STREAT Limited and its controlled entity

ABN 96 134 906 933

General Purpose Financial Report

For the year ended 30 June 2023

STREAT Limited and its controlled entity
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Contents

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 2023 and auditor's report thereon.

1. Directors

The Directors of the Company at any time during or since the end of the financial year are:

Niamh Hussey (Chair)	
Rebecca Scott	
Kate Barrelle	
Fiona Sharkie	
Elinor Colaso	
Chris Grelis	
Jacob Spencer	Resigned 15/09/2022

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
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.

Directors' Report

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 Women's Development Agency) and 4 years as Deputy Chair (Plan International Australia). Experience includes developing strategy, changes to corporate structure, recruitment of skills-based board.
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	Elinor has over 20 years experience as a legal, risk and compliance professional. She has held senior appointments in large multi-national organisations, which include Deputy General Counsel, and Ethics & Compliance Officer roles.
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.

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	6	6	-	-
Rebecca Scott	6	6	4	4
Kate Barrelle	6	6	-	-
Fiona Sharkie	6	6	-	-
Elinor Colaso	6	6	4	4
Chris Grelis	6	5	4	4

Directors' Report

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 2023 the number of members was 7. The combined total amount that members of the Company are liable to contribute if the Company is wound up is $700.

2. 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.

There were no significant changes in the nature of the activities of the Group during the year.

3. Environmental regulation

The Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation.

The Group monitors compliance with environmental regulations. The Group are not aware of any significant breaches during the year covered by their report.

4. Key performance indicators

Performance

STREAT provides a range of training and work-readiness programs for young people facing disadvantages and multiple barriers to employment. Over the last year 2022-2023, STREAT intensively supported 90 young people in 'learning to
earning pathways of up to 12 months (trial shifts, Parkville, FT2W and P2W). We also provided 713 (outreach + taster + Jobs Club) contacts to a wider cohort of similar young people:

- Outreach – 520 young people
- Taste of STREAT – 27 young people
- Job Club – 161 young people
- Parkville – 8 trainees
- Fast Track to Work – 50
- Paid to Work (with external partners) – 18
- Paid to Work (with STREAT) – 4

Concerning the most intensive program, Fast Track to Work, there was an 82% completion rate. At the start of the program, only 8% were in employment, education or training, whereas by the end, 78% of those that completed were employed or enrolled in education/training. Across all five classes delivered across 2022-2023, the trainees rated the intensive program at 91%.

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

Engagement/Outreach

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

Tasters

Tasters are interactive, half-day workshops for young people interested in STREAT's Fast Track to Work program. Learning about STREAT in an engaging way might be just what a young person needs before committing to a more extended program. Tasters are run quarterly. These fun Taster workshops are attended by the young persons and their referring external support worker.

Jobs Club

Jobs Club is a weekly drop-in program for young people aged 16-24 who want 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 searches, applications, and interview preparation.

Directors' Report

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 create effective transitions of young people from the Malmsbury and Parkville Youth Justice Centres into STREAT's programs and/or further employment/study. Young people are offered 30 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.

Fast-Track to Work

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. Magic the Therapy Assist Dog attends regularly. We offer the Paid to Work program to all suitable graduates from Fast Track to Work.

Paid to Work

Paid to Work is a 9-month employment program providing intensive post-placement support to suitable STREAT graduates who are employed by carefully chosen partner employers such as Fonda Mexican Restaurant, Nando's, RACV, Leonda by the River, Plant Society, Green Options and STREAT itself.

5. Short-term and long-term objectives and strategies

Whilst STREAT's youth programs have fully recovered from the COVID-19 pandemic, the organisation's business portfolio remains disrupted, particularly by the changes in the way people are working within the CBD. STREAT continues to remain agile and adapt to necessary changes, and also to create new business opportunities where possible. This has seen the organisation close some of its businesses this past year, open new businesses, or expand others. Our portfolio of businesses remains strongly diversified, and this continues to be a real asset in such times of turbulence.

This last year STREAT has also developed its 2040 Roadmap, a long-term strategy for its work across four impact areas: People, Places, Planet and Performance. Whilst we'll continue to do transformative work with individual young people, we'll increasingly work to transform the system for future generations of young people. This will include playing a leadership role in the social enterprise sector and helping lead large collaborative projects with like-minded organisations.

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

People:

- Provide supported employment pathways for marginalised young people

Places:

- Design and build vibrant and youthful places

Planet:

- Be green business leaders

Performance:

- Build sustainable social enterprises that power our work with young people
- Change the system for future young people.

