the lease term or the cost of the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Leases (Continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in "property, plant and equipment" and lease liabilities in "loans and borrowings" in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

COVID-19 related rent concessions
The Group 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 changes 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 2022; and

(c) there is no substantive changes to other terms and conditions of the lease.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Financial Instruments

Initial recognition and measurement

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

Financial instruments are initially measured 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. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets – Subsequent measurement and gains and losses.

Financial assets at amortised cost
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised. Financial assets at fair value through profit or loss.

Classification of financial liabilities

Financial liabilities classified as held-for-trading, contingent consideration payable by the Group 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 Group are subsequently measured at amortised cost.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Financial Instruments (continued)

On derecognition of a financial liability, the differences between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Trade and other receivables

Trade and other receivables arise from the Group's transactions with its customers and are normally settled within 14 days.

Consistent with both the Group'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.

(o) Inventories

Inventories comprise goods purchased for resale. Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on weighted average, and includes expenditure incurred in acquiring the inventories, production or conversion costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(p) Impairment

Non-derivative financial assets
Financial instruments and contract assets
The Group recognises loss allowances for ECLs on financial assets measured at amortised cost. Loss allowances for trade receivables and contract assets are always measured at an equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Impairment (continued)

Non-derivative financial assets
Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs
ECLs are probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Impairment (continued)

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Indefinite life intangible assets are tested annually for impairment. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together in the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) 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 cashflows.

(r) 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 the 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 Australian corporate 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 period 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 Group 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.

(s) Income tax

No provision for income 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 Enterprise Pty Ltd is a taxable entity and has a current tax liability and income tax expense of $nil as 30 June 2022 (2021: $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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Income tax (continued)

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.

(t) Expenses

All expenditure is accounted for on an accruals basis and has been classified under headings reflecting the relevant function of the group which incurred the cost. Where costs cannot be directly attributed to a particular category, they have been allocated to activities on a basis consistent with the use of the resources. Costs of sales relates to the cost to the company of inventory items sold during the year.

(u) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that and 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.

(v) New and revised accounting standards effective at 30 June 2022

The Group has initially adopted the following standard and amendments from 1 July 2021:
- AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities;*
- AASB 2020-2 *Amendments to Australian Accounting Standards - Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities.*

The above standard and amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

A number of other new standards are also effective from 1 July 2021 but they do not have a material effect on the Group's financial statements.

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 the 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.

NOTE 2. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Income tax

Deferred tax assets and liabilities are based on the assumption that no adverse change would 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.

(c) Revenue recognition

For many of the grant agreements received, the determination of whether the contract includes sufficiently specific performance obligations was a significant judgment involving discussions with several parties at the company, review of the proposal documents prepared during the grant application phase and consideration of the terms and conditions.

Grants received by the company have been accounted for under both AASB 15 and AASB 1058 depending on the terms and conditions and decisions made.

If this determination was changed then the revenue recognition pattern would be different from that recognised in this financial report.

Notes to the financial statements (continued)

3. PARENT ENTITY DETAILS

Summarised presentation of the parent entity, STREAT Limited, financial statements:

(a) Summarised consolidated statement of financial position

	2022	2021
	$	$
ASSETS		
Current assets	2,109,563	938,871
Non-current assets	3,981,046	4,165,644
Total assets	6,090,609	5,104,515
LIABILITIES		
Current liabilities	(1,223,836)	(1,449,245)
Non-current liabilities	(554,344)	(675,848)
Total liabilities	(1,778,180)	(2,125,093)
Net assets	4,312,429	2,979,422
EQUITY		
Accumulated surplus	4,312,429	2,979,422
Total equity	4,312,429	2,979,422

(b) Summarised consolidated statement of surplus or deficit and other comprehensive income

	2022	2021
Surplus for the year	1,333,007	755,908
Other comprehensive income for the year	-	-
Total comprehensive income for the year	1,333,007	755,908

(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 other payables

At 30 June 2022 STREAT Limited has a liability payable in relation to a loan provided in respect of the acquisition of 50% of the shares in STREAT Enterprises Pty Ltd as outlined in Note 13.

(e) Parent entity contractual commitments

At 30 June 2022 STREAT Limited has contractual commitments for operated leases which have been disclosed in Note 12 as lease liabilities.

