Annual Financial Report

For the year ended 30 June 2019

Contents

Directors' Report

For the year ended 30 June 2019

The directors present their report together with the consolidated financial statements of Social Ventures Australia Limited (the **Company**, **Parent** or **SVA**) comprising the Company and its subsidiaries (together referred to as the **Group**) for the financial year ended 30 June 2019 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:

Paul Robertson AO *BComm, FCPA, MAICD* Non-Executive Director Chair	**Director since 30 August 2010** Mr Robertson is an experienced leader who has spent his career in banking and finance, initially with the Commonwealth Bank of Australia and subsequently with Hill Samuel/Macquarie Bank for over 25 years. **Other current directorships** Mr Robertson is Chair of St Vincent's Health Australia, Trustees of St Vincent's Hospital Sydney, Tonic Health Media and Catholic Health Australia, Founder and Director of Financial Markets Foundation for Children and Director of Dementia Australia, Telco Together Foundation, Grace Papers Pty Limited and Sydney Theatre Company Foundation. **Former directorships in last 3 years** Mr Robertson was previously Chair of St Ignatius College Riverview, Chair of RV Sports (sports management and sponsorship company), Director of Austraclear, Director of Sydney Futures Exchange Clearing House, Co-founder and Chair of Australian Financial Markets Association and Director of National Basketball League.
Tanya Gilerman *BEc, CA* Non-Executive Director Chair of Finance, Audit & Risk Committee	**Director since 30 April 2012** 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 growth 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 very passionate about supporting diversity and inclusion and leads women in partnership forums at KPMG so that senior women can develop and enhance their opportunities and leverage themselves, their teams and the business. She is a member of Chief Executive Women and a graduate of the 2006 Sydney Leadership Program.
Adrian Appo OAM *BTeach* Non-Executive Director Member of People & Culture Committee	**Director since 22 October 2012** Mr Appo was the founding CEO of Ganbina and has extensive experience in regional and Indigenous leadership. His work around developing school to work transition programs has gained state and national recognition. He is a graduate of the Fairley and Williamson Community Leadership programs and is a recipient of the Australian Defence, Centenary and Order of Australia Medals. **Other current directorships** Mr Appo is CEO of Equity Health Solutions, director of Australian Advisory Board on Impact Investing, Chair of First Australians Capital Limited, member of the Salvation Army Australia Territory Board and member of the Salvation Army Australia Territory Audit and Risk Committee. **Former directorships in last 3 years** Australian Centre for Rural Entrepreneurs, Children's Ground and Goulburn Catchment Management Authority.

Robert Koczkar
BEng (Hons)
Executive Director
Member of Impact Investing Committee

Director since 3 April 2013; Retired 22 November 2018
Mr Koczkar is the former CEO of SVA and Managing Director of Adamantem Capital. He has extensive experience in investing and management consulting along with a deep understanding of the social purpose sector. Mr Koczkar was previously a Managing Director of Pacific Equity Partners for 10 years. Prior to that he was a Principal at Texas Pacific Group in Europe, and a strategic consultant with Bain & Company. Mr Koczkar is a member of the Australian Government's Cities Reference Group to support delivery of the Smart Cities Plan.

Other current directorships
Mr Koczkar is a director of Goodstart Early Learning, Adamantem Capital, HYG Holdco Pty Ltd (Hygain), Servian and Zenitas.

Former directorships in last 3 years
He previously served on the board of Spotless Group Holdings Limited.

Lisa Paul AO PSM
BA (Hons) FACEL FAICD FIPAA FAIM FANZSOG
Non-Executive Director
Member of Finance, Audit & Risk Committee

Director since 21 August 2013
Ms Paul is a prominent Australian policymaker. As a Chief Executive in the Australian federal government until 2016, she held national responsibility for all aspects of education from childhood to post graduate and international education, research, science, employment, workforce and workplace relations, and was the principal adviser to government on these matters. She has a long-standing interest in how to build and strengthen our social fabric, including the development of a stronger philanthropic focus on social services and policy, as well as developing further the relationship between education, leadership and productivity. Ms Paul is a Melbourne University Enterprise Professor and Bond University Councillor. She was made an Officer of the Order of Australia for distinguished service to public sector leadership. Ms Paul has been awarded a Public Service Medal for leading the domestic response to the Bali bombings, and also received the Australian Chartered Accountants' Federal Government Leader of the Year Award.

