

Annual Financial Report

For the year ended 30 June 2023

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Directors' Report

For the year ended 30 June 2023

The directors present their report together with the consolidated financial statements of Social Ventures Australia Limited (ACN 100 487 572) (the **Company, Parent** or **SVA**) comprising the Company and its subsidiaries (together referred to as the **Group**) for the financial year ended 30 June 2023 and the auditor's report thereon.

1 Directors

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

Rob Koczkar

BEng (Hons)

Non-Executive Director and Chair

Member of Impact Investing Committee

Director since 11 August 2020

Mr Koczkar is a Managing Director of Adamantem Capital and a former CEO of Social Ventures Australia. He has extensive experience in social impact and private equity investing along with a deep understanding of the social purpose sector. He was previously a Managing Director of Pacific Equity Partners, Principal at Texas Pacific Group in Europe and started his career as a strategic consultant with Bain & Company.

Other current directorships

Mr Koczkar also serves on the boards of Adamantem Capital Management Pty Limited, Melior Investment Management Pty Limited, HYG HoldCo Pty Limited (Hygain) and certain of its subsidiaries, Guardian Alphabet Holdco Pty Limited (Zenitas) and certain of its subsidiaries, Eagle Holdco Pty Limited (Climate Friendly) and certain of its subsidiaries, Advara HeartCare, Retail Zoo and Reef Shark Foundation Limited.

Former directorships in last 3 years

He previously served on the board of Servian Pty Limited and Greenland HoldCo.

Tanya Gilerman

BEC, FCA, GAICD

Non-Executive Director

Chair of Finance, Audit & Risk Committee

Director since 30 April 2012; resigned 30 June 2023

Ms Gilerman is the Chief Risk Officer for KPMG Australia. She is responsible for risk and regulatory matters as well as broader commercial and business risks associated with KPMG's strategy. She was admitted to the partnership in 2000, specialising in the financial services sector in audit and risk advisory. Ms Gilerman has extensive experience in auditing of ASX listed companies, funds management businesses and working with Boards and senior management during times of change and restructuring. Ms Gilerman is passionate about supporting diversity and inclusion and encourages senior women to develop and enhance their opportunities by leveraging themselves, their teams and the business. She also sponsors the KPMG Earhart programme for high achievers. She is a member of Chief Executive Women and a member of their Audit and Finance Committee.

Daisy Mallett

BA LLB

Non-Executive Director

Member of People & Culture Committee

Member of Impact Investing Committee

Director since 23 February 2016

Ms Mallett is a lawyer and independent arbitrator. She has over 20 years' experience advising multinational companies and governments in relation to their most complex risks and disputes, and was previously a Partner at King & Wood Mallesons where she specialised in international arbitration and business and human rights. Daisy is passionate about systems change solutions to social issues, and youth and education initiatives playing a key role in reducing disadvantage in Australia.

Directors' Report

For the year ended 30 June 2023

Former directorships in the last 3 years

She was previously a director of the Australian Centre for International Commercial Arbitration.

Chris Harrop

*BComm (Hons), MBA
(Hons)*

Non-Executive Director

Member of People &
Culture Committee

Director since 19 September 2016

Mr Harrop is a Senior Partner in the Sydney office of Bain & Company, a global strategy consulting firm. He joined Bain in 1993 and became a Partner in 2000. He has held several senior roles across the firm, and recently completed a 6-year term on Bain's global Board of Directors. Mr Harrop has specialised in working with organisations in service industries, and in projects addressing corporate strategy, growth strategy and customer experience improvement. Prior to joining Bain, Mr Harrop held sales and marketing roles in the computer and consumer products industries with IBM, NCR and Adidas.

Other current directorships

Mr Harrop is a director of Goodstart Early Learning Ltd.

Robert Fitzgerald AM

BCom, LLB

Non-Executive Director

Member of Impact Investing
Committee

Director since 1 October 2017

Mr Fitzgerald is the NSW Ageing and Disability Commissioner and is Chair of Caritas Australia Limited and a Director of Emerging Futures Collaborative Ltd. Most recently he has been a Commissioner with the Productivity Commission and the Royal Commission into Institutional Responses to Child Sex Abuse. A commercial lawyer for more than 20 years, including with top-tier firm Clayton Utz, he has also held a number of policy-related roles including as a member of the National Competition Council. Prior to joining the Productivity Commission, Mr Fitzgerald was Community and Disability Services Commissioner and Deputy Ombudsman in New South Wales. His considerable experience with the not-for-profit sector includes serving as Chair of the Australian Charities and Not-For Profits Commission Advisory Board, President of the Australian Council of Social Services, and over 30 years of volunteering with numerous community services. He is an Adjunct Professor at UWA.

Suzie Riddell

*BAcc (Hons), MPhil,
GAICD*

Executive Director

Member of Impact Investing
Committee

Director since 22 November 2018

Ms Riddell is CEO at SVA. She previously held the role of Chief Strategy Officer, leading the Strategy & Advocacy team. She draws on extensive experience in the social purpose and commercial sectors to lead SVA's systems change agenda. Ms Riddell led the development of innovative education and employment ventures, securing philanthropic seed capital and demonstrating impact to win scale funding from government. Prior to joining SVA, she was a consultant at Bain & Company. She is a member of the Advisory Council for Melior Investment Management Pty Limited.

Other current directorships

Ms Riddell is also a director of the Observership Program, Community Council for Australia Limited and Social Infrastructure Investment Partners Pty Ltd.

Directors' Report

For the year ended 30 June 2023

Adam Davids

BComm

Non-Executive Director

Member of People &
Culture Committee

Member of Finance, Audit &
Risk Committee

Director since 11 August 2020

Adam is a proud Aboriginal man and descendant of the Wiradjuri people. He is a Fulbright Scholar, a Kenneth Myer Innovation Fellow, a Sydney Myer Foundation Fellow, and Founding Partner of First Nations Equity Partners.

Adam Davids was one of the pioneers behind CareerTrackers Indigenous Internship Program Limited and CareerSeekers New Australian Internship Program Limited and has undertaken ground breaking work to identify global racial equity standards for businesses to make an impact with underrepresented minorities.

Over the years Adam has established a network of leading academics, NGOs, and business leaders to promote equity, justice, and the self-determination of racial minorities around the world. His career and research have shed light on global issues around racial wealth inequality, the lack of diversity in leadership, and how to build sustainable and high-impact non-profits.

Other current directorships

Mr Davids also serves on the Board of CareerTrackers Indigenous Internship Program Limited.

Former directorships in last 3 years

He previously served on the board of CareerSeekers New Australian Internship Program Limited.

Cindy Reese Mitchell

BA, BPhil (Hons)

Non-Executive Director

Member of Impact Investing
Committee

Director since 12 October 2021

Cindy is the Program Director for Indigenous Women's Entrepreneurship at Good Return and an Adjunct Associate Professor at the Canberra Business School. Previously, she was the founding Chief Executive Officer of Mill House Ventures, the Canberra region's first dedicated social enterprise business development consultancy. Cindy has worked as a venture capital investment manager in senior management roles at large corporate organisations in Australia and the United States. She is a PhD candidate at the Centre for Social Impact (CSI) at Swinburne University, where she studies Kimberley Aboriginal women's entrepreneurship and leadership.

Other current directorships

Mrs Mitchell also serves on the Board of Mosaic Life Care Limited.

Former directorships in last 3 years

She previously served on the board of the Social Enterprise Council of NSW and ACT (SECNA).

Verity Lomax

*Bachelor, ESS and
MIntLaw (Distinction)*

Non-Executive Director

Member of People &
Culture Committee

Director since 12 October 2021

With over a decade of experience in government, including in the role of Chief of Staff to the Minister for Aboriginal Affairs, Multicultural Affairs, Veterans, Volunteering and Youth, Verity is a passionate advocate for high impact social change. Representing Australian business in Myanmar, Verity led the Australia-Myanmar Chamber of Commerce, which was awarded the Asia Pacific Small Chamber of the year accolade due to their initiatives promoting Responsible Business practices and women in business.

Directors' Report

For the year ended 30 June 2023

Back in Australia, Verity began working for a social impact advisory firm, Spark Strategy (a registered B-Corp), including with the Chief Minister's office in the Northern Territory, co-designing their Early Childhood Strategy.

Currently Verity is Director, Housing, Planning and Homelessness, NSW Cabinet Office. Verity is passionate about bringing government together with the not for profit, private and philanthropic sectors, to create lasting social impact. She is also a Director of Lomax Opals Pty Ltd.

Former directorships

The Reach Foundation
The Australia-Myanmar Chamber of Commerce

Sarah Davies AM

BA (Hons), FAMI, FAIM, CPM, MAICD

Non-Executive Director

Member of the Finance, Audit & Risk Committee

Director since 22 March 2022

Ms Davies has had a broad and wide-ranging career from executive roles in tertiary education in Australia to private sector consulting in HR, marketing and strategy in Australia, Europe and the Middle East, and back in the dim dark ages in airport management. But for the last 15 years, her focus has been exclusively in the charity and for-purpose sector: in social change.

In March 2021 Sarah joined the Alannah & Madeline Foundation as the CEO – joining a highly committed and impactful community and team. The Foundation works to make sure children can grow up happy, safe and strong – in both their online and offline worlds, free from violence, and with the support and strategies they need to thrive.