Directors' Report

To achieve its objectives, the Registered Entity has adopted the following strategies:

- Create a workplace culture that's diverse, inclusive, supportive and fun.
- Attract and retain quality staff committed to working with young people, and ensure they have strong support and learning opportunities to ensure they're confident in their work with young people.
- Undertake strong participatory processes to ensure young people influence and lead our work.
- Provide holistic support to ensure young people improve their sense of belonging, wellbeing and have a healthy self, work and home.
- Offer a suite of training and employment programs to ensure young people can gain the necessary supports and opportunities they need and want.
- Grow the organisation's portfolio of foodservice businesses to reach the point of financial self-sufficiency
- Be industry leaders in conserving and regenerating energy, water, soil and biodiversity.
- Engage a wide range of stakeholders to support the organisation's work.
- Provide leadership within the social enterprise sector to help catalyse greater social and environmental change.
- Continue to design evidence-based programs, monitor and evaluate our progress in all parts of our work, and transparently and fearlessly share our learnings and outcomes with others to help grow the knowledge of the social innovation ecosystem.

6. Review of operations and results of those operations

Overview of the Group

These consolidated financial statements are the general purpose financial statements prepared in accordance with Australian Accounting Standards - Simplified Disclosures.

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.

Operating results

The loss of the Group after income tax is $2,115,976 (2022: surplus of $1,333,007). The Directors are satisfied with the performance and operations of the Group during the financial year.

Commentary on Operating Results

Grants and donations activities continued to provide important support for the Group recording $1,215,725 in 2023 (2022: $5,268,766) which assisted in sustaining the Group's financial results. Employee benefits expense of $5,561,311 (2022: $4,829,186) has increased with the re-opening of locations, with a similar increase in trading revenue resulting in $4,803,661 being recorded in 2023 (2022: $2,770,755).

7. Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group that occurred during the financial year under review.

8. Dividends

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

9. Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Directors' Report

10. 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 its horticultural activities to complement the existing hospitality training programs and further upskill candidates, providing more holistic training and ongoing pathways for young people.

Information about likely developments in the operations of the Group 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.

11. Indemnification and insurance of Directors and Officers

Indemnifications

Since the end of the previous financial year, the Group has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the Group.

Insurance premiums

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.

12. 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 $252,461 in remuneration for services performed for the Group (2022: $242,726).

13. Proceedings on behalf of the Group

There are no current proceedings on behalf of the Group.

14. Lead auditor's independence declaration

A copy of the lead 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.

Elinor Colaso
Chair of Finance, Audit & Risk Committee

Rebecca Scott
Director & CEO

Dated this 12 day of DEC 2023.

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 2023 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

12 December 2023

Consolidated Statement of Surplus or Deficit and Other Comprehensive Income

For the year ended 30 June 2023

	Note	2023 $	2022 $
Trade revenue	2	4,803,661	2,770,755
Cost of sales		(1,777,956)	(695,095)
GROSS PROFIT		3,025,705	2,075,660
OTHER REVENUE			
Donations and grants	2	1,215,725	5,268,766
Other revenue	2	446,396	452,846
TOTAL OTHER REVENUE		1,662,121	5,721,612
EXPENSES			
Employee benefits expenses		(5,561,311)	(4,829,186)
Consultancy fees		(103,420)	(423,144)
Communications and marketing expenses		(21,023)	(40,727)
Other administration expenses		(616,462)	(511,903)
Depreciation and amortisation expense		(320,387)	(369,831)
Repairs and maintenance expense		(47,767)	(74,571)
Utilities expense		(76,604)	(72,953)
Loss on disposal of plant & equipment		-	(91,174)
TOTAL EXPENSES		(6,746,974)	(6,413,489)
Finance income	3	1,606	302
Finance costs	3	(58,434)	(51,078)
NET FINANCE COST		(56,828)	(50,776)
(DEFICIT)/SURPLUS BEFORE TAX		(2,115,976)	1,333,007
Income tax expense		-	-
(DEFICIT)/SURPLUS		(2,115,976)	1,333,007
Other comprehensive income		-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME		(2,115,976)	1,333,007