Other current directorships
Ms Paul is Chair of Headspace, a Director of Navitas Australia, Australian Schools Plus, High Resolves and Australia American Education Leadership Foundation, and a member of the National Shipbuilding Advisory Board.

Former directorships in the last 3 years
The Australian National Institute of Public Policy Advisory Board, the Advisory Council of the Australian National University Crawford School of Public Policy, the National Security College Advisory Board, and the Advisory Group for the Centre for Workplace Leadership, the Education Investment Fund, Programmed Group and APM International.

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 risk management and dispute resolution Partner at King & Wood Mallesons, where she specialises in international arbitration. Her clients include Australian and global companies as well as governments and range across many sectors, including in the energy and resources, financial services, construction, water, insurance, transport, telecommunications and manufacturing industries. She is passionate about youth and education initiatives playing a key role in reducing disadvantage in Australia.

Other current directorships
Ms Mallett is also a director of the Australian Centre for International Commercial Arbitration.

Chris Harrop
BComm (Hons), MBA (Hons)
Non-Executive Director
Member of People & Culture Committee
Member of Impact Investing Committee

Director since 19 September 2016
Mr Harrop is a Director in the Melbourne office of Bain & Company, a global strategy consulting firm. He joined Bain in 1993 and became a Partner in 2000. He led Bain's telecommunications practice in Asia Pacific for 7 years and served for 6 years on the firm's global committee responsible for partner promotion and remuneration. Mr Harrop has worked with clients in many different industries, and has specialised in projects addressing corporate strategy, growth strategy, customer experience improvement and broad-based transformational change. 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 member of Bain's global board of directors and a director of Goodstart Early Learning.

Former directorships in the last 3 years
He previously served on the Brandenburg Foundation Board.

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. Most recently he has been a Commissioner with the Productivity Commissioner 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.

Suzie Riddell *BAcc, MPhil* 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. **Other current directorships** Ms Riddell is also a director of the Observership Program. **Former directorships in the last 3 years** She previously served as a director of Holdsworth Community Centre and Services and YWCA NSW.

2 Company Secretary

The company secretary is Ms Justine Isemonger BEc LLB (Syd), BCL (Oxf). Ms Isemonger is also the head of Legal for SVA, and previously worked as a corporate and commercial lawyer in an ASX-listed company and law firms in Australia and England. Ms Isemonger was appointed company secretary on 19 September 2016.

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, 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 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 directors has been put to the Members for approval.

Appointment and retirement of Directors and Committee members

Rob Koczkar stepped down as CEO and retired as a director on 22 November 2018. Mr Koczkar continues to be a member of the Impact Investing Committee. Suzie Riddell became a director with effect on her appointment as CEO on 22 November 2019. Shannon Wolfers retired as Independent Member of the Finance, Audit & Risk Committee during the year and Diana Radcliffe was appointed in his place.

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:

	Board Meetings		**FAR Committee Meetings**		**People & Culture Committee Meetings**		**Impact Investing Committee meetings**	
Director	Attended	Entitled	Attended	Entitled	Attended	Entitled	Attended	Entitled
Paul Robertson	3	4	-	-	-	-	-	-
Adrian Appo	4	4	-	-	0	1	-	-
Tanya Gilerman	4	4	5	5	-	-	-	-
Robert Koczkar	2	2	-	-	-	-	6	6
Lisa Paul	3	4	4	5	-	-	-	-
Daisy Mallett	4	4	-	-	1	1	3	6
Chris Harrop	4	4	-	-	1	1	2	4
Robert Fitzgerald	3	4	-	-	-	-	3	3
Suzie Riddell	2	2	-	-	-	-	2	3
Independent members of the FAR Committee								
Shannon Wolfers *BEc (Hons)*	-	-	1	2	-	-	-	-
Diana Radcliffe *BEc, MFin*	-	-	3	3	-	-	-	-

5 Strategy and strategic priorities

SVA is a leading not-for-profit intermediary organisation in Australia. 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.

