Instreet Investment Australia Ltd

ABN 24 622 827 589

Annual Report - 30 June 2022

Directors present their report on Instreet Investment Australia Ltd, the company, and its controlled entities for the financial year ended 30 June 2022. The consolidated entity is referred to as “the Group”.

Directors
The following persons were directors of Instreet Investment Australia Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

David Gordon (resigned March 2022)
George Lucas
Ian Rae (resigned March 2022)
Astrid Raetze (appointed March 2022)
Bradley Cuss (appointed March 2022)

Principal activities
The principal activity of the consolidated group during the financial year was the provision of investment products for investors.
No significant change in the nature of these activities occurred during the year.

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations
The profit for the consolidated entity after providing for income tax and non-controlling interest amounted to $626,720 (30 June 2021: $248,328).

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Events subsequent to the end of the financial year
No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations
Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

Environmental regulation
The Group’s operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Shares under option
There were no unissued ordinary shares of Instreet Investment Australia Ltd under options outstanding at the date of this report.

Shares issued on the exercise of options
There were no ordinary shares of Instreet Investment Australia Ltd issued on the exercise of options during the year ended 30 June 2022 and up to the date of this report.

Indemnity and insurance of officers
The company provides insurance to directors under a Directors and Officers Insurance policy. The details of the indemnity insurance are as follows:

- The company is insured under Raiz Invest Limited’s insurance policy as an Authorised Representative of Instreet Investment Limited. The policy insured each of the directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of director of the company/other than conduct involving a wilful breach of duty in relation to the company.

Further disclosure of information relating to this policy is not permitted under the contract of insurance.
No indemnification has been obtained for the auditors of the company or the Group.

Proceedings on behalf of the company
No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.
The company was not a party to any such proceedings during the year.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

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George Lucas

8 November 2022

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General information

The financial statements cover Instreet Investment Australia Ltd as a consolidated entity consisting of Instreet Investment Australia Ltd and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Instreet Investment Australia Ltd's functional and presentation currency.

Instreet Investment Australia Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 11, 2 Bulletin Place
Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 8 November 2022. The directors have the power to amend and reissue the financial statements.

Instreet Investment Australia Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	Consolidated 2022 $	2021 $
Revenue	3	4,975,498	4,635,141
Expenses			
Advisor fees		(164,000)	(443,598)
Professional fees		(1,578,652)	(2,196,482)
Depreciation and amortisation		(2,873)	(22,746)
Marketing expenses		(105,689)	(209,090)
Contractor		(459,400)	(405,845)
Other expenses		(177,244)	(224,580)
Finance costs		(1,614,195)	(786,228)
Profit before income tax expense		873,445	346,572
Income tax expense	4	(249,029)	(102,073)
Profit after income tax expense for the year		624,416	244,499
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		624,416	244,499
Profit for the year is attributable to:			
Non-controlling interest		(2,304)	(3,829)
Owners of Instreet Investment Australia Ltd		626,720	248,328
		624,416	244,499
Total comprehensive income for the year is attributable to:			
Non-controlling interest		(2,304)	(3,829)
Owners of Instreet Investment Australia Ltd		626,720	248,328
		624,416	244,499

Instreet Investment Australia Ltd
Statement of financial position
As at 30 June 2022

	Note	Consolidated 2022 $	Consolidated 2021 $
Assets			
Current assets			
Cash and cash equivalents	5	3,504,931	4,471,558
Trade and other receivables	6	428,716	6,554,057
Financial assets	7	22,383,674	12,864,532
Income tax refund due	8	-	194,241
Other current assets	9	2,776,584	3,508,344
Total current assets		29,093,905	27,592,732
Non-current assets			
Trade and other receivables	10	202,790	281,294
Financial assets	11	53,881,556	89,927,108
Intangibles	12	89	2,962
Deferred tax	13	9,540	96,223
Total non-current assets		54,093,975	90,307,587
Total assets		83,187,880	117,900,319
Liabilities			
Current liabilities			
Trade and other payables	14	4,867,055	13,770,969
Financial liabilities	15	22,383,674	12,864,532
Income tax	16	244,063	-
Total current liabilities		27,494,792	26,635,501
Non-current liabilities			
Financial liabilities	17	53,875,547	89,921,098
Deferred tax	18	105,091	255,686
Total non-current liabilities		53,980,638	90,176,784
Total liabilities		81,475,430	116,812,285
Net assets		1,712,450	1,088,034
Equity			
Issued capital	19	858,324	858,324
Reserves	20	(861,327)	(861,327)
Retained profits		1,766,057	1,139,337
Equity attributable to the owners of Instreet Investment Australia Ltd		1,763,054	1,136,334
Non-controlling interest		(50,604)	(48,300)
Total equity		1,712,450	1,088,034