Notes to the financial statements (continued)

4. REVENUE

(a) Disaggregation of revenue

	2022 $	2021 $
Café and catering sales	2,357,168	2,211,936
Bakery and coffee sales	413,587	301,932
Total trading revenue	2,770,755	2,513,868
Youth Program grants and donations	5,268,766	2,013,989
Other Income	452,846	185,075
Jobkeeper revenue	-	1,335,600
	5,721,612	3,534,664
Total revenue	8,492,367	6,048,532

2022
Source of funds

	Revenue from contracts with customer (AASB 15) $	Revenue under AASB 1058 $	Total $
Café and catering sales	2,357,168	-	2,357,168
Bakery and coffee sales	413,587	-	413,587
Youth Program grants and donations	1,198,959	4,069,807	5,268,766
Other Income	452,846	-	452,846
	4,422,560	4,069,807	8,492,367

2021
Source of funds

	Revenue from contracts with customer (AASB 15) $	Revenue under AASB 1058 $	Total $
Café and catering sales	2,211,936	-	2,211,936
Bakery and coffee sales	301,932	-	301,932
Youth Program grants and donations	292,899	1,721,090	2,013,989
Other Income	185,075	-	185,075
Grants and donations	1,335,600	-	1,335,600
	2,991,842	1,721,090	6,048,532

(b) Revenue from Government sources included in Note 4 (a)

	2022 $	2021 $
State government of Victoria	1,472,603	1,628,499
	1,472,603	1,628,499

Economic dependence

The Group is dependent on the ongoing receipt of grants from the State Government shown in the table above to ensure the continuance of its training and work-readiness programs for young people.

Government funding not yet recognised as revenue - refer to note 16.

Notes to the financial statements (continued)

5. NET FINANCE COSTS

	2022	2021
	$	$
Interest income	302	402
Finance income	302	402
Interest expense	(51,078)	(54,239)
Net finance costs	(50,776)	(53,837)

6. CASH AND CASH EQUIVALENTS

	2022	2021
	$	$
Cash on hand	1,900	3,017
Cash at bank	1,547,889	428,195
Cash and cash equivalents in the statement of cash flows	1,549,789	431,212

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.

7. RECEIVABLES

	2022	2021
Current	$	$
Receivables from contracts with customers	292,903	192,242
	292,903	192,242

The provision for doubtful debts on trade receivables was nil (2021: nil).

8. INVENTORIES

	2022	2021
	$	$
At cost		
Retail products	91,306	109,209
Consumables	101,868	119,005
	193,174	228,214

In 2022, inventories of $695,095 (2021: $657,371) were recognised as an expense during the period and included in cost of sales.

9. OTHER ASSETS

	2022	2021
	$	$
Prepayments	53,971	67,477
Other current assets	19,726	19,726
	73,697	87,203

Notes to the financial statements (continued)

10. INTANGIBLE ASSETS

	Goodwill at cost $
Cost	
Balance at 1 July 2020	40,597
Additions	-
Disposals	-
Balance at 30 June 2021	40,597
Balance at 1 July 2021	40,597
Additions	-
Disposals	-
Balance at 30 June 2022	40,597
Amortisation	
Balance at 1 July 2020	-
Additions	-
Disposals	-
Balance at 30 June 2021	-
Balance at 1 July 2021	-
Amortisation charge for the year	-
Disposals	-
Balance at 30 June 2022	-
Carrying amounts	
At 1 July 2020	40,597
At 30 June 2021	40,597
At 1 July 2021	40,597
At 30 June 2022	40,597

Notes to the financial statements (continued)