In addition to her professional roles, Sarah also serves on several diverse Boards and committees. Her current community roles include Deputy Chair of Teach for Australia and Deputy Chair of the National Museum of Australia. She is also an Adjunct Professor at Swinburne University of Technology and has recently been appointed Chair of the Australian Charities and Not-for-profits Commission (ACNC) Advisory Board.

Diana Radcliffe

BA(Econ), MFin

Non-Executive Director

Chair of Finance, Audit & Risk Committee (previously, independent member of the Committee)

Director since 1 July 2023

Ms Radcliffe is Divisional Director and Head of Group Financial Planning and Analysis at Macquarie Group Limited. During her time with Macquarie, Diana has held a number of roles within the Financial Management Group from a number of perspectives from financial control, legal entity reporting, supporting a number of businesses as well as driving a range of transformation and improvement projects.

Diana is passionate about equality in Australia, and helping it become a place where all people can thrive.

Diana's career in financial services has spanned more than 15 years across the UK and Australia. She holds a Masters of Finance from INSEAD, a Bachelor of Economics and is a member of the Institute of Chartered Accountants.

Directors' Report

For the year ended 30 June 2023

2 Company Secretary

The company secretary is Ms Bernadette Favis B Com, JD. Ms Favis is also the head of Legal, Risk and Compliance for SVA, and previously worked as a corporate and commercial lawyer in the financial services industry in Australia. Ms Favis was appointed company secretary on 16 March 2021.

Between 27 October 2022 and 17 August 2023 Mr Frank Giordano, B Ec, LL B, LL M, M Tax was appointed as Company Secretary as parental leave cover for Ms Favis. Mr Giordano previously worked as an in-house corporate lawyer and governance professional in the financial services industry in Australia.

3 Governance

The Board of SVA has overall responsibility for the effective governance and successful performance of SVA. The Board is constituted and operates under the SVA Constitution that sets out the major parameters of governance of the organisation, including membership, election of directors, board composition and proceedings of directors. The Board Charter further outlines the roles and responsibilities of the Board and directors, and the membership, structure and administration of the Board. As a charity registered with the Australian Charities and Not-for-profits Commission (ACNC), SVA also applies the ACNC Governance Standards.

Committees

The Board has delegated certain of its functions and powers to Committees to assist the Board in dealing with specialised matters more effectively and to use directors' time more efficiently.

- Finance, Audit & Risk Committee – Assists the Board in fulfilling its responsibilities in relation to financial management and reporting, audit, accounting systems and controls, risk management, investments and compliance with regulatory and legal responsibilities.
- People & Culture Committee – Assists and advises the Board in relation to oversight of people and culture strategies, including staff remuneration and benefits, performance management, diversity, succession planning and people-related risks.
- Impact Investing Committee – Reviews and approves social impact bond (SIB) opportunities, reviews and endorses the establishment of other impact investing funds and products, and monitors the performance of SIBs and impact investing funds and other impact investing related governance and operational risks.

Remuneration of Directors

SVA's Constitution provides for directors to be paid reasonable remuneration for their services as directors as approved by the Members. To date, no proposal to remunerate non-executive directors has been put to the Members for approval. The CEO of SVA also serves as a director; she receives remuneration in her role as CEO, but none as director.

Appointment and retirement of Directors and Committee members

Diana Radcliffe was appointed as a director on 1 July 2023.

Tanya Gilerman resigned as a director on 30 June 2023.

4 Board and Committee meetings

The number of directors' meetings and meetings of standing Board Committees, and the number of those meetings attended by each of the directors, during the financial year are set out in the table below.

Directors' Report

For the year ended 30 June 2023

Director	Board Meetings		FAR Committee Meetings		People & Culture Committee Meetings		Impact Investing Committee meetings	
	Attended	Entitled	Attended	Entitled	Attended	Entitled	Attended	Entitled
Rob Koczkar	5	5	-	-	-	-	3	4
Tanya Gilerman	5	5	3	5	-	-	-	-
Daisy Mallett	5	5	-	-	2	2	4	4
Chris Harrop	5	5	-	-	2	2	-	-
Robert Fitzgerald	4	5	-	-	-	-	4	4
Suzie Riddell^^	5	5	-	-	-	-	4	4
Adam Davids	5	5	4	5	2	2	-	-
Verity Lomax*	4	5	-	-	1	2	-	-
Cindy Reese Mitchell**	5	5	-	-	-	-	3	4
Sarah Davies AM^	2	5	3	5	-	-	-	-
Independent members of Board Committees								
Diana Radcliffe	-	-	5	5	-	-	-	-

* Ms Radcliffe was appointed as Chair of the Finance, Audit and Risk Committee on 1 July 2023

5 Strategy and strategic priorities

SVA is a leading Australian not-for-profit intermediary organisation. SVA was created to find innovative solutions to entrenched social problems and speed-up the rate of positive change. Our vision is for an Australia where all people and communities thrive. We influence systems to deliver better social outcomes for people by learning about what works in communities, helping organisations be more effective, sharing our perspectives and advocating for change.

SVA focuses on issues that affect the 1 in 4 people in Australia who experience some form of social disadvantage. SVA's strategy is to have a portfolio of capabilities to address that disadvantage through consulting services, impact investing activities and targeted programs of work in early childhood, school education and employment. We have a special focus on partnership with First Nations peoples as they develop solutions that work for their communities. SVA engages with government and convenes networks to influence policy and practice and amplify the work. True to our heritage, SVA continues to foster social sector innovation and incubate new solutions. As a learning organisation, we search for new responses to specific social challenges where we can have greatest impact and continuously evolve and refine our understanding of what drives vulnerability and work across the public, community and corporate sectors to influence a broad range of actors.

We are currently investigating pathways to Impact at Scale along with sector colleagues and we are building assets and collaborators in this ambition. We also continue to respond to the changing macro environment and we are thinking and responding with new kinds of partnerships and resilience.

6 Principal activities

During the financial year, SVA worked towards its vision by engaging in activities that contribute to more effective systems for a better society. The principal activities of the Group were:

- Pursuing activities and partnerships in the early childhood sector with *Young Children Thriving* that is scaling Integrated Child and Family Centres, partnering with SNAICC for First Nations led early childhood education and care and supporting a 'field catalyst' with other organisations and leaders in the sector.

Directors' Report

For the year ended 30 June 2023

- Support young people and employers to build new pathways to more meaningful careers, towards a fairer future of work with *Rebuilding the Career Ladder*.
- Enabling and supporting evidence-informed practice in Australian schools and early learning through *Evidence for Learning*, including guidance key topics in practice and insights on mobilising research evidence in schools.
- Supporting a network of high-performing school leaders and early childhood education and care leaders across Australia through *The Connection*, delivering results within communities experiencing disadvantage and building education system capacity.
- Leading policy and advocacy initiatives to influence government and funding decisions to improve outcomes for people and communities experiencing social disadvantage. There was a focus this year on First Nations, early years, new frontiers in impact investing, school education and employment innovation.
- Delivering ~200 consulting engagements helping social purpose organisations, governments, funders and corporates strengthening their ability to alleviate disadvantage and respond to challenges.
- Managing existing impact investment funds whilst looking at new opportunities for impact. We manage the early stage-focused SVA Diversified Impact Fund (\$10.5m called out of a total of \$15m committed by investors at the end of the 2023 financial year) and continue as a shareholder in our joint venture investment manager of the Synergis Fund, a disability housing fund. We have developed a new Social Impact Bond for people leaving the prison system in Victoria, and have projects addressing older women at risk of homelessness and market innovation.
- During the 2023 financial year we continued our role as investment manager of the Social Impact Investment Trust (SIIT). On and from 1 July 2023, we transferred the trustee and investment manager roles of the SIIT to a new third party trustee/manager appointed by HESTA.

7 Review of operations and performance

The directors report that SVA's consolidated group activity has delivered a net loss for the year of \$814k compared with a net surplus of \$719k in the prior year.

SVA received \$4.9m of in-year donation income this year, a 30% or \$2.1m decline from a strong fundraising result in FY22. This is partly offset by a \$0.4m increase in contracted grant funding for program delivery.

Overall revenues from contracts with customers has seen some recoverability from COVID-related volatility, with consulting and professional services income in particular growing by \$0.6m (7.2%) on last year. Margins remain challenging due to the increasing cost pressures, project delays and other challenges in project management and delivery.

Operating expenditure has increased across most categories due to a combination of activity changes and market-driven inflationary factors. Personnel expenses were \$0.7m higher than last year due to increased staff numbers to support capacity building, fill vacancies, organisational restructure and remuneration increases. Travel expenditure has continued to increase, through it remains below pre-COVID levels.

The recovery of the financial market contributed a \$1.1m positive variance against last year's result. For more information, refer to note 6 of the Financial Statements.

Directors' Report

For the year ended 30 June 2023

The consolidated Group result is made up as follows:

	2023	2022
	\$'000	\$'000
Social Ventures Australia Limited (the Parent)	(814)	719
SVA Nominees Pty Ltd	-	-
SVA Nominees No.2 Pty Ltd	-	-
Social Ventures Australia Limited (Consolidated)	(814)	719

Net assets for the Group as at 30 June 2023 were \$18.67m (2022: \$19.49m).