Since 2016, we have been working within the framework of our 2020 Strategy which describes four high-level pillars that will enable the achievement of our objectives. These four strategic pillars are: trusted partnerships; practical knowledge about disadvantage; outstanding team; and financial sustainability.

SVA is currently developing a new strategy to take the organisation to 2025 and beyond. This includes the implementation of programs of work that have been developed over FY19.

6 Principal activities

During the financial year, SVA continued to work towards its objectives by engaging in a range of activities that contribute towards the long-term outcome of more effective systems for a better society. The principal activities of the Group were:

- Continuing to support high-potential ventures with donations sourced from high net worth individuals, foundations, corporations and government grants and with expertise and access to networks from SVA

- Delivering 195 consulting engagements and increasing the impact potential of SVA's consulting practice by recruiting highly qualified and experienced staff, thereby growing our capacity to help the social sector to have greater impact by being more client centred, effectively run and engaged with the ecosystem
- Sourcing high impact investments for the Social Impact Investment Trust and the SVA Diversified Impact Fund. Total commitments made across both trusts at the end of the 2019 financial year was $33.69m
- Continuing to enable and support evidence-informed education practice in Australian schools through Evidence for Learning and supporting the Commonwealth Government with its plan to create a new national education evidence institute
- Continuing our work and developing the next iteration of the Bright Spots Schools Connection and its Science, Technology, Engineering and Maths (STEM) Learning Hub to support schools in low SES communities
- Researching and developing new programs of work that focus on systems change, including improving outcomes for *Older Women at Risk of Homelessness* and *Young Children Experiencing Vulnerability*
- Continuing to build financial sustainability for SVA through more efficient administration practices including investment in new accounting and consulting management systems.

7 Review of operations and performance

The directors report that SVA's consolidated group activity has delivered a net loss for the year attributable to members of $1,061k compared with a surplus of $1,306k in the prior year.

This result reflects a decrease in multi-year philanthropic donations and government grants as SVA's key venture programs reach maturity. During FY19 SVA invested in increased staffing and infrastructure to support a broader activity base and set up the organisation for increased efficiency. We also invested in research and development for new programs of work, which we expect to attract philanthropic funding in FY20 and beyond. Additionally, the FY18 results included a one-off receipt of $1.777m from the wind-up of the Social Impact Fund.

The consolidated Group operational performance is made up as follows:

	2019	2018
	$'000	$'000
Social Ventures Australia Limited (the Parent)	-1,061	1,306
SVA Nominees Pty Ltd	-	-
SVA Nominees No.2 Pty Ltd	-	-
Newpin SBB Pty Ltd	-	-
Social Ventures Australia Limited (Consolidated)	-1,061	1,306

Net assets for the Group as at 30 June 2019 were $14.47m (2018: $15.57m).

8 Significant changes in the state of affairs

Rob Koczkar retired as CEO and director SVA, and Suzie Riddell was appointed CEO and director, with effect on 22 November 2018.

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.

Directors' Report

For the year ended 30 June 2019

9 Events subsequent to balance date

SVA is working with an alternative asset manager to form a new joint venture company which will establish a new wholesale disability housing fund in FY20. SVA may incur some establishment costs to set up the joint venture, which are not expected to be material. There are no other material transactions arising from the joint venture prior to the signing of the accounts.

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 2019, the total of these guarantees was $28 (2018: $26).

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.

14 Environmental regulations

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 [10] and forms part of the directors' report for financial year ended 30 June 2019.

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

Paul Robertson
Chairman

Dated at Sydney this 1 October 2019

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Building a better working world

Auditor's Independence Declaration to the Directors of Social Ventures Australia Limited

In relation to our audit of the financial report of Social Ventures Australia Limited for the financial year ended 30 June 2019, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, 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 the auditor independence requirements of any applicable code of professional conduct.