11. PLANT AND EQUIPMENT

	Leasehold Improvements $	Motor Vehicles $	Office equipment $	Furniture, Fixtures and Fittings $	Computer equipment $	Hospitality equipment $	Total Plant & Equipment $
Cost							
Balance at 1 July 2020	2,738,958	122,140	18,108	324,738	106,147	1,146,113	4,456,204
Additions	2,926	62,527	-	-	26,500	6,017	97,970
Disposals	-	(58,900)	-	-	(10,970)	-	(69,870)
Balance at 30 June 2021	2,741,884	125,767	18,108	324,738	121,677	1,152,130	4,484,304
Balance at 1 July 2021	2,741,884	125,767	18,108	324,738	121,677	1,152,130	4,484,304
Additions	27,506	-	-	-	8,358	85,974	121,838
Disposals	-	-	-	(150,832)	(32,177)	(25,000)	(208,009)
Balance at 30 June 2022	2,769,390	125,767	18,108	173,906	97,858	1,213,104	4,398,133
Depreciation							
Balance at 1 July 2020	246,762	30,461	10,288	71,209	66,409	390,613	815,742
Depreciation charge for the year	62,305	7,990	782	25,501	15,105	75,243	186,926
Disposals	-	(10,642)	-	-	(8,577)	-	(19,219)
Balance at 30 June 2021	309,067	27,809	11,070	96,710	72,937	465,856	983,449
Balance at 1 July 2021	309,067	27,809	11,070	96,710	72,937	465,856	983,449
Depreciation charge for the year	64,999	9,796	705	22,916	17,592	61,483	177,491
Disposals				(61,681)	(30,152)	(8,953)	(100,786)
Balance at 30 June 2022	374,066	37,605	11,775	57,945	60,377	518,386	1,060,154
Carrying amounts							
At 1 July 2020	2,492,196	91,679	7,820	253,529	39,738	755,500	3,640,462
At 30 June 2021	2,432,817	97,958	7,038	228,028	48,740	686,274	3,500,855
At 1 July 2021	2,432,817	97,958	7,038	228,028	48,740	686,274	3,500,855
At 30 June 2022	2,395,324	88,162	6,333	115,961	37,481	694,718	3,337,979

Notes to the financial statements (continued)

12. LEASE ASSETS AND LEASE LIABILITIES

(a) Reconciliation of the carrying amount of lease assets at the beginning and end of the financial year:

	Property plant & Equipment $	Office equipment $	Total $
Balance at 1 July 2020	175,426	1,776	177,202
Additions during the year	533,492	-	533,492
Disposals during the year	-	-	-
Depreciation charge for the year	(84,726)	(1,776)	(86,502)
Balance at 30 June 2021	624,192	-	624,192
Balance at 1 July 2021	624,192	-	624,192
Additions during the year	207,657	-	207,657
Disposals during the year	(37,039)	-	(37,039)
Depreciation charge for the year	(192,340)	-	(192,340)
Balance at 30 June 2022	602,470	-	602,470

(b) Lease Liabilities

	2022 $	2021 $
CURRENT		
Land and buildings	(112,721)	(209,990)
	(112,721)	(209,990)

	2022 $	2021 $
NON-CURRENT		
Land and buildings	(509,611)	(425,882)
	(509,611)	(425,882)
Total carrying amount of lease liabilities	(622,332)	(635,872)

(c) Lease expenses and cashflows

	2022 $	2021 $
Interest expense on lease liabilities	(13,802)	(4,959)
Gains recognised in surplus or deficit to reflect changes in lease payments arising from rent concessions occurring as a direct consequence of the COVID-19 pandemic	75,066	53,509
Gain on termination of lease	5,688	-
Gain on rent deferral	560	-
Depreciation expense on lease assets	(192,340)	(86,502)
Net leases expenses	(124,828)	(37,952)
Cash outflows for payments of lease liabilities	(100,028)	(36,398)
Cash outflows for payments of lease interest	(13,802)	(4,959)

(d) Future lease payments

	2022 $	2021 $
No later than one year	150,244	224,949
Later than one year and not later than five years	577,817	437,288
Later than five years	-	-
	728,061	662,237

Notes to the financial statements (continued)

13. PAYABLES

	2022 $	2021 $
Current		
Unsecured liabilities		
Trade creditors	(356,032)	(104,526)
Sundry creditors and accruals	(380,489)	(454,273)
	(736,521)	(558,799)
Non Current	-	(166,667)
Other payables	-	(166,667)

14. BORROWINGS

	2022 $	2021 $
Current		
Secured liabilities		
Other loan	-	(15,000)
	-	(15,000)
Non Current		
Unsecured liabilities		
Bank loans	-	(57,935)
	-	(57,935)

The Registered Entity maintains the following lines of credit:
$2.5m that is unsecured and can be drawn down to meet short-term financing needs. Interest would be payable BBSY plus a business loan margin of 0.5% p.a. The facility expires in April 2033.