Consolidated Statement of Financial Position

As at 30 June 2023

	Note	2023 $	2022 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	302,655	1,549,789
Receivables	5	219,130	292,903
Inventories	6	249,806	193,174
Other assets	7	123,263	73,697
TOTAL CURRENT ASSETS		894,854	2,109,563
NON-CURRENT ASSETS			
Intangible assets	8	40,597	40,597
Lease assets	9	456,937	602,470
Plant and equipment	10	3,296,150	3,337,979
TOTAL NON-CURRENT ASSETS		3,793,684	3,981,046
TOTAL ASSETS		4,688,538	6,090,609
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	608,675	736,521
Lease liabilities	9	121,943	112,721
Borrowings	12	252,000	-
Provisions	13	359,978	267,963
Contract liabilities	14	415,852	106,631
TOTAL CURRENT LIABILITIES		1,758,448	1,223,836
NON-CURRENT LIABILITIES			
Lease liabilities	9	365,702	509,611
Borrowings	12	331,608	-
Provisions	13	36,327	44,733
TOTAL NON-CURRENT LIABILITIES		733,637	554,344
TOTAL LIABILITIES		2,492,085	1,778,180
NET ASSETS		2,196,453	4,312,429
EQUITY			
Accumulated surplus	15	2,196,453	4,312,429
TOTAL EQUITY		2,196,453	4,312,429

Consolidated Statement of Changes in Equity

For the year ended 30 June 2023

	Accumulated surplus	Total equity
	$	$
BALANCE AT 1 JULY 2021	2,979,422	2,979,422
Surplus for the year	1,333,007	1,333,007
BALANCE AT 30 JUNE 2022	4,312,429	4,312,429
Deficit for the year	(2,115,976)	(2,115,976)
BALANCE AT 30 JUNE 2023	2,196,453	2,196,453

Consolidated Statement of Cash Flows

For the year ended 30 June 2023

	Note	2023 $	2022 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		5,841,459	3,136,173
Payments to supplier and employees		(8,864,488)	(6,674,471)
Grants and donations		1,524,946	5,002,452
Interest received		1,606	302
Finance costs		(58,434)	(37,276)
NET CASH (USED IN)/FROM OPERATING ACTIVITIES		(1,554,911)	1,427,180
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of plant and equipment and intangibles		(141,143)	(121,838)
NET CASH USED IN INVESTING ACTIVITIES		(141,143)	(121,838)
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawings from/(repayment of) borrowings		583,607	(72,935)
Payment of lease liabilities		(126,680)	(100,028)
Payment of interest on lease liabilities		(8,007)	(13,802)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES		448,920	(186,765)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,247,134)	1,118,577
Cash and cash equivalents at 1 July		1,549,789	431,212
CASH AND CASH EQUIVALENTS AT 30 JUNE	4	302,655	1,549,789

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

Note 1 Accounting Policies

REPORTING ENTITY

STREAT Limited and its controlled entity (the 'Company') is a company limited by guarantee, incorporated and domiciled in Australia. The Group's registered office is at 66 Cromwell Street, Collingwood, VIC, 3066.

These consolidated financial statements comprise the Company and its subsidiary (together referred to as the 'Group').

The Group is a not-for-profit entity and is primarily involved in to operate a sustainable business model that maximises its social footprint, minimises its environmental footprint, whilst being financially sustainable across all of its operations.

BASIS OF PREPARATION

a) Statement of Compliance

These consolidated financial statements are general purpose financial statements for distribution to the members and for the purpose of fulfilling the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*. They have been prepared in accordance with Australian Accounting Standards - Simplified Disclosures made by the Australian Accounting Standards Board and the *Australian Charities and Not-for-profits Commission Act 2012*.

These consolidated financial statements were authorised for issue by the Board of Directors as of the date of the Directors Declaration.

b) Basis of measurement

The consolidated financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes.

c) Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

i. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- lease term: whether the Group is reasonably certain to exercise extension options;
- 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.

BASIS OF CONSOLIDATION

Business Combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified reassessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expenses as incurred, except if related to the issue of debt or equity securities.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Subsidiary

Subsidiary are entity controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account.

The acquisition of subsidiary is accounted for using the purchase method of accounting, which involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

Investments is subsidiary held of the Group are accounted for at cost in the separate financial statements of the parent entity less any impairment charges. Dividends received from subsidiary are recorded as a component of other revenues in the separate income statement of the parent entity, and do not impact the recorded cost of the investment. Upon receipt of dividend payments from subsidiary, the parent will assess whether any indicators of impairment of carrying value of the investments in the subsidiary exist. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amounts, an impairment loss is recognised.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary and other components of equity. 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.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. 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.

Non-controlling interests

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

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).

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 14. 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.

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.

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).

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.

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:

- 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
- 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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

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.

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).