8 Significant changes in the state of affairs

Following a strategic review of our funds management business within impact investing, SVA concluded that its focus, as a not-for-profit innovator, was best directed to advice and demonstration projects rather than traditional funds management services that could be performed by a number of companies now in the market. We commenced a process during the year to transfer the trustee and investment management responsibilities of the SIIT away from the SVA group, this change taking effect after year end.

In the opinion of the directors there were no other significant changes in the state of affairs of SVA that occurred during the financial year under review.

9 Events subsequent to balance date

Effective 1 July 2023, SVA ceased being the investment manager of the SIIT, and SVA Nominees No. 2 Pty Ltd ceased being the Trustee of the SIIT.

On 4th July 2023, SVA approved and signed a contract to lease a new Sydney office premise.

In the opinion of the directors, there were no other matters or circumstances that have arisen since the end of the financial year which significantly affect or may significantly affect the operations of SVA, the results of those operations, or the state of affairs of SVA in future financial years.

10 Likely developments

In the opinion of the directors, there are no changes in the operations of SVA that will adversely or significantly affect the results of SVA in subsequent financial years.

11 Liability of Members

The Company is a company limited by guarantee. Pursuant to the constitution of the Company, every member has undertaken in the event of a deficiency on winding up to contribute an amount not exceeding \$2. At 30 June 2023, the total of these guarantees was \$28 (2022: \$28).

Directors' Report

For the year ended 30 June 2023

12 Authority to fundraise

SVA has been granted authority to raise funds in NSW under the provisions of the *Charitable Fundraising Act 1991*, in Victoria under the provisions of the *Fundraising Act 1998*, in South Australia under the *Collections for Charitable Purposes Act 1939*, in Tasmania under the provisions of the *Collections for Charities Act 2001*, in Western Australia under the provisions for the *Charitable Collections Act 1946*, in Queensland under the provisions of the *Collections Act 1966* and in the Australian Capital Territory under the provisions of the *Charitable Collections Act 2003*.

13 Indemnification and insurance

SVA has directors' and officers' liability insurance covering each of the Group's directors and officers for liabilities incurred in the performance of their duties. The premiums in respect of the policy are paid by the Company.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an auditor of the Company.

14 Reporting regulations

In accordance with the *Workplace Gender Equality Act 2012* (Cth), SVA has lodged its 2022-23 public report with the Workplace Gender Equality Agency. Members may obtain a copy of the report from the Company Secretary.

SVA's operations are not regulated by any significant environmental regulation under laws of the Commonwealth or of a state or territory.

15 Auditor's independence declaration

The Auditor's independence declaration is set out on page 12 and forms part of the directors' report for financial year ended 30 June 2023.

16 Rounding of amounts

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 and therefore the amounts contained in the financial report have been rounded to the nearest thousand dollars, unless otherwise indicated.

This report is made in accordance with a resolution of the directors:



Rob Koczkar
Chairman

Dated at Sydney this 24 October 2023



Auditor's Independence Declaration

As lead auditor for the audit of Social Ventures Australia Limited for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Social Ventures Australia Limited and the entities it controlled during the period.

A handwritten signature in black ink that reads 'Elizabeth O'Brien'.

Elizabeth O'Brien
Partner
PricewaterhouseCoopers

Sydney
24 October 2023

Statement of Comprehensive Income

For the year ended 30 June 2023

	Note	Consolidated		Parent	
		2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000
Revenue	2b	16,168	17,383	16,168	17,383
Other income	3b	759	864	759	864
Total operating income		16,927	18,247	16,927	18,247
Less: operating expenses					
Personnel expenses	4	(13,522)	(12,852)	(13,522)	(12,852)
Professional fees	5b	(1,749)	(1,609)	(1,749)	(1,609)
Administration		(933)	(905)	(933)	(905)
Travel		(322)	(139)	(322)	(139)
Depreciation and amortisation		(951)	(845)	(951)	(845)
Communications		(33)	(26)	(33)	(26)
Events and activities		(134)	(82)	(134)	(82)
Marketing		(329)	(327)	(329)	(327)
Distributions to partners		(312)	(94)	(312)	(94)
Other gains/(losses)	6	487	(596)	487	(596)
Total operating expenditure		(17,798)	(17,475)	(17,798)	(17,475)
(Deficit)/surplus from operating activities		(871)	772	(871)	772
Net finance income/(costs)	7b	69	(32)	69	(32)
Share of net loss of joint ventures accounted for using the equity method	17b	(12)	(21)	(12)	(21)
(Deficit)/surplus for the year		(814)	719	(814)	719
Other comprehensive income		-	-	-	-
Total comprehensive (loss)/income for the year		(814)	719	(814)	719

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2023

	Note	Consolidated			Parent
		2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000
Assets					
Cash	8a	10,570	11,770	10,570	11,770
Trade and other receivables	9d	1,907	1,022	1,907	1,022
Contract assets		744	860	744	860
Prepayments		322	233	322	233
Other financial assets	9e	5,324	4,706	5,324	4,706
Total current assets		18,867	18,591	18,867	18,591
Other financial assets	9e	96	93	96	93
Other receivables	9d	3,460	3,705	3,460	3,705
Property, plant and equipment	11b	224	317	224	317
Right-of-use assets	14b	1,203	874	1,203	874
Intangible assets	12b	5	32	5	32
Total non-current assets		4,988	5,021	4,988	5,021
Total assets		23,855	23,612	23,855	23,612
Liabilities					
Trade and other payables	13b	625	555	625	555
Deferred revenue		1,855	1,036	1,855	1,036
Provisions	15c	1,288	1,215	1,288	1,215
Lease liabilities	14b	457	611	457	611
Total current liabilities		4,225	3,417	4,225	3,417
Provisions	15c	196	388	196	388
Lease liabilities	14b	760	319	760	319
Total non-current liabilities		956	707	956	707
Total liabilities		5,181	4,124	5,181	4,124
Net assets		18,674	19,488	18,674	19,488
Accumulated funds					
Current year P&L		(814)	719	(814)	719
Prior period - Retained Earnings		19,488	18,769	19,488	18,769
Total members' funds		18,674	19,488	18,674	19,488

The accompanying notes form part of these financial statements.

Statement of Changes in Member's' Funds

For the year ended 30 June 2023

	Members' funds \$'000	Fair value reserve \$'000	Total \$'000
Consolidated group			
Balance at 1 July 2021	18,769	-	18,769
Surplus for the year	719	-	719
Other comprehensive income	-	-	-
Total comprehensive income for the year	719	-	719
Balance at 30 June 2022	19,488	-	19,488
Surplus for the year	(814)	-	(814)
Other comprehensive income	-	-	-
Total comprehensive income for the year	(814)	-	(814)
Balance at 30 June 2023	18,674	-	18,674
Parent entity			
Balance at 1 July 2021	18,769	-	18,769
Surplus for the year	719	-	719
Other comprehensive income	-	-	-
Total comprehensive income for the year	719	-	719
Balance at 30 June 2022	19,488	-	19,488
Surplus for the year	(814)	-	(814)
Other comprehensive income	-	-	-
Total comprehensive income for the year	(814)	-	(814)
Balance at 30 June 2023	18,674	-	18,674

The accompanying notes form part of these financial statements.

Statement of Cash flow

As at 30 June 2023

	Note	Consolidated			Parent
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Cash flows from operating activities					
Cash receipts from customers and funders		16,782	16,982	16,782	16,982
Receipts from granting bodies		88	148	88	148
Interest received on operating accounts		41	6	41	6
Change in security deposits		(86)	-	(86)	-
Cash paid to suppliers and employees		(17,774)	(16,241)	(17,774)	(16,241)
Net cash (used in)/from operating activities	8b	(949)	895	(949)	895
Cash flows from investing activities					
Acquisition of plant and equipment		(103)	(101)	(103)	(101)
Interest received		575	506	575	506
Dividends received		27	19	27	19
Net movement in managed portfolio		(28)	(25)	(28)	(25)
Net cash from investing activities		471	399	471	399
Cash flows from financing activities					
Cash paid for lease liabilities		(722)	(568)	(722)	(568)
Net cash used in financing activities		(722)	(568)	(722)	(568)
Net (decrease)/increase in cash and cash equivalents		(1,200)	726	(1,200)	726
Cash and cash equivalents at beginning of year		11,770	11,044	11,770	11,044
Cash and cash equivalents at end of year	8a	10,570	11,770	10,570	11,770

The accompanying notes form part of these financial statements

Notes to and forming part of the Financial Statements

For the year ended 30 June 2023

1. Summary of Significant Accounting Policies

a) Reporting entity

Social Ventures Australia Limited (SVA, the Company or the Parent) is a public company limited by guarantee, incorporated and domiciled in Australia. SVA is a not-for-profit (NFP) entity. The address of the Company's registered office and principal place of business is Level 7, 1 Chifley Square, Sydney NSW 2000. The consolidated financial statements of the Company as at and for the year ended 30 June 2023 comprise the Company and its subsidiaries (together referred to as the Group and individually as Group entities).