Ernst & Young

Michael Byrne
Partner
1 October 2019

Statement of Comprehensive Income

For the year ended 30 June 2019

		Consolidated		Parent	
		2019	**2018**	**2019**	**2018**
	Note	**$'000**	**$'000**	**$'000**	**$'000**
Revenue	**2b**	**16,481**	**18,444**	**16,481**	**18,444**
Less: operating expenses					
Distributions to venture partners		(858)	(1,074)	(858)	(1,074)
Personnel expenses	3	(12,983)	(11,731)	(12,983)	(11,731)
Professional fees	4b	(1,617)	(2,181)	(1,617)	(2,181)
Administration		(1,496)	(1,324)	(1,496)	(1,324)
Travel		(683)	(770)	(683)	(770)
Depreciation and amortisation		(337)	(233)	(337)	(233)
Loss on disposal of assets		-	-	-	-
Communications		(30)	(43)	(30)	(43)
Events and activities		(186)	(169)	(186)	(169)
Marketing		(324)	(346)	(324)	(346)
Total operating expenditure		**(18,514)**	**(17,871)**	**(18,514)**	**(17,871)**
Surplus/(deficit) from operating activities		**(2,033)**	**573**	**(2,033)**	**573**
Net finance income	5b	972	733	972	733
Surplus/(deficit) for the year attributable to members		**(1,061)**	**1,306**	**(1,061)**	**1,306**
Other comprehensive income					
Net change in fair value of available for sale financial assets		-	249	-	249
Total comprehensive income/(loss) for the year attributable to members		**(1,061)**	**1,555**	**(1,061)**	**1,555**

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2019

	Note	Consolidated 2019 $'000	Consolidated 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
Assets					
Cash	6a	5,226	6,396	5,226	6,396
Trade and other receivables	7a	2,814	2,947	2,814	2,947
Work in progress	9	-	-	-	-
Prepayments		214	263	214	263
Other current financial assets	7a	4,338	3,957	4,338	3,957
Total current assets		**12,592**	**13,563**	**12,592**	**13,563**
Investment in subsidiaries		-	-	-	-
Other non-current financial assets	7a	197	195	197	195
Other non-current receivables	7a	3,738	3,840	3,738	3,840
Office fit-out and equipment	10b	914	1,191	914	1,191
Intangible assets	11b	147	72	147	72
Total non-current assets		**4,996**	**5,298**	**4,996**	**5,298**
Total assets		**17,588**	**18,861**	**17,588**	**18,861**
Liabilities					
Trade and other payables	12b	1,142	885	1,142	885
Deferred revenue	9	1,090	1,534	1,090	1,534
Provisions and employee benefits	13c	611	576	611	576
Total current liabilities		**2,843**	**2,995**	**2,843**	**2,995**
Provisions and employee benefits	13c	273	293	273	293
Total non-current liabilities		**273**	**293**	**273**	**293**
Total liabilities		**3,116**	**3,288**	**3,116**	**3,288**
Net assets		**14,472**	**15,573**	**14,472**	**15,573**
Accumulated funds					
Members' funds		14,472	15,099	14,472	15,099
Fair value reserve		-	474	-	474
Total funds		**14,472**	**15,573**	**14,472**	**15,573**

The accompanying notes form part of these financial statements.

Statement of Changes in Member's Funds

For the year ended 30 June 2019

Consolidated group	Member's funds $'000	Fair value reserve $'000	Total $'000
Balance at 1 July 2017	14,495	225	14,720
Surplus for the year	1,306	-	1,306
Net change directly associated with the assets held for sale	(702)	-	(702)
Other comprehensive income			
Net change in fair value of available-for-sale financial assets	-	249	249
Total comprehensive income for the year	604	249	853
Balance at 30 June 2018	15,099	474	15,573
Deficit for the year	(1,061)	-	(1,061)
Net change directly associated with the assets held for sale	-	-	-
Other comprehensive income			
Adjustment to opening balance of Retained Earnings	434	-	434
Net change in fair value of financial assets at FVOCI	-	(474)	(474)
Total comprehensive income for the year	(627)	(474)	(1,101)
Balance at 30 June 2019	**14,472**	**-**	**14,472**