15. PROVISIONS

	2022 $	2021 $
Current		
Short term employee benefits	(267,963)	(292,511)
	(267,963)	(292,511)
Non Current		
Liability for long-service leave	(44,733)	(25,364)
	(44,733)	(25,364)

16. CONTRACT LIABILITIES

	2022 $	2021 $
Current		
Deferred income	(31,732)	(15,666)
Grants received in advance	(74,899)	(357,279)
	(106,631)	(372,945)

Notes to the financial statements (continued)

17. ACCUMULATED SURPLUS

	2022	2021
	$	$
Accumulated surplus at beginning of year	2,979,422	2,223,514
Surplus for the year	1,333,007	755,908
	4,312,429	2,979,422

18. RELATED PARTY TRANSACTIONS

	2022	2021
	$	$
Compensation received by key management personnel of the Group:		
Total compensation	242,726	223,240
	242,726	223,240
Outstanding balances to key management personnel of the Group	184,724	150,545

19. EVENTS SUBSEQUENT TO REPORTING PERIOD

The COVID-19 pandemic continues to have an effect on the hospitality and corporate sectors throughout Victoria. Other than this, there has been no other matter or circumstance, which has arisen since 30 June 2022 that has significantly affected or may significantly affect:

(a) the operations, in financial year subsequent to 30 June 2022, of the Group, or

(b) the results of those operations, or

(c) the state of affairs, in financial years subsequent to 30 June 2022, of the Group.

20. 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 2022 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.

21. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The Directors are not aware of any material contingent liabilities and assets as at 30 June 2022 (2021: Nil).

22. AUDITOR'S REMUNERATION

	2022	2021
Audit services	$	$
Auditors of the company		
KPMG Australia		
- Audit of the Financial report	14,950	14,000
Total audit services	14,950	14,000
Other services		
- Assistance with the compilation of the statutory financial statements	5,000	5,000
Total other services	5,000	5,000
Total auditors remuneration	19,950	19,000

23. FINANCIAL INSTRUMENTS

	2022	2021
	$	$
Financial assets measured at amortised cost		
Trade receivables	292,903	192,242
Cash and cash equivalents	1,549,789	431,212
	1,842,692	623,454
Financial liabilities measured at amortised cost		
Trade payables	(356,032)	(104,526)
Lease liabilities	(622,332)	(635,872)
	(978,364)	(740,398)

Directors' declaration

In the opinion of the directors of STREAT Limited and its controlled entity:

(a) the Company is not publicly accountable;

(b) the consolidated financial statements and notes, set out on pages 11 to 37, are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including;

(i) giving a true and fair view of the Consolidated Group's financial position as at 30 June 2022 and of its performance, for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards – Simplified Disclosures and the Australian Charities and Not-for-profits Commission Regulation 2013; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Dated at Melbourne this 8th day of December 2022.

Rebecca Scott	Elinor Colaso
Rebecca Scott	Elinor Colaso
Director	*Director*

Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To: the directors of STREAT Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2022 there have been:

i. no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

K. Rowswell

Kate Rowswell

Partner

Melbourne

8 December 2022

Independent Auditor's Report

To the Directors of STREAT Limited

Opinion

We have audited the ***Financial Report*** of STREAT Limited and its controlled entity (the Group).

In our opinion, the accompanying Financial Report of the Company is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance and its cash flows for the year ended on that date; and
- complying with *Australian Accounting Standards – Simplified Disclosures* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2022;
- Consolidated statement of surplus or deficit and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' declaration of the Company

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Group in accordance with the auditor independence requirements of the *ACNC Act 2012* 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 fulfilled our other ethical responsibilities in accordance with these requirements.

KPMG

Material Uncertainty Related to Going Concern

We draw attention to Note 1(e), "Going concern basis of preparation" in the Financial Report. The conditions disclosed in Note 1(e), indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether the Group will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the Financial Report. Our opinion is not modified in respect of this matter.

Other Information

Other Information is financial and non-financial information in STREAT Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- Preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards – Simplified Disclosures* and the ACNC.
- Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- Assessing the Group's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the Financial Report.

As part of an audit in accordance with *Australian Auditing Standards*, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

i. 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.

ii. 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 Group's internal control.

iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

iv. 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 Group'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 Group to cease to continue as a going concern.

v. 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.

We communicate with the Directors of the registered Company 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.

KPMG

KPMG

K. Rowswell

Kate Rowswell

Partner

Melbourne

8 December 2022