GOING CONCERN BASIS OF PREPARATION

The consolidated 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 consolidated statement of financial position reflects a net current liabilities of $863,594 (2022 - net current asset of $885,727) and a surplus in net assets of $2,196,453 (2022 - $4,312,429) as at 30 June 2023. The Group has also recorded a net operating deficit of $2,115,976 (2022 - surplus of $1,333,007) for the year ended 30 June 2023.

The Group has cash on hand at 30 June 2023 of $302,655 (2022 - $1,549,789). The current loan facility of the Group with a $583,608 amount drawn (2022 - nil) expires on 13 April 2033. The maximum available facility limit under this facility was $2,437,500 at 30 June 2023 and requires principal repayments of $21,000 per month which provides $1,853,892 of undrawn facility at 30 June 2023. 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 ending 30 June 2024.

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

- An increase in sales across its catering and events business, and its existing Café's, with more employees returning to the CBD offices for work and study in 2024. The Group is also planning to continue its growth of hospitality venues by opening new sites in 2024.
- As at June 2023, the Group had a redraw debt facility with a $2,437,500 limit which expires on 13 April 2033. As at 30 June 2023, the drawn amount of the facility was $583,608 which provides $1,853,892 of undrawn facility. There are no financial covenants under the facility agreement, albeit there are minimum monthly principal repayment obligations of $21,000 per month.
- The Group is forecasting positive ending cash balances including cash drawn from the redraw facility for each month ending in the 12 months subsequent to the date of this financial report.
- The Group is expecting to secure additional grants 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 the impact of 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.

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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

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 2023 (2022: nil).

INVENTORIES

Inventories comprise goods purchased for resale. Inventories are measured at the lower of cost and net realisable value.

Cost is based on the weighted-average method and includes expenditure incurred in acquiring the inventories and bringing them to the existing condition and location. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

PLANT & EQUIPMENT

a) Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

Any gain or loss on disposal of an item of plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

b) Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

c) Depreciation

Items of plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write-off the cost of property, plant and equipment less their estimated residual values using the diminishing value basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of plant and equipment are as follows:

Class of fixed asset	Depreciation rates	Depreciation basis
Motor vehicles and office equipment	10%	Diminishing value
Furniture, fixtures and fittings	10%	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

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

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 Group 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 reasonably certain that the extension options will be exercised.

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.

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 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 will exercise a purchase option. In that case, 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.

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 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. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

FINANCIAL INSTRUMENTS

a) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

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

b) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. However, see below for derivatives designated as hedging instruments.

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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

c) Derecognition

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 all 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 liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

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

d) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

EMPLOYEE BENEFITS

Short-term employee benefits

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.

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Other long-term employee benefits

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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

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.

SHARE CAPITAL

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with AASB 112.

Preference shares

The Group's redeemable preference shares are classified as financial liabilities, because they bear non-discretionary dividends and are redeemable in cash by the holders. Non-discretionary dividends thereon are recognised as interest expense in profit or loss as accrued.

Non-redeemable preference shares are classified as equity, because they bear discretionary dividends, do not contain any obligations to deliver cash or other financial assets and do not require settlement in a variable number of the Group's equity instruments. Discretionary dividends thereon are recognised as equity distributions on approval by the Group's shareholders.

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.

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.

IMPAIRMENT

Financial assets

Financial instruments and contract assets

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost and contract assets.

The Group also recognises loss allowances for ECLs on lease receivables, which are disclosed as part of trade and other receivables.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables (including lease receivables) and contract assets are always measured at an amount equal to lifetime ECLs.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

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, that includes 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 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 a 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.

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.

Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets 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. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into 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.

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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

Presentation of allowance for ECL in the statement of financial position

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

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.

Note 2 Revenue

	2023	2022
a) Disaggregation of revenue	$	$
Café and catering sales	3,813,887	2,357,168
Bakery and coffee sales	989,774	413,587
TOTAL TRADING REVENUE	4,803,661	2,770,755
Youth program grants and donations	1,215,725	5,268,766
Other income	446,396	452,846
	1,662,121	5,721,612
TOTAL REVENUE	6,465,782	8,492,367

2023
Source of funds

	Revenue from contracts with customer (AASB 15)	Revenue under AASB 1058	Total
	$	$	
Café and catering sales	3,813,887	-	3,813,887
Bakery and coffee sales	989,774	-	989,774
Youth program grants and donations	-	1,215,725	1,215,725
Other income	446,396	-	446,396
	5,250,057	1,215,725	6,465,782

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

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

b) Revenue from Government sources included in Note 2 (a)	2023	2022
	$	$
State government of Victoria	357,260	1,472,603
	357,260	1,472,603

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 14.