Parent entity			
Balance at 1 July 2017	13,793	225	14,018
Surplus for the year	1,306	-	1,306
Other comprehensive income			
Net change in fair value of available-for-sale financial assets	-	249	249
Total comprehensive income for the year	1,306	249	1,555
Balance at 30 June 2018	15,099	474	15,573
Deficit for the year	(1,061)	-	(1,061)
Other comprehensive income			
Adjustment to opening balance of Retained Earnings	434	-	434
Net change in fair value of financial assets at FVOCI	-	(474)	(474)
Total comprehensive income for the year	(627)	(474)	(1,101)
Balance at 30 June 2019	**14,472**	**-**	**14,472**

The accompanying notes form part of these financial statements

Statement of Cash flow

As at 30 June 2019

	Note	Consolidated 2019 $'000	Consolidated 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
Cash flows from operating activities					
Cash receipts from customers and funders		17,005	16,011	17,005	16,011
Receipts from granting bodies		651	2,868	651	2,868
Interest received on operating accounts		21	21	21	21
Cash paid to suppliers and employees		(18,674)	(19,215)	(18,674)	(19,215)
Term deposits increases		(3)	(165)	(3)	(165)
GST payments to ATO relating to operating activities		(581)	(405)	(581)	(405)
Net cash (used in)/from operating activities	**6b**	**(1,581)**	**(885)**	**(1,581)**	**(885)**
Cash flows from investing activities					
Acquisition of plant and equipment		(96)	(1,074)	(96)	(1,074)
Acquisition of intangibles		(60)	(83)	(60)	(83)
GST receipts to ATO relating to investing activities		9	104	9	104
Interest and dividends received		564	633	564	633
Acquisition of other financial assets		(6)	64	(6)	64
Proceeds from sale of financial assets		-	1,182	-	1,182
Net cash from/ (used in) investing activities		**411**	**826**	**411**	**826**
Cash flows from financing activities		-	-	-	-
Net cash from financing activities		**-**	**-**	**-**	**-**
Net increase/(decrease) in cash and cash equivalents		(1,170)	(59)	(1,170)	(59)
Cash and cash equivalents at beginning of year		6,396	6,455	6,396	6,455
Cash and cash equivalents at end of year	**6a**	**5,226**	**6,396**	**5,226**	**6,396**

The accompanying notes form part of these financial statements

Notes to and forming part of the Financial Statements

For the year ended 30 June 2019

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 2019 comprise the Company and its subsidiaries (together referred to as the Group and individually as Group entities). The reporting entity has applied ASIC Class Order 10/654 (*Inclusion of parent entity financial statements in financial reports*). The consolidated financial statements were authorised for issue by the Board of Directors on 1 October 2019.

b) Basis of preparation

The financial statements are Tier 2 general-purpose financial statements, which have been prepared on an accrual basis and in accordance with the requirements of the Corporations Act 2001, applicable Australian Accounting Standards - Reduced Disclosure Requirements (AASBs) adopted by the Australian Accounting Standards Board (AASB), and the Australian Charities and Not-for-Profit Commission Act 2012.

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 2019

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.

New and amended standards adopted as at 1 July 2018

AASB 9 Financial Instruments – redefines the classifications of financial assets into those to be carried at amortised cost and those to be carried at fair value. The new standard also:

- simplifies requirements for embedded derivatives.
- removes the tainting rules associated with held-to-maturity assets.
- provides an opportunity to fair value investments in equity instruments to other comprehensive income, with no separate impairment test, whilst taking dividends to income.
- requires entities to reclassify their financial assets when there is a change in the entity's business model.

The group has adopted AASB 9 as at 1 July 2018. The Group has assessed the classification and measurement of each relevant financial asset and financial liability. In addition, the Group has assessed impairment and hedging requirements, noting that the Group does not currently apply hedge accounting. The assessment of the Group’s business model was made as of the date of initial application, 1 July 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 July 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

(i) Classification and measurement

The following are the changes in the classification of the Group’s financial assets as at 1 July 2018.

	Original classification under AASB 139	New classification under AASB 9	Original carrying amount under AASB 139 $'000	New carrying amount under AASB 9 $'000
Financial Assets				
Trade and other receivables	Loans and receivables	Amortised Cost	2,947	2,939
Loan to Goodstart	Loans and receivables	Amortised Cost	3,366	3,334
Other current financial assets	Available for sale	FVPTL	3,957	3,957
Other non-current financial assets	Available for sale	FVPTL	195	195

As a result of the change in classification of the Group’s investments, the $474k AFS reserve balance related to investments that were previously presented under accumulated OCI was reclassified to retained earnings as at 1 July 2018.