The side-by-side inclusion of consolidated and parent entity financial statements is technically not permitted under the Act. However, the parent entity has chosen to present its separate financial statements together with the consolidated financial statements, as permitted under class order 10/654 provided by the Australian Securities and Investments Commission (ASIC). The class order is particularly needed by entities with an Australian Financial Services Licence (AFSL) which SVA holds. This class order is open ended and does not have any special conditions.

The consolidated financial statements were authorised for issue by the Board of Directors on 24 October 2023. The Board of Directors has the power to amend and reissue the Financial Report.

b) Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB), the Australian Charities and Not-for-Profit Commission Act 2012, the requirements of section 989B of the Corporations Act 2001 to prepare and lodge with the Australian Securities and Investments Commission (ASIC) a profit and loss statement and balance sheet, and the additional requirements set out in ASIC Form FS70. The financial statements present a true and fair view of the entity's financial performance and financial position.

SVA is a not-for-profit entity for the purposes of preparing the financial statements.

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The financial report has been prepared on a historical cost basis except for financial assets and liabilities at fair value through profit or loss which are measured at fair value. The methods used for measuring fair value are discussed further below.

Judgments, key assumptions and estimations that management has made are disclosed in the relevant notes to the financial statements.

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

c) Functional, presentation currency and foreign exchange translation

Figures shown in the financial statements have been rounded to the nearest \$1,000 and expressed in Australian currency, unless indicated otherwise. The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 and therefore the amounts contained in the financial report have been rounded to the nearest thousand dollars, unless otherwise indicated.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the spot rate of exchange ruling at the reporting date. Non-monetary assets and liabilities are translated at their historic rates of exchange at their respective transaction dates.

Notes to and forming part of the Financial Statements (continued)

For the year ended 30 June 2023

1. Summary of Significant Accounting Policies (continued)

d) Statement of compliance

The financial statements and notes comply with Australian Accounting Standards that include Australian Accounting Interpretations.

The Group has applied the following standards and amendments for first time for their annual reporting period commencing 1 July 2022:

AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments [AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141].

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

e) Basis of consolidation

Subsidiaries are entities controlled by the Group as at 30 June 2023. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- exposure, or rights, to variable returns from its involvement with the investee, and
- the ability to use its power over the investee to affect its returns.

Transactions eliminated on consolidation include intra-group balances, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

f) Accounting for goods and services tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except:

- the amount of GST incurred by the Group as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of the cost of acquisition of an asset or as part of an item of expense; and
- receivables and payables are stated with the amount of GST included.

GST cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities that are recoverable from, or payable to, the ATO are classified as operating cash flows.

g) Income tax

As a charitable institution, the Company is exempt from income tax under Subdivision 50-B of the *Income Tax Assessment Act 1997*.

Notes to and forming part of the Financial Statements (continued)

For the year ended 30 June 2023

1. Summary of Significant Accounting Policies (continued)

h) Balance Sheet

The Company presents current and non-current assets and current and non-current liabilities as separate classifications in its balance sheet. Current assets include assets that are sold, consumed or realised as part of the normal operating cycle even where they are not expected to be realised within 12 months after the reporting period. Some current liabilities, such as trade payables and some accruals for employee and other operating costs, are part of the working capital used in the entity's normal operating cycle. Such operating items are classified as current liabilities even if they are due to be settled more than 12 months after the reporting period. The operating cycle of an entity is the time between the acquisition of assets for processing and their realisation in the form of cash or cash equivalents. Where the entity's normal operating cycle is not clearly identifiable, its duration is assumed to be 12 months.

Notes to and forming part of the Financial Statements (continued)

For the year ended 30 June 2023

2. Revenue

a) Recognition and measurement

Revenue from contracts with clients

(i) Consulting and professional services

The Group recognises revenue from contracts with clients for the provision of consulting and professional services. Revenue is recognised when the service is provided or by reference to the stage of completion, which is based on labour hours incurred to date as a percentage of total estimated labour hours for each contract. When the contract outcome cannot be measured reliably, revenue is recognised as the services are provided. If the performance obligations are not sufficiently specific and the revenue cannot be recognised in a systematic way over the life of the contract, the revenue is recognised at the point in time when the payment is received. Customers are invoiced and payment is typically due in 14 days. Revenues relating to future activities is transferred to deferred income and recognised in the year the service is provided. The Group also provide training sessions and the revenue is recognised at a point of time when training is delivered. Payments are received in advance from online enrolment.

(ii) Management and establishment fees

The Company earns management and establishment fees in its role as manager of SVA's impact investing trusts.

Management fee revenue, including arranger fees, is earned on holding, investing and managing assets on behalf of the relevant Trusts, in accordance with the terms of the relevant management agreements. Management fee revenue is recognised over the period in which the services are performed.

Establishment fees arise on the establishment of new Trusts and are only recognised as revenue at a point in time when it becomes certain that the Trusts will be successfully established. This usually occurs when Trust funding has been secured, such as when irreversible subscription notices have been received.

The Trusts and other customers are invoiced and payment is due in 14 days from the date of the invoice.

(iii) Sponsorship

Sponsorship revenue is recognised over the time by the Group in accordance with the terms and conditions of the signed sponsorship contracts, which specify the timing, form and value of the sponsorship benefits. Customers are invoiced and payment is due in 14 days from the date of the invoice. Sponsorship funds may be applied to expenditure in the current or future financial years.

(iv) Grants and other government income

Grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be met. When the grant relates to an expense item, or funds a program of work, it is recognised as income on a systematic basis over the periods that the related costs are expensed.

Other government income is earned on the rendering of services and is recognised over the time as performance obligations are satisfied. Customers are invoiced and payment is due in 14 days.

Notes to and forming part of the Financial Statements (continued)

For the year ended 30 June 2023

2. Revenue (continued)

a) Recognition and measurement (continued)

Contract balances

A fee receivable is recognised if an amount of consideration that is unconditional is due from the customer. A contract asset represents the estimated value of performance obligations delivered up to the balance sheet date that have yet to be billed to customers. Amounts recognised as contract assets are reclassified to fee receivables at the point at which they are invoiced to customers. Both fee receivables and contract assets are subject to impairment assessment.

A contract liability is recognised if a payment is received or a payment is due from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract and the control of goods or services are transferred to the customer.

Other Revenue

(i) Donations

Revenue that does not meet the criteria of AASB 15 is recognised under AASB 1058, where:

- the consideration to acquire an asset is significantly less than fair value, principally to enable an NFP to further its objectives, or
- where volunteer services are received.

The Group receives donations in the form of cash or services.

The Group records cash donations as revenue when received. Other liabilities or obligations do not typically arise from the receipt of donations.

The Group receives various forms of in-kind support from organisations for professional services such as legal advice, consulting, training and audit, and services such as printing, function rooms and catering. The Group makes the election not to recognise in-kind support received.

b) Revenue

	Consolidated		Parent	
	2023	2022	2023	2022
Revenue	\$'000	\$'000	\$'000	\$'000
Revenue from contracts with customers	11,277	10,434	11,277	10,434
Donations	4,891	6,949	4,891	6,949
Total revenue	16,168	17,383	16,168	17,383

Notes to and forming part of the Financial Statements (continued)

For the year ended 30 June 2023

2. Revenue (continued)

c) Disaggregation of revenue from contracts with clients

	Consolidated		Parent	
	2023	2022	2023	2022
Revenue from contracts with customers	\$'000	\$'000	\$'000	\$'000
Consulting and professional services	8,508	7,940	8,508	7,940
Management and establishment fees	1,620	1,772	1,620	1,772
Sponsorship, grants and other income	1,149	722	1,149	722
Total revenue from contracts with customers	11,277	10,434	11,277	10,434
Timing of revenue recognition				
At a point in time	416	28	416	28
Over time	10,861	10,406	10,861	10,406
Total revenue from contracts with customers	11,277	10,434	11,277	10,434

3. Other Income

a) Recognition and measurement

(i) Rental Income

Rental income is recognised in accordance with the terms of the relevant licence deed. Rental income is recognised over the period in which the desks and services are provided to licensees.

(ii) Dividend income on financial assets at FVTPL

Dividend income is recognised in the statement of comprehensive income for the year on the date that the Group's right to receive payment is established.

(iii) Interest income on financial assets at amortised cost

Interest income from financial assets classified as amortised costs calculated using the effective interest method is recognised as part of other income in the statement of comprehensive income. Interest income recognised using a method that approximates the effective interest method. The effective interest method measures the amortised cost of a financial asset and allocates the interest income over the relevant period using the effective interest which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the carrying amount of the financial asset.

b) Other income

	Consolidated		Parent	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Rental income	83	160	83	160
Dividend income on financial assets at FVTPL	151	181	151	181
Interest income on financial assets at amortised cost	525	523	525	523
Other Income	759	864	759	864

Notes to and forming part of the Financial Statements (continued)

For the year ended 30 June 2023

4. Personnel Expenses

	Consolidated		Parent	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Wages and salaries	(12,999)	(12,439)	(12,999)	(12,439)
Contractors	(116)	(97)	(116)	(97)
Other associated personnel expenses	(407)	(316)	(407)	(316)
Total personnel expenses	(13,522)	(12,852)	(13,522)	(12,852)

The Group has recognised expenses of \$1.39m in the year in relation to defined contribution plans which are included in Personnel Expenses in the statement of comprehensive income.