Note 3 Net finance costs

	2023	2022
	$	$
Interest income	1,606	302
FINANCE INCOME	1,606	302
Interest expense	(58,434)	(51,078)
FINANCE COSTS	(58,434)	(51,078)
NET FINANCE COST	(56,828)	(50,776)

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

Note 4 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position and in the statement of cash flows comprises of below:

	2023	2022
	$	$
Cash on hand	1,300	1,900
Cash at bank	301,355	1,547,889
TOTAL CASH AND CASH EQUIVALENTS	302,655	1,549,789

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 5 Receivables

	2023	2022
	$	$
Receivables from contracts with customers	219,130	292,903
TOTAL RECEIVABLES	219,130	292,903

The provision for doubtful debts on trade receivables was nil (2022: nil).

Note 6 Inventories

	2023	2022
	$	$
At cost		
Retail products	88,524	91,306
Consumables	161,282	101,868
	249,806	193,174

In 2023, inventories of $1,777,956 (2022: $695,095) were recognised as an expense during the period and included in cost of sales.

Note 7 Other assets

	2023	2022
	$	$
Prepayments	101,697	53,971
Other current assets	21,566	19,726
TOTAL OTHER ASSETS	123,263	73,697

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

Note 8 Intangible assets

	Goodwill at Cost $
COST	
Balance at 1 July 2021	40,597
BALANCE AT 30 JUNE 2022	40,597
Balance at 1 July 2022	40,597
BALANCE AT 30 JUNE 2023	40,597
CARRYING AMOUNTS	
At 1 July 2021	40,597
AT 30 JUNE 2022	40,597
At 1 July 2022	40,597
AT 30 JUNE 2023	40,597

Note 9 Lease assets and lease liabilities

a) Reconciliation of the carrying amount of lease assets at the beginning and end of the financial year:	Property $	Total $
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
Balance at 30 June 2022	602,470	602,470
Depreciation charge for the year	(145,533)	(145,533)
BALANCE AT 30 JUNE 2023	456,937	456,937

b) Lease liabilities	2023 $	2022 $
CURRENT		
Land and buildings	121,943	112,721
	121,943	112,721
NON-CURRENT		
Land and buildings	365,702	509,611
	365,702	509,611
TOTAL CARRYING AMOUNT OF LEASE LIABILITIES	487,645	622,332

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

c) Lease expenses and cashflows	2023	2022
	$	$
Interest expense on lease liabilities	(8,007)	(13,802)
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
Gain on termination of lease	-	5,688
Gain on rent deferral	-	560
Depreciation expense on lease assets	(145,533)	(192,340)
NET LEASES EXPENSES	(153,540)	(124,828)
Cash outflows for payments of lease liabilities	(126,680)	(100,028)
Cash outflows for payments of lease interest	(8,007)	(13,802)

d) Future lease payments	2023	2022
	$	$
No later than one year	151,309	150,244
Later than one year and not later than five years	426,508	577,817
	577,817	728,061

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

Note 10 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 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
Disposal	-	-	-	(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
Balance at 1 July 2022	2,769,390	125,767	18,108	173,906	97,858	1,213,104	4,398,133
Additions	24,584	22,988	13,679	-	20,645	59,247	141,143
Disposal	-	(17,655)	-	-	(14,942)	-	(32,597)
BALANCE AT 30 JUNE 2023	2,793,974	131,100	31,787	173,906	103,561	1,272,351	4,506,679
DEPRECIATION							
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
Balance at 1 July 2022	374,066	37,605	11,775	57,945	60,377	518,386	1,060,154
Depreciation charge for the year	65,684	9,930	1,359	11,704	14,268	71,909	174,854
Disposals	-	(11,980)	-	-	(12,499)	-	(24,479)
BALANCE AT 30 JUNE 2023	439,750	35,555	13,134	69,649	62,146	590,295	1,210,529
CARRYING AMOUNTS							
BALANCE AT 30 JUNE 2022	2,395,324	88,162	6,333	115,961	37,481	694,718	3,337,979
BALANCE AT 30 JUNE 2023	2,354,223	95,545	18,654	104,257	41,415	682,056	3,296,150

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

Note 11 Trade and other payables

	2023	2022
	$	$
Trade creditors	179,268	356,032
Sundry creditors and accruals	429,407	380,489
TOTAL TRADE AND OTHER PAYABLES	608,675	736,521

Note 12 Borrowings

	2023	2022
	$	$
CURRENT		
Bank loan	252,000	-
TOTAL CURRENT	252,000	-
NON-CURRENT		
Bank loan	331,608	-
TOTAL NON-CURRENT	331,608	-

The Registered Entity maintains the following lines of credit:

$2,437,500 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.