1. Summary of Significant Accounting Policies (continued)

d) Statement of compliance (continued)

(ii) Impairment

AASB 9 requires the Group to record expected credit losses (ECLs) on all of its debt securities and loans either on a 12-month or lifetime basis. As such, the Group recognised additional impairment on trade receivables and the Goodstart loan, which resulted in a decrease in retained earnings of $40k as at 1 July 2018. For calculations relating to the impairment, refer to Note 7.

	AASB 139 Carrying amount 30 June 2018	Remeasurement (increase in Provision)	AASB 9 carrying amount 1 July 2018
	$'000	$'000	$'000
Financial Assets at amortised cost			
Trade and other receivables	2,947	(8)	2,939
Loan to Goodstart Early Learning Limited	3,366	(32)	3,334

Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective. The Group's interpretations of these new standards and their impact is set out below:

- *AASB 15 Revenue from Contracts with Customers* – establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principles explained in a step by step approach in the standard. AASB 15 applies to annual reporting periods on or after 1 January 2018, with an option available under AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities to defer the effective date of the standard to periods beginning on or after 1 January 2019. The Group has elected to take the deferral option, such that the changes to AASB 15 will take effect from the financial year beginning 1 July 2019. The Group is currently assessing the impact of the new requirements.

- *AASB 1058 Income of Not-for-Profit Entities* – supersedes all the income recognition requirements relating to private sector NFP entities previously in AASB 1004 Contributions. The standard establishes principles for not-for-profit entities that apply to: (a) transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a not-for-profit entity to further its objectives; and (b) the receipt of volunteer services. AASB 1058 applies to annual reporting periods beginning on or after 1 January 2019 and should be applied in the same reporting period as AASB 15. The Group is currently assessing the impact of the standard.

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

For the year ended 30 June 2019

1. Summary of Significant Accounting Policies (continued)

d) Statement of compliance (continued)

Accounting Standards and Interpretations issued but not yet effective (continued)

- *AASB 16 Leases* – introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. For lessors, enhanced disclosures are required to improve information about the lessor’s risk exposure, particularly to low value risk. AASB 16 applies to annual reporting periods beginning on or after 1 January 2019. The first reporting period under the amended standard is the year beginning 1 July 2019. The impact of AASB 16 is being assessed by the Group.

e) Basis of consolidation

Subsidiaries are entities controlled by the Group as at 30 June 2019. 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.

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

For the year ended 30 June 2019

1. Summary of Significant Accounting Policies (continued)

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.*

h) Equity

The asset revaluation surplus is used to record increments and decrements on the revaluation of current and non-current assets. This accords with the entity's policy on the revaluation of available for sale assets.

The category "Accumulated Funds" includes all current and prior period retained funds.

Separate reserve accounts are recognised in the financial statements only if specific legislation or Australian Accounting Standards require such accounts.

2. Revenue

a) Recognition and measurement

Revenue is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

(i) Donations, sponsorship and other grants

Revenue arising from donations is recognised when all the following conditions are satisfied:

- the Group has obtained control of the donation or the right to receive the donation;
- it is probable that economic benefits comprising the donation will flow to the Group; and
- the amount of the donation can be measured reliably.

These conditions are typically satisfied on receipt.

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, functions rooms and catering. Contributions of services are recognised when and only when a fair value of those services can be reliably determined, and the services would be purchased if not donated.

Sponsorship revenue is recognised as income 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 that the Group is entitled to. Sponsorship benefits may be received by way of cash, or of non-cash benefits. The respective goods and services related to this income are reflected in the appropriate expense or asset accounts.

Sponsorship funds may be applied to expenditure in the current or future financial years.

(ii) Consulting 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.

Revenues relating to future activities is transferred to deferred income and recognised in the year the service is provided.

(iii) Government grants and income

Government 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 period in which services are provided.