The above statement of financial position should be read in conjunction with the accompanying notes

Instreet Investment Australia Ltd
Statement of changes in equity
For the year ended 30 June 2022

Consolidated	Issued capital $	Common Control reserves $	Retained profits $	Non-controlling interest $	Total equity $
Balance at 1 July 2020	858,324	(861,327)	891,009	(44,471)	843,535
Profit/(loss) after income tax expense for the year	-	-	248,328	(3,829)	244,499
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	248,328	(3,829)	244,499
Balance at 30 June 2021	858,324	(861,327)	1,139,337	(48,300)	1,088,034

Consolidated	Issued capital $	Common Control reserves $	Retained profits $	Non-controlling interest $	Total equity $
Balance at 1 July 2021	858,324	(861,327)	1,139,337	(48,300)	1,088,034
Profit/(loss) after income tax expense for the year	-	-	626,720	(2,304)	624,416
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	626,720	(2,304)	624,416
Balance at 30 June 2022	858,324	(861,327)	1,766,057	(50,604)	1,712,450

The above statement of changes in equity should be read in conjunction with the accompanying notes

Instreet Investment Australia Ltd
Statement of cash flows
For the year ended 30 June 2022

	Note	Consolidated 2022 $	2021 $
Cash flows from operating activities			
Receipts from clients		7,264,963	3,817,961
Payments to suppliers and employees		(10,720,491)	(3,161,935)
		(3,392,177)	656,026
Interest received		3,847,178	824,962
Interest paid		(1,614,195)	(4,755,421)
Income taxes refunded		194,241	-
Income taxes paid		(68,878)	(129,274)
Net cash used in operating activities	27	(1,033,831)	(3,403,707)
Net cash from investing activities		-	-
Cash flows from financing activities			
Loans to related parties		67,204	(550,788)
Net cash from/(used in) financing activities		67,204	(550,788)
Net decrease in cash and cash equivalents		(966,627)	(3,954,495)
Cash and cash equivalents at the beginning of the financial year		4,471,558	8,426,053
Cash and cash equivalents at the end of the financial year	5	3,504,931	4,471,558

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

AASB 1060: *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*

The Group has adopted AASB 1060: *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* for the first time this reporting period. The Standard, which sets out a new separate disclosure Standard to be applied by all entities that are reporting under Tier 2 of the Differential Reporting Framework in AASB 1053: *Application of Tiers of Australian Accounting*, replaces the previous Reduced Disclosure Requirements (RDR) framework. The application of this standard has resulted in reductions in disclosures compared to RDR in Revenue and Financial Instruments; however has resulted in new and/or increased disclosures in areas such as Audit Fees and Related Parties.

Basis of preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 24.

Principles of consolidation

The general purpose consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Instreet Investment Australia Ltd) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent 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. A list of the subsidiaries is provided in Note 25.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interest in a subsidiary not attributable, directly or indirectly, to the Group are presented as “non-controlling interests”. The Group initially recognises non-controlling interests for ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary’s net assets on liquidation at either fair value or the non-controlling interests’ proportionate share of the subsidiary’s net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. The Group derives revenue from two main sources;

- upfront fees from the distribution of structured financial products; and
- on-going operating income (including interest on structured financial products) and other income from managing the risk and administrative requirements associated with the issuing of structured financial products.

Revenue from contracts with customers is recognised over time depending on the investment term.

Operating income is recognised upon new investments and the corresponding issue of financial products.

Note 1. Significant accounting policies (continued)

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax.

Income tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which:
  - (i) is not a business combination; and
  - (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the entity in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Note 1. Significant accounting policies (continued)

Tax consolidation
The company and its wholly-owned Australian resident entities have formed a tax-consolidated group and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Instreet Investment Australia Ltd. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the “separate taxpayer within group” approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the company (as head entity in the tax-consolidated group). Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

Cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown as borrowings in current liabilities on the statement of financial position.

Trade and other receivables
Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(g) for further discussion on the determination of impairment losses.