Note 13 Provisions

	2023	2022
	$	$
CURRENT		
Short term employee benefits	359,978	267,963
TOTAL CURRENT	359,978	267,963
NON-CURRENT		
Liability for long-service leave	36,327	44,733
TOTAL NON-CURRENT	36,327	44,733

Note 14 Contract liabilities

	2023	2022
	$	$
Deferred income	9,091	31,732
Grants received in advance	406,761	74,899
TOTAL CONTRACT LIABILITIES	415,852	106,631

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

Note 15 Accumulated surplus

	2023 $	2022 $
Accumulated surplus at beginning of year	4,312,429	2,979,422
(Deficit)/surplus for the year	(2,115,976)	1,333,007
	2,196,453	4,312,429

Note 16 Financial instruments

	2023 $	2022 $
FINANCIAL ASSETS MEASURED AT AMORTISED COST		
Trade receivables	219,130	292,903
Cash and cash equivalents	302,655	1,549,789
	521,785	1,842,692
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST		
Trade payables	608,675	736,521
Lease liabilities	487,645	622,332
Borrowings	583,608	-
	1,679,928	1,358,853

Note 17 Commitments

As at 30 June 2023, there existed no commitments for the Group.

Note 18 Parent entity disclosures

a) Summarised consolidated statement of financial position	2023 $	2022 $
ASSETS		
Current assets	894,854	2,109,563
Non-current assets	3,793,684	3,981,046
TOTAL ASSETS	4,688,538	6,090,609
LIABILITIES		
Current liabilities	(1,905,100)	(1,223,836)
Non-current liabilities	(586,985)	(554,344)
TOTAL LIABILITIES	(2,492,085)	(1,778,180)
NET ASSETS	2,196,453	4,312,429

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

a) Summarised consolidated statement of financial position	2023 $	2022 $
EQUITY		
Accumulated surplus	2,196,453	4,312,429
TOTAL EQUITY	2,196,453	4,312,429

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

(Deficit)/surplus for the year	(2,115,976)	1,333,007
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	(2,115,976)	1,333,007

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 contractual commitments

At 30 June 2023 STREAT Limited has contractual commitments for operated leases which have been disclosed in Note 10 as lease liabilities.

e) Parent entity contingencies

The parent entity did not have any contingent liabilities as at 30 June 2023 (2022: nil)

Note 19 Related parties

a) Transactions with key management personnel

Key management personnel compensation

Key management personnel compensation comprised short-term employee benefits, post-employment benefits, other long-term benefits, termination benefits and share-based payments.

	2023 $	2022 $
Total key management personnel compensation	252,461	242,726
TOTAL COMPENSATION	252,461	242,726
Outstanding balances to key management personnel of the Group	206,125	184,724

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

Note 20 Auditor's remuneration

	2023	2022
	$	$
AUDIT SERVICES		
Auditors of the company		
KPMG AUSTRALIA		
Audit of financial statements – group	16,250	14,950
TOTAL AUDIT SERVICES	16,250	14,950
OTHER SERVICES		
Assistance with the compilation of the statutory financial statements	5,250	5,000
TOTAL OTHER SERVICES	5,250	5,000
TOTAL AUDITORS REMUNERATION	21,500	19,950

Note 21 Contingencies

The Directors are not aware of any material contingent liabilities and assets as at 30 June 2023 (2022: nil).

Note 22 Members' guarantee

The Registered Entity is incorporated under the Corporations Act 2001 and is a Group 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 Group. At 30 June 2023 the number of members was 7. The combined total amount that members of the Group are liable to contribute if the Company is wound up is $700.

Note 23 Subsequent events

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Directors' Declaration

In the opinion of the Directors of STREAT Limited (the 'Company'):

a) the Company is not publicly accountable;

b) the consolidated financial statements and notes that as set out on pages 10 to 33 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 2023 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 12 day of December 2023.

Rebecca Scott

Rebecca Scott
Director

Elinor Colaso
Director

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 2023 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 2023;
- 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1, "Going concern basis of preparation" in the Financial Report. The conditions disclosed in Note 1 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

12 December 2023