5. Professional and Subcontractor Fees

a) Recognition and measurement

(i) Payments to service providers

The Company engages third-party service providers to help deliver specialist project or program-based work. The cost of these services is expensed as they are incurred.

(ii) Audit fees

Audit fees include the audit of the consolidated statutory accounts of the Group, the audit of the Australian Financial Services Licence ("AFSL") for the Company, as well as the audits of some of the managed Trust entities.

PwC provides the services to the Group on a pro bono basis, accordingly the fees payable for 2023 audit services is \$nil.

b) Professional and subcontractor fees

	Consolidated		Parent	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Payments to service providers	(157)	(452)	(157)	(452)
Professional fees	(1,551)	(1,131)	(1,551)	(1,131)
Licence fees	(41)	(26)	(41)	(26)
Total professional and subcontractor fees	(1,749)	(1,609)	(1,749)	(1,609)

6. Other gains/(losses)

	Consolidated		Parent	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Net foreign exchange gains	-	1	-	1
Net gain/(loss) on financial assets at FVTPL	487	(597)	487	(597)
Other gains/(losses)	487	(596)	487	(596)

Notes to and forming part of the Financial Statements (continued)

For the year ended 30 June 2023

7. Net Finance Costs

a) Recognition and measurement

Interest income and expense is only recognised when the Group's right to receive payment is established or the expense is incurred.

Interest income is recognised in the statement of comprehensive income using a method that approximates the effective interest method. Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

b) Net finance costs

	Consolidated		Parent	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Interest income	121	6	121	6
Interest expense on lease liabilities	(52)	(38)	(52)	(38)
Total net finance income/(costs)	69	(32)	69	(32)

Notes to and forming part of the Financial Statements (continued)

For the year ended 30 June 2023

8. Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

a) Cash and cash equivalents

	Consolidated		Parent	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Cash at bank and on hand	7,481	8,720	7,481	8,720
Cash in foreign currency	9	9	9	9
Cash in managed fund accounts	3,080	3,041	3,080	3,041
Total cash and cash equivalents	10,570	11,770	10,570	11,770

b) Reconciliation of the net result to net cash flows from operating activities

	Consolidated		Parent	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
(Deficit)/surplus for the year	(814)	719	(814)	719
Adjustments for:				
Depreciation and amortisation	951	845	951	845
Disposal of right-of-use assets	(81)	-	(81)	-
Dividend and interest received on investments	(756)	(705)	(756)	(705)
Impairment on financial assets at amortised cost	2	9	2	9
Net (loss)/profit on investment assets	(447)	643	(447)	643
(Increase)/decrease in receivables	(379)	361	(379)	361
(Increase) in prepayments	(89)	-	(89)	-
(Increase) in security deposits	(86)	-	(86)	-
Increase in trade and other payables	17	90	17	90
Increase/(decrease) in deferred revenue	819	(1,171)	819	(1,171)
(Decrease)/increase in employee provisions	(86)	104	(86)	104
Net cash (used in)/from operating activities	(949)	895	(949)	895

Notes to and forming part of the Financial Statements (continued)

For the year ended 30 June 2023

9. Financial Assets

a) Recognition and measurement

The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised costs
- Financial assets at fair value through profit or loss (FVTPL)
- Financial assets at fair value through other comprehensive income (FVOCI)

The classification of financial assets depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Financial assets at amortised cost

The Group measures financial assets at amortised cost if the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value.

Financial assets at amortised costs are subsequently measured using the effective interest rate (EIR) method and are subject to impairment (Note 9c). Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes fees receivables, other receivables, security deposits, shareholder loan and loan to Goodstart Early Learning Limited.

(i) Fees receivables

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(ii) Other receivables

Other receivables include employee reimbursements, costs to be recovered from customers, accrued income and rent deposits.

(iii) Security deposits

Security deposits are restricted cash held with the Commonwealth Bank linked to the bank guarantee issued for leased premises.

(iv) Loan - Goodstart Early Learning Limited

The Group is part of the syndicate of not-for-profit organisations that formed Goodstart Early Learning Limited (Goodstart) in 2010, the entity that won the bid to take over 650 ABC Learning Centres from the receivers. Operating as a not-for-profit organisation itself, Goodstart ensures all surplus funds are reinvested to improve early childhood learning and care at the Early Learning centres.

To fund the acquisition, Goodstart worked with a number of funders providing innovative funding solutions for the acquisition. The Group's participation in the syndicate does not draw on any of the Group's funds. The Group has an entitlement to a coupon of 15 per cent per annum. The Group holds 25% of the voting powers of the Goodstart members. Members voting powers are limited to the terms of the Goodstart constitution. The loan is unsecured without collateral.

The repayment term of this facility is a bullet payment at 20 years from 28 May 2010 being the date of acquisition. The loan is disclosed as a non-current receivable, upon which interest has been either received or accrued and reported in current interest receivable.

Notes to and forming part of the Financial Statements (continued)

For the year ended 30 June 2023

9. Financial Assets (continued)

a) Recognition and measurement (continued)

(v) Shareholder loan – Social Infrastructure Investment Partners

In September 2019, SVA and Federation Asset Management (FAM) established a joint venture Social Infrastructure Investment Partners Pty Ltd (SIIP) as a specialist investment management company to manage the Synergis Fund. SVA and FAM entered into a Shareholder Loan Agreement to advance funds to SIIP upon receipt of a request from SIIP for costs and expenses arising from its establishment and operation. The amount of \$200,000 is to be provided by each Lender to the Borrower. Amounts repaid or prepaid may not be redrawn. The loan is unsecured and has a voluntary prepayment option. Interest is charged at 10% p.a. In FY21, the term of the Shareholder Loan Agreement with both SVA and FAM was extended by 3 years to 30 June 2025.

Financial assets at FVTPL

Financial assets classified as FVTPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. These financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Donated investments are measured at fair value at the point of donation. The fair value of donated unlisted financial assets is based on the discounted cash flows expected to be derived from the asset.

After initial measurement, financial assets classified as FVTPL are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income.

This category includes listed debt and equity investments and unlisted investments for which the Group did not make the irrevocable election to account for at FVOCI.

Financial assets at FVOCI

The Group elected not to irrevocably classify its non-listed equity investments under this category.

b) Derecognition

Financial assets are derecognised when the rights to receive cash flow from the assets have expired or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the receive cash flows in full without material delay to a third party under a “pass-through” arrangement; and either the Group has transferred substantially all the risks and rewards of the assets, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

c) Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Notes to and forming part of the Financial Statements (continued)

For the year ended 30 June 2023

9. Financial Assets (continued)

c) Impairment of financial assets (continued)

ECL are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). If a loan is considered to have low risk using all reasonable and supportable information, 12-month ECL is applied.

Where applicable, the Group has applied the simplified approach to calculate ECL for fees receivables where a loss allowance is recognised based on lifetime ECL at each reporting date. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. by customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group has assessed the ECL for other receivables and deposit securities and determined the ECL is nil for these assets.

d) Financial assets at amortised cost

	Consolidated		Parent	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Current – Trade and other receivables				
Fees receivable	1,358	894	1,358	894
Allowance for ECL - fees receivable	(11)	(18)	(11)	(18)
Other receivables	156	73	156	73
Security deposits	404	73	404	73
Total current	1,907	1,022	1,907	1,022
Other non-current receivables				
Security deposits	159	404	159	404
Loan to joint venture	219	199	219	199
Allowance for loan to joint venture	(219)	(199)	(219)	(199)
Loan to Goodstart Early Learning Limited	3,366	3,366	3,366	3,366
Allowance for ECL - Goodstart	(65)	(65)	(65)	(65)
Total non-current	3,460	3,705	3,460	3,705

Allowance for loan to joint venture includes \$44k (2022: \$36k) ECL provision and \$175k (2022: \$163k) share of loss in the long-term interest of the joint venture.

Notes to and forming part of the Financial Statements (continued)

For the year ended 30 June 2023

9. Financial Assets (continued)

d) Financial assets at amortised cost (continued)

The carrying amount of financial assets at amortised cost recognised in the statement of financial position approximates the fair value because of the short-term nature of the receivables, the nature of the security deposits as cash, and the nature of the loan. For this reason, the fair value for each class of financial asset has not been disclosed.

e) Financial assets at FVTPL

	Consolidated		Parent	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Other current financial assets				
Financial assets classified as FVTPL	5,324	4,706	5,324	4,706
Listed securities	3,743	3,392	3,743	3,392
Unlisted investments	1,581	1,314	1,581	1,314
Total current	5,324	4,706	5,324	4,706
Other non-current financial assets				
Financial assets classified as FVTPL - NC	96	93	96	93
Listed securities	-	-	-	-
Unlisted investments	96	93	96	93
Total non-current	96	93	96	93

The financial assets at FVTPL are recorded at fair value, which is also their carrying value.

Notes to and forming part of the Financial Statements (continued)

For the year ended 30 June 2023

10. Fair Value Hierarchy

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under *AASB 13 Fair Value Measurement*, the Group categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 quoted prices in active markets for identical assets/liabilities that the Group can access at the measurement date.
- Level 2 inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3 inputs that are not based on observable market data (unobservable inputs).