Financial instruments
Initial recognition and measurement
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is 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 (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement
Financial liabilities
Financial instruments are subsequently measured at:
- amortised cost; or
- fair value through profit or loss

A financial liability is measured at fair value through profit or loss if the financial liability is:
- a contingent consideration of an acquirer in a business combination to which AASB 3: *Business Combinations* applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Note 1. Significant accounting policies (continued)

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:
- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial assets
Financial assets are subsequently measured at:
- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:
- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:
- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Group initially designates a financial instrument as measured at fair value through profit or loss if:
- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy, and information about the Groupings was documented appropriately, so that the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Note 1. Significant accounting policies (continued)

Equity instruments
At initial recognition, as long as the equity instrument is not held for trading and not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the Group made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Group's accounting policy.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets
The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Derecognition
Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities
A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss

Derecognition of financial assets
A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset
- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (ie the Group has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Derivative financial instruments
Derivative financial instruments are initially and subsequently measured at fair value. All gains and losses subsequent to the initial recognition are recognised in profit or loss.

Impairment
The Group recognises a loss allowance for expected credit losses on:
- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- loan commitments that are not measured at fair value through profit or loss; and

Note 1. Significant accounting policies (continued)

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Group uses simplified approach under AASB 9: *Financial Instruments*.

Simplified approach
The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to trade receivables or contract assets that result from transactions within the scope of AASB 15: *Revenue from Contracts with Customers* and which do not contain a significant financing component

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (ie diversity of customer base, appropriate groupings of historical loss experience, etc).

Recognition of expected credit losses in financial statements
At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value, with changes in fair value recognised in other comprehensive income. Amounts in relation to change in credit risk are transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

Impairment of Assets
At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g.in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Note 1. Significant accounting policies (continued)

Intangible Assets Other than Goodwill
Software and website development costs
Software and website development costs are capitalised only when the Group can demonstrate all of the criteria outlined in AASB 138.57. Software and developed websites are considered as having finite useful lives and are amortised on a systematic basis over their useful lives so as to match the economic benefits received to the periods in which the benefits are received. Amortisation begins when the software or websites become operational.

An intangible asset arising from development (or from the development phase of an internal project) shall be recognised if, and only if, an entity can demonstrate all of the following:
- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amortisation rates used for each class of intangible asset with a finite useful life are:

Class of Intangible Asset	Amortisation Rate
Intellectual Property	20.00%

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
Trade and other payables are initially measured at fair value and subsequently measured at cost using the effective interest method.

Trade and other payables represent the liabilities for goods and services received by the Group that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Fair value measurement
The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

Note 1. Significant accounting policies (continued)

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Issued capital
Ordinary shares are classified as equity.

Business combinations
Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exceptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

Goodwill
Goodwill is carried at cost less accumulated impairment losses.

Goodwill is calculated as the excess of the sum of:
(i) the consideration transferred;
(ii) any non-controlling interest (determined under either the full goodwill or proportionate interest method); and
(iii) the acquisition date fair value of any previously held equity interest;
over the acquisition date fair value of any identifiable assets acquired and liabilities assumed.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

Note 1. Significant accounting policies (continued)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (ie reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139: Financial Instruments: Recognition and Measurement, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds a less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value ("full goodwill method") or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets ("proportionate interest method"). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective note to the financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Note 1. Significant accounting policies (continued)

Goods and Services Tax ('GST')
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from financing and investing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

Note 2. Critical accounting judgements, estimates and assumptions

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Fair value of financial instruments
When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. These inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Note 3. Profit before income tax

	Consolidated	
	2022	**2021**
Revenue	**$**	**$**
Commission	940,472	542,372
Dividend revenue	425	360
Interest revenue	3,835,878	2,578,232
Other revenue	198,723	1,514,177
Revenue	4,975,498	4,635,141
Expenses		
Professional fees	1,545,252	2,163,732
Finance cost	1,614,195	786,228
Audit fee	33,400	32,750

Note 4. Income tax expense

	Consolidated 2022 $	Consolidated 2021 $
Income tax expense		
Current tax	312,941	(194,240)
Adjustment recognised for prior periods	3,943	-
Deferred tax	(67,855)	296,313
Aggregate income tax expense	249,029	102,073
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	873,445	346,572
Tax at the statutory tax rate of 25% (2021: 26%)	218,361	90,109
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Other non-allowable items	24,508	14,827
Tax losses and timing differences not recognised	2,217	3,676
Effect of change in tax rate 26% to 25%; FY2021(27.5% to 26%)	-	(6,539)
	245,086	102,073
Adjustment recognised for prior periods	3,943	-
Income tax expense	249,029	102,073

Note 5. Current assets - cash and cash equivalents

	Consolidated 2022 $	Consolidated 2021 $
Cash on hand	400	400
Cash at bank	3,504,531	4,471,158
	3,504,931	4,471,558

Note 6. Current assets - trade and other receivables

	Consolidated 2022 $	Consolidated 2021 $
Trade receivables	229,370	6,337,559
Other receivables	163	17,315
Loan receivable	199,183	199,183
	428,716	6,554,057

Loan receivable from Raiz Invest Limited amounted to $199,183. The loan bears no interest and has an undetermined fixed term. The principal amount is repayable at any time. This balance has been classified as current.