2. Revenue (continued)

a) Recognition and measurement (continued)

(iv) Management and establishment fees

The Company earns management and establishment fees in its role as manager of its related Trust entities.

Management fee revenue is earned on holding, investing and managing assets on behalf of Social Impact Benefit Trusts/Funds, in accordance with the terms of the management agreements. Management fee revenue is recognised over the period in which the services are performed.

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

b) Revenue

	Consolidated			Parent
	2019	**2018**	**2019**	**2018**
Revenue	**$'000**	**$'000**	**$'000**	**$'000**
Donations and sponsorship	7,050	7,955	7,050	7,955
Consultancy services	7,259	6,456	7,259	6,456
Management and establishment fees	1,536	1,224	1,536	1,224
Government grants and income	636	2,809	636	2,809
Total revenue	**16,481**	**18,444**	**16,481**	**18,444**

Government grants and income in 2018 includes $1,777k received from SVA Social Impact Fund upon its termination. This classification reflects that SVA is bound by the terms of the initial government grant.

3. Personnel Expenses

	Consolidated			Parent
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Wages and salaries	(12,526)	(11,297)	(12,526)	(11,297)
Contractors	(111)	(275)	(111)	(275)
Other associated personnel expenses	(346)	(159)	(346)	(159)
Total personnel expenses	**(12,983)**	**(11,731)**	**(12,983)**	**(11,731)**

4. Professional and Sub-Contractor 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.

The audit fee is an arm's length transaction. A donation equivalent to the value of the audit fees was received from the Ernst & Young Foundation and recognised as donations revenue. Ernst & Young also provided tax compliance services to the Trust entities managed by the Group, some of which are paid for by SVA. Total Ernst & Young tax fees recognised as part of professional fees expense in FY19 was $12k.

b) Professional and sub-contractor fees

	Consolidated		Parent	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Payments to service providers	(995)	(1,291)	(995)	(1,291)
Professional fees	(338)	(567)	(338)	(567)
Licence fees	(117)	(164)	(117)	(164)
Audit fees	(167)	(159)	(167)	(159)
Total professional and sub-contractor fees	**(1,617)**	**(2,181)**	**(1,617)**	**(2,181)**

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

For the year ended 30 June 2019

5. Net Finance Income

a) Recognition and measurement

(i) Interest income and expenses

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

Interest income recognised in the Statement of Comprehensive Income 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.

(ii) Investment income

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, which in the case of quoted securities is the ex-dividend date.

b) Net finance income

	Consolidated		Parent	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Interest income	580	555	580	555
Dividend income on financial assets classified as FVTPL	184	98	184	98
Net foreign exchange gains and (losses)	(10)	22	(10)	22
Net gain/(loss) on financial assets classified as FVTPL	218	58	218	58
Total net finance income	**972**	**733**	**972**	**733**

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

For the year ended 30 June 2019

6. 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
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Cash at bank and on hand	2,433	3,667	2,433	3,667
Cash in foreign currency	-	96	-	96
Cash in managed fund accounts	2,793	2,633	2,793	2,633
Total cash and cash equivalents	**5,226**	**6,396**	**5,226**	**6,396**

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

	Consolidated			Parent
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Surplus/(deficit) for the year	**(1,061)**	**1,306**	**(1,061)**	**1,306**
Adjustments for:				
Depreciation and amortisation	337	233	337	233
Dividend and interest received on investments	(743)	(633)	(743)	(633)
Donations of social impact bond notes	-	(38)	-	(38)
Lease incentives	31	(82)	31	(82)
Net (profit)/loss on derecognised investment assets	-	(58)	-	(58)
Impairment on financial assets classified as amortised cost	40	-	40	-
Net (profit)/loss on investment assets	(196)	-	(196)	-
(Increase)/decrease in receivables & prepayments	436	(334)	436	(334)
(Increase)/decrease in term deposits	(3)	(165)	(3)	(165)
Increase/(decrease) in payables	240	(594)	240	(594)
Increase/(decrease) in deferred and unearned income	(675)	(507)	(675)	(507)
Increase/(decrease) employee provisions	14	(13)	14	(13)
Net cash (used in)/from operating activities	**(1,581)**	**(885)**	**(1,581)**	**(885)**

7. Financial Assets

a) Recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss. The classification of financial assets depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of fees receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, 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 OIC (FVOIC)

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 (EIR) method and are subject to impairment (note 7.b). 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 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) 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.