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Balance as at 30 June 2022				
Listed securities	3,392	-	-	3,392
Unlisted investments	-	1,314	93	1,407
Total carrying value available-for-sale financial assets	3,392	1,314	93	4,799
Balance as at 30 June 2023				
Listed securities	3,743	-	-	3,743
Unlisted investments	-	1,581	96	1,677
Total carrying value financial assets classified as FVTPL	3,743	1,581	96	5,420

Reconciliation of level 3 fair value measurements

	Consolidated and Parent	
	2023 \$'000	2022 \$'000
Fair value as at 1 July	93	100
Additions	-	-
Revaluation	3	(7)
Disposals	-	-
Fair value as at 30 June	96	93

Notes to and forming part of the Financial Statements (continued)

For the year ended 30 June 2023

11. Property, Plant and Equipment

a) Recognition and measurement

(i) Initial Recognition

Property, plant and equipment assets acquired are initially recognised at cost. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction. Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

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

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and its cost can be measured reliably. An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss for the year as incurred.

(iii) Impairment of property, plant and equipment

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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.

Management has assessed the leasehold property, plant and equipment assets for impairment at balance date and determined that it is not impaired.

(iv) Depreciation and amortisation

Depreciation is provided on property, plant and equipment. Depreciation is calculated on a straight-line basis to write off the depreciable amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period. All material identifiable components of assets are depreciated separately over their useful lives. The depreciation expense has been included in statement of comprehensive income as part of the depreciation and amortisation expense.

Assets not yet deployed do not attract depreciation. Once a capital work is completed and in operation, the associated WIP balance is recognised as an asset and subsequently depreciated.

Notes to and forming part of the Financial Statements (continued)

For the year ended 30 June 2023

11. Property, Plant and Equipment (continued)

a) Recognition and measurement (continued)

(iv) Depreciation and amortisation (continued)

The estimated useful lives for current and comparative periods are:

- Office equipment 5 years
- Computer equipment 1-5 years
- Leasehold improvements, furniture and fittings 5-6 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(v) Disposal of fixed assets

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and are recognised net within other income in the surplus or deficit for the year.

b) Carrying amount of property, plant and equipment

	Consolidated		Parent	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Office equipment				
Gross carrying amount	9	7	9	7
Less: accumulated depreciation	(7)	(6)	(7)	(6)
Office equipment – at carrying value	2	1	2	1
Computer equipment				
Gross carrying amount	487	476	487	476
Less: accumulated depreciation	(358)	(335)	(358)	(335)
Computer equipment – at carrying value	129	141	129	141
Leasehold improvements, furniture and fittings				
Gross carrying amount	740	991	740	991
Less: accumulated depreciation	(689)	(816)	(689)	(816)
Leasehold, furniture and fittings – at carrying value	51	175	51	175
Assets not yet deployed – at carrying value	42	-	42	-
Total property, plant and equipment at carrying value	224	317	224	317

Notes to and forming part of the Financial Statements (continued)

For the year ended 30 June 2023

11. Property, Plant and Equipment (continued)

c) Carrying amount of property, plant and equipment

Reconciliation of the fair value of property, plant and equipment is set out below.

	Office equipment	Computer equipment	Leasehold, furniture & fittings	Assets not yet deployed	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Gross carrying amount					
Balance at 1 July 2022	7	476	991	-	1,474
Additions	2	59	-	42	103
Disposals and write-offs	-	(48)	(251)	-	(299)
Balance at 30 June 2023	9	487	740	42	1,278
Depreciation and Impairment					
Balance at 1 July 2022	(6)	(335)	(816)	-	(1,157)
Depreciation charge for the year	(1)	(71)	(124)	-	(196)
Disposals and write-offs	-	48	251	-	299
Balance at 30 June 2023	(7)	(358)	(689)	-	(1,054)
Net book value					
Balance at 1 July 2022	1	141	175	-	317
Balance at 30 June 2023	2	129	51	42	224

Notes to and forming part of the Financial Statements (continued)

For the year ended 30 June 2023

12. Intangibles (software)

a) Recognition and measurement

The intangible assets held by the Group comprise software held for internal use and recognised initially at cost and are being amortised on a straight-line basis over five years, unless another useful life is subsequently determined to be more appropriate.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Group's intangible assets, the assets are carried at cost less any accumulated amortisation.

Management has assessed the intangible assets for impairment at balance date and determined that it is not impaired.

b) Intangibles

	Consolidated		Parent	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Computer software				
Gross carrying amount	161	161	161	161
Less: accumulated amortisation	(156)	(129)	(156)	(129)
Total intangibles	5	32	5	32

13. Trade and Other Payables

a) Recognition and measurement

These amounts represent liabilities for goods and services provided to the Group and other amounts, including interest, and other income in advance. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

The fair value for each class of financial liability has not been separately disclosed. This is because the carrying amount of short-term payables and accruals are a reasonable approximation of the fair value of these financial instruments.

b) Trade and other payables

	Consolidated		Parent	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Trade payables	31	140	31	140
Accrued expenses	134	221	134	221
Other payables	460	194	460	194
Total trade and other payables	625	555	625	555

Notes to and forming part of the Financial Statements (continued)

For the year ended 30 June 2023

14. Leases

a) Recognition and measurement

For any new contracts entered into on or after 1 July 2019, the Group assessed at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group has lease contracts for various items of property and office equipment. Leases of property have lease terms between 1 and 6 years with options to renew, while office equipment have lease terms between 3 and 5 years. With these leases the Group applies a single recognition and measurement approach, recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At lease commencement date, the Group recognises a right-of-use asset at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequent to initial measurement, the Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Subsequent to initial measurement, the lease liability is increased on interest on the liability and reduced by payments made. The lease liability is subject to remeasurement to reflect reassessment or lease modifications. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group also has certain leases with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the "short-term lease" and "lease of low-value asset" recognition exemptions for these leases. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

b) Leases

(i) Right-of-use assets:

	Property	Office equipment	Total
	\$'000	\$'000	\$'000
Gross carrying amount			
Balance at 30 June 2022	870	4	874
Additions	1,025	32	1,057
Depreciation expense	(722)	(6)	(728)
Balance at 30 June 2023	1,173	30	1,203

Notes to and forming part of the Financial Statements (continued)

For the year ended 30 June 2023

14. Leases (continued)

b) Leases (continued)

(ii) Lease liabilities:

	Property \$'000	Office equipment \$'000	Total \$'000
Gross carrying amount			
Balance at 30 June 2022	926	4	930
Additions	977	32	1,009
Accretion of interest	50	1	51
Payments	(766)	(7)	(773)
Balance at 30 June 2023	1,187	30	1,217
Current	451	6	457
Non-current	736	24	760
Total Lease Liabilities	1,187	30	1,217

Future lease payments in relation to lease liabilities as at period end are as follow:

	2023 \$'000	2022 \$'000
Within one year	503	630
After one year but no more than five years	829	321
More than five years	-	-

(iii) Lease related amounts in statement of comprehensive income:

	Consolidated		Parent	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Depreciation expense of right-of-use assets	728	606	728	606
Interest expense on lease liabilities	51	38	51	38
Expense relating to short-term leases (included in administration)	116	200	116	200
Total amount recognised in profit or loss	895	844	895	844

(iv) The Group had total cash outflows for leases of \$1.07m in FY2023 (2022: \$887k).

Notes to and forming part of the Financial Statements (continued)

For the year ended 30 June 2023

15. Provisions

a) Employee benefits provision

Recognition and measurement

Employee benefits are recognised in accordance with *AASB 119 Employee Benefits*.

(i) Annual leave and sick leave

Annual leave is not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value.

Unused non-vesting sick leave does not give rise to a liability, as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

(ii) Long service leave

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. Published actuarial rates developed for the purpose of discounting employee benefit liabilities under AASB 119 are used to discount long service leave. The bond rates used at the reporting date vary based on the length of years to entitlement as follows:

Years to entitlement	2023	2022
1 - 2 years	5.16%	3.61%
2 - 3 years	5.18%	4.13%
3 - 4 years	5.22%	4.45%
4 - 5 years	5.28%	4.68%
5 - 6 years	5.34%	4.85%

Amounts expected to be settled wholly within 12 months of reporting date are not discounted.

b) Make good provision

A make good provision is recognised when the Group enters into a lease contract that requires the property to be returned to the lessor in its original condition. The provision is based on the expected future cost of the refurbishment discounted to reflect current market assessments.

Notes to and forming part of the Financial Statements (continued)

For the year ended 30 June 2023

15. Provisions (continued)

c) Current and non-current provisions

	Consolidated		Parent	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Current				
Provision for annual leave	632	817	632	817
Provision for long service leave	451	317	451	317
Provision for property make good	205	81	205	81
Total current	1,288	1,215	1,288	1,215
Non-current				
Provision for long service leave	158	194	158	194
Provision for property make good	38	194	38	194
Total non-current	196	388	196	388
Total provisions	1,484	1,603	1,484	1,603

16. Contingencies

SVA has a contingent liability to SVA Nominees No 2 Pty Ltd ATF SVA Diversified Impact Fund (DIF) in the form of 10 callable loans. These loans provide downside protection for the Unitholders of DIF if they do not receive their full amount of paid-up capital in combined capital and income distributions, up to the maximum value of \$3,000,000.