Note 7. Current assets - financial assets

	Consolidated	
	2022	2021
	$	$
Receivable from Link products	5,775,485	11,104,602
Receivable from Masti products	16,608,189	1,759,930
	22,383,674	12,864,532

Financial instruments used by the Group

The group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in the value of its investment products issued to the group's investors in accordance with the group's financial risk management policies.

The group enters into hedging instruments with financial institutions to hedge its exposure to fluctuations in the value of its investment and loan products. The hedging instruments are fair valued by financial institutions to reflect the market value of the hedged instruments. The hedge assets are selected so that the fair value of the hedged liabilities equates to the fair value of the hedged assets and loans. In this way the liabilities and assets are hedged and the risk associated with changes in market conditions has been neutralized.

Note 8. Current assets - income tax refund due

	Consolidated	
	2022	2021
	$	$
Income tax refund due	-	194,241

Note 9. Current assets - other current assets

	Consolidated	
	2022	2021
	$	$
Deferred cost	2,776,584	3,508,344

Deferred Costs are recognised being borrowing costs attached to the Investments which are being paid by the Company in advance to the investment banks. These are allocated over the duration of the Investments.

Note 10. Non-current assets - trade and other receivables

	Consolidated	
	2022	2021
	$	$
Loan receivable	202,790	281,294

Shareholder loan receivable amounting to $202,790. The loan bears interest of 4.71% and has a repayment date of 14/06/2026 or earlier as agreed in writing. The balance has been classified as non-current.

Note 11. Non-current assets - financial assets

	Consolidated	
	2022	**2021**
	$	**$**
Receivables from Masti products	46,094,214	65,964,057
Receivables from Link products	7,781,332	23,957,041
Investment in listed shares	6,010	6,010
	53,881,556	89,927,108

Financial instruments used by the Group
The group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in the value of its investment products issued to the group's investors in accordance with the group's financial risk management policies.

The group enters into hedging instruments with financial institutions to hedge its exposure to fluctuations in the value of its investment and loan products. The hedging instruments are fair valued by financial institutions to reflect the market value of the hedged instruments. The hedge assets are selected so that the fair value of the hedged liabilities equates to the fair value of the hedged assets and loans. In this way the liabilities and assets are hedged and the risk associated with changes in market conditions has been neutralized.

Note 12. Non-current assets - intangibles

	Consolidated	
	2022	**2021**
	$	**$**
Intellectual Property		
At cost	1,524,575	1,524,575
Less: Accumulated amortisation	(1,524,486)	(1,521,613)
	89	2,962

	Consolidated	
	2022	**2021**
	$	$
Reconciliations		
Balance as at 1 July	2,962	25,707
Amortisation	(2,873)	(22,745)
Balance as at 30 June	89	2,962
	89	2,962

Note 13. Non-current assets - deferred tax

	Consolidated	
	2022	**2021**
	$	**$**
Deferred tax asset	9,540	96,223

Note 14. Current liabilities - trade and other payables

	Consolidated 2022 $	Consolidated 2021 $
Trade payables	2,390,263	8,988,842
Other creditors and accruals	63,783	41,038
Unearned Income	2,413,009	4,741,089
	4,867,055	13,770,969

Note 15. Current liabilities - financial liabilities

	Consolidated 2022 $	Consolidated 2021 $
Payables to Masti investors	16,608,189	1,759,930
Payables to Link investors	5,775,485	11,104,602
	22,383,674	12,864,532

Note 16. Current liabilities - income tax

	Consolidated 2022 $	Consolidated 2021 $
Provision for income tax	244,063	-

Note 17. Non-current liabilities - financial liabilities

	Consolidated 2022 $	Consolidated 2021 $
Payables to Masti investors	46,094,215	65,964,057
Payables to Link investors	7,781,332	23,957,041
	53,875,547	89,921,098

Note 18. Non-current liabilities - deferred tax

	Consolidated 2022 $	Consolidated 2021 $
Deferred tax liability	105,091	255,686

Note 19. Equity - issued capital

	Consolidated			
	2022 Shares	2021 Shares	2022 $	2021 $
Ordinary shares - fully paid	2,486,378	2,486,378	858,324	858,324

Ordinary shares
Ordinary shareholders participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called; otherwise each shareholder has one vote on a show of hands.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 20. Equity - reserves

	Consolidated	
	2022 $	2021 $
Common control reserves	(861,327)	(861,327)