In this event, the Trustee of DIF will call the loans from SVA, and SVA will call on the back-to-back callable loans with 10 Private Ancillary Funds (PAFs). SVA's obligation to advance the called amounts to DIF will be limited to the extent it has received funding from the PAFs under the PAF-SVA loans.

This downside protection provided under the callable loans could be called upon at the earliest of either 21 December 2027 or the termination of DIF.

Notes to and forming part of the Financial Statements (continued)

For the year ended 30 June 2023

17. Related Parties

a) Subsidiaries

Social Ventures Australia Limited (the Company) has holdings in several subsidiaries. These subsidiaries also act as trustees for a number of trusts managed by SVA.

	% Equity Interest		Investment \$	
	2023	2022	2023	2022
Social Ventures Australia Ltd				
SVA Nominees Pty Ltd (Trustee)	100%	100%	20	20
SVA Nominees No. 2 Pty Ltd (Trustee)	100%	100%	20	20
Total parent investment in subsidiaries			40	40
Total group investment in subsidiaries			40	40

Investments in subsidiaries are accounted for at cost in accordance with AASB127 *Consolidated and Separate Financial Statements*.

b) Joint venture

SVA established a joint venture investment manager entity, Social Infrastructure Investment Partners Pty Ltd (SIIP) with Federation Asset Management.

	% Equity Interest		Investment \$	
	2023	2022	2023	2022
Social Ventures Australia Ltd				
Social Infrastructure Investment Partners Pty Ltd	50%	50%	5	5
Total parent investment in joint venture			5	5
Total group investment in joint venture			5	5

Investments in joint venture are accounted for using equity method in accordance with AASB 128 *Investments in Associates and Joint Ventures*. SIIP reported a loss of \$58k for the year, and SVA has accordingly recorded the share of loss of \$12k, in addition to the ECL provided for the shareholder loan. As at 30 June 2023, the Group's interest in SIIP is reduced to zero, as its share of losses of SIIP has exceeded its interest in the joint venture.

SVA also entered into a Shareholder Loan Agreement with SIIP to advance funds for its establishment and operation. The maximum drawdown is \$200,000 with interest accrued on daily basis. The loan is unsecured and repayable in full on 30 June 2025 with voluntary prepayment option. Interest is charged at 10% per annum.

	Shareholder loan\$		Interest accrued and capitalised \$	
	2023	2022	2023	2022
Social Infrastructure Investment Partners Pty Ltd	159,964	159,964	59,012	38,649
Total parent shareholder loan	159,964	159,964	59,012	38,649
Total group shareholder loan	159,964	159,964	59,012	38,649

Notes to and forming part of the Financial Statements (continued)

For the year ended 30 June 2023

17. Related Parties (continued)

b) Joint venture (continued)

SIIP had no other contingent liabilities or commitments as at 30 June 2023.

c) Social Impact Bonds and Funds

SVA is the investment manager for the following trusts, the trustees of which are wholly-owned subsidiaries of SVA.

Funds

SVA Nominees No. 2 Pty Ltd ATF SVA Diversified Impact Fund

SVA Nominees No. 2 Pty Ltd ATF Social Impact Investment Trust

Social Impact Bonds

SVA Nominees Pty Ltd ATF Aspire SIB Trust

SVA Nominees Pty Ltd ATF Resolve SBB Trust

SVA Nominees Pty Ltd ATF Side by Side SIB Trust

SVA Nominees Pty Ltd ATF Foyer Central SIB Trust

SVA Nominees Pty Ltd ATF Newpin SA SIB Trust

SVA received \$1,345k (2022:\$1,503k) management and establishment fees for services provided under the relevant management agreements. With respect to Side by Side SIB Trust, Foyer Central SIB Trust and Newpin SA SIB Trust, SVA receives an arranger fee under the relevant arranger agreements with third-party partners. As the partners are not related parties, these fees have been excluded from the above disclosure.

SVA also holds 1,000 units in the Foyer Central SIB Trust and \$100,000 notes, being 1.43% of the total notes on issue.

SVA Nominees No. 2 Pty Ltd ATF SVA Diversified Impact Fund (DIF) has a callable loan from SVA, to the maximum value of \$3,000,000. SVA in turn has a callable loan with 10 private ancillary funds that can be drawn down for payment in circumstances where the SVA loans are called. This callable loan could be called upon at the earliest of either 21 December 2027 or the termination of the Fund, if the investors have not received a cumulative \$1.00 per unit (or the amount of paid capital, whichever is less) in combined capital and income distributions of any form. This arrangement has not been changed or called upon since inception.

During the 2023 financial year, SVA continued its role as investment manager of the SIIT. On and from 1 July 2023, the Group ceased to act as the trustee and investment manager of the SIIT, and therefore the SIIT ceased being a related party from that date.

Notes to and forming part of the Financial Statements (continued)

For the year ended 30 June 2023

17. Related Parties (continued)

d) Key management personnel

The key management personnel compensation for the consolidated group is included in “personnel expenses” (Note 4). The directors of the company do not receive remuneration for their services as directors. The CEO of SVA also serves as a director; they receive remuneration in their role as CEO, but none as director.

	Consolidated		Parent	
	2023	2022	2023	2022
	\$	\$	\$	\$
Remuneration	1,455,919	1,674,538	1,455,919	1,674,538

The decrease in remuneration received by key management personnel is driven by a change in the structure of the Leadership Team, periods of vacant positions during the year, and an increase in the number of Leadership Team members working part-time.

Other arm’s length transactions between the key management personnel or associates of the Group, and SVA or Funds managed by SVA include:

	Consolidated		Parent	
	2023	2022	2023	2022
	\$	\$	\$	\$
Donations to SVA	353,105	340,500	353,105	340,500
Investments in SIBs/Funds				
Committed value of units held at 30 June	126,800	150,000	126,800	150,000
Distributions received during year	19,667	19,122	19,667	19,122

In addition PAFs associated with key management personnel have entered into callable loan agreements with SVA to support the DIF downside protection to a maximum value of \$0.75m.

e) Other related parties

	Consolidated		Parent	
	2023	2022	2023	2022
	\$	\$	\$	\$
Goodstart Early Learning Limited				
Loan from SVA	3,365,608	3,365,608	3,365,608	3,365,608
Interest received on loan	504,841	504,841	504,841	504,841
Fees received for consulting services	-	69,750	-	69,750

Notes to and forming part of the Financial Statements (continued)

For the year ended 30 June 2023

18. Results from Fundraising

The disclosures below apply to both the Consolidated and Parent entities.

	Consolidated and Parent	
	2023	2022
	\$'000	\$'000
Total operating revenue	16,168	17,383
Other income	759	864
Total income	16,927	18,247

Total consolidated operating revenue includes donations and sponsorship income of \$5,959k (2022: \$7,532k).

Philanthropic funding is contributed by the following sectors as a percentage of total funds raised:

	Consolidated and Parent	
	2023	2022
	\$'000	\$'000
Individuals and family foundations	25-35%	50-60%
Corporates and corporate foundations	40-50%	25-35%
Institutional/charitable foundations	20-30%	10-20%
Gross proceeds from fundraising and sponsorships	5,959	7,532
Costs associated with fundraising and sponsorships	(1,087)	(970)
Fundraising costs as a % of total funds raised	18%	13%
Net surplus obtained from fundraising	4,872	6,562

Fundraising costs as a percentage of total funds raised was 18% (2022: 13%) for the year.

The cost of fundraising comprises of the costs of team members directly involved in fundraising activity including the CEO, program staff and leadership, expenses relating to fundraising activity and an allocation of organisational and centralised support costs.

Notes to and forming part of the Financial Statements (continued)

For the year ended 30 June 2023

19. Financial Risk Management

The Group is exposed to a number of financial risks comprising: market risk, credit risk and liquidity risk. These risks arise from SVA's investment portfolio and other operating activities.

SVA's Board of Directors, on advice from the Finance Audit and Risk (FAR) Committee and senior management, is responsible for analysing and managing financial risk exposure. Risk management policies are reviewed and approved by the Board on a regular basis, with endorsement and oversight from the FAR Committee. The day-to-day management of the investment portfolio is managed by an external investment manager under the mandate of the Board. The performance of the portfolio is reported to the FAR Committee throughout the year.

a) Market risk

(i) Price risk

The Group is exposed to market price risk arising from the investment portfolio held by the Group, comprising both listed and unlisted securities. These investments are subject to market fluctuations and are classified in the balance sheet as FVTPL.

At 30 June, the fair value of the equity and other instruments exposed to price risk held by the Parent and the Group were as follows:

	2023	2022
	\$'000	\$'000
Listed equity instruments	3,537	3,303
Unlisted equity funds	381	318
Unlisted hedge funds	465	430
Alternative investments in commodities and real estate	59	148
Total exposure to price risk from equities and other investments	4,442	4,200

Sensitivity analysis

The impact of a 20% increase or decrease in the market against all financial assets subject to price risk to the Parent and Group entity is shown below.