On 26 February 2018, the parent entity acquired the following subsidiaries:

a) 100% interest in the Emerald Club Pty Ltd. The acquisition resulted in Instreet Investment Australia Ltd obtaining control of the Emerald Club Pty Ltd recognising common control reserve of $110,233;
b) 100% interest in Instreet Structured Investment Pty Ltd. The acquisition resulted in Instreet Investment Australia Ltd obtaining control of the Emerald Club Pty Ltd recognising common control reserve of $311,123;
c) 80% interest in Vestin Financial Pty Ltd. The acquisition resulted in Instreet Investment Australia Ltd obtaining control of Vestin Financial Pty Ltd recognising common control reserve of $137,554; and
d) 69.5% interest in Wealth Know How Pty Ltd. The acquisition resulted in Instreet Investment Australia Ltd obtaining control of Wealth Know How Pty Ltd recognising common control reserve of 302,417.

Note 21. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 22. Related party transactions

Parent entity
Instreet Investment Australia Ltd is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 25.

Key management personnel
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Group or any of the Group's parent entities, directly or indirectly, including any director (whether executive or otherwise) of the entity, is considered key management personnel.

Transactions and outstanding balances with related parties
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties (i.e. at arm's length) unless the terms and conditions disclosed below state otherwise. The following transactions occurred with related parties:

Note 22. Related party transactions (continued)

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated 2022 $	Consolidated 2021 $
Current receivables:		
Loans receivable from Raiz Invest Limited	199,183	199,183
Non-current receivables:		
Loans receivable from James Poon	152,795	261,300
Management services fees paid to Raiz Invest Limited	734,694	465,618
Corporate authorised representative fee paid to Instreet Investments Limited	469,458	1,259,194
Amounts paid/payable to GHR Financial Planning Pty Ltd on behalf of Ian Rae for Director Fees	20,000	20,000

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 23. Financial risk management

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable and hedged financial assets and liabilities.

The totals for each category of financial instruments, measured in accordance with AASB 139: Financial Instruments: Recognition and Measurement as detailed are as follows:

	Consolidated 2022 $	Consolidated 2021 $
Financial assets		
Cash and cash equivalents	3,504,931	4,471,558
Trade and other receivables	631,506	6,835,351
Financial assets	76,265,230	102,791,640
Total financial assets	80,401,667	114,098,549

	Consolidated 2022	Consolidated 2021
Financial liabilities		
Trade and other payables	4,867,055	13,770,969
Financial liabilities	76,259,221	102,785,630
	81,126,276	116,556,599

Note 24. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2022 $	2021 $
Profit after income tax	(3,166)	(32,750)
Total comprehensive income	(3,166)	(32,750)

Statement of financial position

	Parent	
	2022 $	2021 $
Total current assets	152,434	311,030
Total assets	1,213,239	1,329,826
Total current liabilities	101,987	215,408
Total liabilities	101,987	215,408
Equity		
Issued capital	858,324	858,324
Retained profits	252,928	256,094
Total equity	1,111,252	1,114,418

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 25. Interests in subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's principal place of business is also its country of incorporation or registration.

		Ownership interest	
Name	Principal place of business / Country of incorporation	2022 %	2021 %
Instreet Structured Investment Pty Limited	Australia	100.00%	100.00%
Instreet Structured Investment 2 Pty Limited	Australia	100.00%	100.00%
The Emerald Club Limited	Australia	100.00%	100.00%
Vestin Financial Pty Ltd	Australia	80.00%	80.00%
Wealth Know How Pty Ltd	Australia	69.50%	69.50%

Note 25. Interests in subsidiaries (continued)

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

Significant restrictions
There are no significant restrictions over the Group's ability to access or use assets, and settle liabilities, of the Group.

Note 26. Events after the reporting period

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 27. Reconciliation of profit after income tax to net cash used in operating activities

	Consolidated	
	2022 $	2021 $
Profit after income tax expense for the year	624,416	244,499
Adjustments for:		
Amortisation	2,873	22,746
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	6,136,642	(4,764,600)
Decrease/(increase) in deferred tax assets	86,683	(83,689)
Decrease/(increase) in prepayments	731,760	(3,969,193)
Increase/(decrease) in trade and other payables	(6,575,834)	348,953
Increase/(decrease) in provision for income tax	438,304	(194,240)
Increase/(decrease) in deferred tax liabilities	(150,595)	250,728
Increase in unearned income	(2,328,080)	4,741,089
Net cash used in operating activities	(1,033,831)	(3,403,707)

Instreet Investment Australia Ltd
Directors' declaration
30 June 2022

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Simplified Disclosures, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and

- 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 directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

____
George Lucas

8 November 2022

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