	Impact on total comprehensive income/Net assets	
	-20%	+20%
	\$'000	\$'000
30 June 2023	(888)	888
30 June 2022	(840)	840

(ii) Foreign exchange risk

SVA's managed investment portfolio includes foreign currency denominated assets. Foreign exchange risk arises as the value of monetary securities and deposits denominated in other currencies will fluctuate due to changes in exchange rates.

On rare occasions SVA enters into transactions with non-domestic clients or suppliers where it may receive or make payment in a foreign currency; it also holds some funds in a foreign currency. These exposures are not material.

Notes to and forming part of the Financial Statements (continued)

For the year ended 30 June 2023

19. Financial Risk Management (continued)

a) Market risk (continued)

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. SVA's investment portfolio includes interest-bearing investments which expose SVA to interest rate risk, which is managed by the external investment manager. SVA also has funds in operating bank accounts, most of which are subject to variable interest rates.

Sensitivity analysis

The impact to the Parent and Group entity of a 2.5% change in interest rate for cash at bank is set out below:

	Impact on total comprehensive income/Net assets	
	Increase/decrease in interest rate	Impact on total comprehensive income \$'000
30 June 2023	2.5%	286
30 June 2022	2.5%	307

b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. SVA's credit risk arises from the following:

(i) Cash and cash equivalents

The Group does not have any material credit risk in respect of cash and cash equivalents as operating funds are held with authorised deposit-taking institutions regulated by the Australian Prudential Regulation Authority.

(ii) Trade and other receivables

SVA's trade and other receivables are valued at amortised cost. Its approach to measuring expected credit losses of trade and other receivables is disclosed in note 9c).

(iii) Other financial assets

Other financial assets subject to credit risk include notes held in a social impact bond measured at FVTPL and some of the assets held in the managed portfolio.

For all financial instruments bearing credit risk, management monitors exposure on an ongoing basis, and periodically reports to the FAR Committee.

c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty meeting obligations associated with financial liabilities. SVA is exposed to liquidity risk through its trade and other payables, lease liabilities and employee-related provisions.

The Group actively manages liquidity risk by periodically forecasting future cash flows for a 12-month horizon and ensuring that adequate cash and cash equivalents are maintained. SVA is also required to comply with liquidity requirements under its AFSL.

SVA's managed investment portfolio includes investments that can be readily converted to cash if required to cover urgent cash requirements.

The following are the contractual maturities of non-derivative financial liabilities for the Group:

Notes to and forming part of the Financial Statements (continued)

For the year ended 30 June 2023

19. Financial Risk Management (continued)

c) Liquidity risk (continued)

The following are the contractual maturities of non-derivative financial liabilities for the Group:

	Less than 6 months	Between 6 and 12 months	Between 1 and 2 years	Total	Carrying amount of liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 30 June 2023					
Trade and other payables	625	-	-	625	625
Lease liabilities	385	116	117	618	555
Total	1,010	116	117	1,243	1,180
As at 30 June 2022					
Trade and other payables	555	-	-	555	555
Lease liabilities	310	321	321	951	930
Total	865	321	321	1,506	1,485

d) Capital management strategy

The Group's approach to managing capital is informed by its nature as a not-for-profit organisation pursuing a social mission, and an AFSL licensee with minimum liquidity and cash flow requirements to meet on an ongoing basis. It is also guided by the Investments Policy and Investment Strategy approved by the Board.

Members' funds are used to further SVA's mission. Capital is managed to meet short-term business needs through a working capital Operations Fund and to create a long-term stable capital base through a Corpus to both protect against future shocks and generate annuity income for the organisation.

Operating funds

Operating funds are held to enable the organisation to meet its ongoing operational and regulatory requirements.

The Group defines its target working capital balance to be the greater of three months of estimated net outgoings, and the minimum funds needed to comply with AFSL requirements. Working capital is held in operating cash accounts (see note 8a). Management monitors the balance of operating funds on an ongoing basis. Management may at times need to borrow funds from the Corpus, or assess that the balance of operating funds is high enough to support a redistribution of funds to the Corpus; both would require Board approval.

Corpus funds

The Corpus is the financial assets of the organisation not required to meet regulatory requirements or operations in the ordinary course of business. The Corpus has two objectives:

1. To hold a reserve of funds that can support SVA operations in the event of substantial business shock and be available for approved business cases for investments that are intended to be repaid; and

Notes to and forming part of the Financial Statements (continued)

For the year ended 30 June 2023

19. Financial Risk Management (continued)

d) Capital management strategy (continued)

2. To hold a reserve of funds that generates a regular annual distribution to contribute to the costs of SVA's ordinary operations.

The Investment Strategy was recently revised, and was approved by the Board in October 2021. The updated Investment Strategy sets out the target balance and annuity for the Corpus. The Corpus comprises all funds under management, the loan to Goodstart Early Learning, and other financial assets. The balance and performance of corpus funds is reported to the FAR Committee periodically.

	Operating Funds		Corpus	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Cash	4,755	8,729	5,815	3,041
Other receivables	-	-	3,366	3,366
Other financial assets - current	-	-	5,324	4,706
Other financial assets - non current	-	-	96	93
Total	4,755	8,729	14,601	11,206

During the 2023 financial year, management authorised a transfer of \$2,735k out of operating cash and into the Corpus.

20. Subsequent Events

Effective 1 July 2023, SVA ceased being the investment manager of the SIIT, and SVA Nominees No. 2 Pty Ltd ceased being the Trustee of the SIIT.

On 4th July 2023, SVA approved and signed a contract to lease a new Sydney office premise.

In the opinion of the directors, there were no other matters or circumstances that have arisen since the end of the financial year which significantly affect or may significantly affect the operations of SVA, the results of those operations, or the state of affairs of SVA in future financial years.

Declaration by the Board in respect of fundraising activities

For the year ended 30 June 2023

We, the Board of Directors of Social Ventures Australia Limited, declare in our opinion:

- (a) the financial report gives a true and fair view of all income and expenditure of Social Ventures Australia Limited with respect to fundraising appeals activities for the financial year ended 30 June 2023;
- (b) the statement of financial position gives a true and fair view of the state of affairs with respect to fundraising appeal activities as at 30 June 2023;
- (c) the provisions of the *Charitable Fundraising Act 1991 (NSW)* and Regulations and the conditions attached to the authorities have been complied with for the financial year ended 30 June 2023; and
- (d) the internal controls exercised by Social Ventures Australia Limited are appropriate and effective in accounting for all income received and applied from any fundraising appeals.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:



Rob Koczkar

Chairman

Dated at Sydney this 24 October 2023

Directors' Declaration

For the year ended 30 June 2023

In the opinion of the directors of Social Ventures Australia Limited (the Company):

- (a) the consolidated financial statements and notes that are set out on pages 13 to 46, are in accordance with the *Corporations Act 2001* and the *Australian Charities and Not-for-Profits Commission Act 2012*, including:
 - (i) giving a true and fair view of the 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, the Corporations Regulations 2001 and the Australian Charities and Not-for-Profits Commission Regulation 2013; and
- (b) 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.



Rob Koczkar
Chairman

Dated at Sydney this 24 October 2023



Independent auditor's report

To the members of Social Ventures Australia Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Social Ventures Australia Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001 and Division 60 of the Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

- (a) giving a true and fair view of the Company's and Group's financial positions as at 30 June 2023 and of their financial performance for the year then ended
- (b) complying with Australian Accounting Standards, Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2022* and the *Corporations Regulations 2001*.

What we have audited

The Company and Group financial report comprises:

- the Consolidated and Parent statements of financial position as at 30 June 2023
- the Consolidated and Parent statements of comprehensive income for the year then ended
- the Consolidated and Parent statements of changes in members' funds for the year then ended
- the Consolidated and Parent statements of cash flows for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company and the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company and the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or 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 objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.



Report on the requirements of the Charitable Fundraising Act 1991 (NSW) and the Charitable Fundraising Regulations 2015 (NSW)

We have audited the financial report of Social Ventures Australia Limited (the Company) and its controlled entities (together the Group) as required by Section 24(2) of the Charitable Fundraising Act 1991 (NSW). The directors of the Company are responsible for the preparation and presentation of the financial report in accordance with the Charitable Fundraising Act 1991 (NSW) and Charitable Fundraising Regulations 2015 (NSW). Our responsibility is to express an opinion on the financial report based on our audit.

In our opinion, in all material respects:

- a) The financial report of the Company represents a true and fair view of the financial result of the fundraising appeals for the financial year ended 30 June 2023 and has been prepared in accordance with section 24(2)(a) of the Charitable Fundraising Act 1991 (NSW).
- b) The accounts and associated records have been properly kept during the financial year ended 30 June 2022 in accordance with:
 - i. sections 20(1), 22(1-2), 24(1-3) of the Charitable Fundraising Act 1991 (NSW)
 - ii. sections 10(6) and 11 of the Charitable Fundraising Regulations 2015 (NSW)
- c) The money received as a result of fundraising appeals conducted by the Company during the financial year ended 30 June 2023 has been properly accounted for and applied in accordance with the above mentioned Act and Regulation.

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in cursive script that reads 'Elizabeth O'Brien'.

Elizabeth O'Brien
Partner

Sydney
24 October 2023