(iii) Other receivables

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

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

For the year ended 30 June 2019

7. Financial Assets (continued)

a) Recognition and measurement (continued)

(iv) Security deposits

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

	Consolidated			Parent
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Current				
Fees receivable	2,534	2,676	2,534	2,676
Allowance for ECL - fees receivable	(48)	-	(48)	-
Other receivables	256	271	256	271
Security deposits	72	-	72	-
Total current trade and other receivables	**2,814**	**2,947**	**2,814**	**2,947**
Non-current				
Security deposits	404	474	404	474
Loan to Goodstart Early Learning Limited	3,366	3,366	3,366	3,366
Allowance for ECL – Goodstart	(32)	-	(32)	-
Total non-current trade and other receivables	**3,738**	**3,840**	**3,738**	**3,840**

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 market place (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 profit or loss.

7. Financial Assets (continued)

a) Recognition and measurement (continued)

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

	Consolidated		Parent	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Other current financial assets				
Financial assets classified as FVTPL	4,338	3,957	4,338	3,957
Listed securities	2,624	1,599	2,624	1,599
Unlisted investments	1,714	2,358	1,714	2,358
Total current	**4,338**	**3,957**	**4,338**	**3,957**
Other non-current financial assets				
Financial assets classified as FVTPL - NC	197	195	197	195
Listed securities	-	-	-	-
Unlisted investments	197	195	197	195
Total non-current	**197**	**195**	**197**	**195**

Financial assets at FVOCI

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

b) 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.

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).

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 condition.

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

For the year ended 30 June 2019

7. Financial Assets (continued)

b) Impairment of financial assets (continued)

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

For Goodstart loan, at every reporting date, the Group evaluates whether the loan is considered to have low credit risk using all reasonable and supportable information. Management is of the opinion that this asset has a low credit risk at the reporting date. Therefore, 12-month ECL is applied, and additional impairment which resulted in a decrease in Retained earnings of $32k as at 1 July 2018.

(i) ECL for fees receivable as at 30 June 2019:

	Gross carrying amount (A) **$'000**	**Expected Credit Loss rate** (B)	**Expected Credit Loss Allowance** (A*B) **$'000**
Receivable from government and corporate organisations	703	-	-
Other fees receivable			
Current (not past due)	771	0.5%	(4)
Past due	1,033	1%-10%	(17)
Specific provision	27	100.0%	(27)
Fees receivable - ECL allowance at 30 June 2019	**2,534**		**(48)**

(ii) ECL for fees receivable as at 1 July 2018

The adoption of AASB 9 resulted in an opening balance adjustment to retained earnings of $8k, to take up an allowance for ECL.

	Gross carrying amount (A) **$'000**	**Expected Credit Loss rate** (B)	**Expected Credit Loss Allowance** (A*B) **$'000**
Receivable from government and corporate organisations	1,600	-	-
Other fees receivable			
Current (not past due)	684	0.5%	(3)
Past due	392	1%-10%	(4)
Fees receivable - ECL allowance	**2,676**		**(8)**

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

For the year ended 30 June 2019

7. Financial Assets (continued)

b) Impairment of financial assets (continued)

(iii) ECL for Loan - Goodstart Early Learning Limited:

	Date	Risk of default in 12 months (A)	Additional Risk of default for the remaining life (B)	Loss Given Default (LGD) (C)	Exposure at Default (EAD) (D) $'000	12-month ECL (A*C*D) $'000
Initial recognition	28/05/2010	1.0%	9.0%	95.0%	2,500	
Date of initial application	30/06/2018	1.0%	4.5%	95.0%	3,366	32
Balance sheet date	30/06/2019	1.0%	4.0%	95.0%	3,366	32

c) 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.

8. 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 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.

8. Fair Value Hierarchy (continued)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Balance as at 30 June 2018				
Listed securities	1,599	-	-	1,599
Unlisted investments	-	2,358	195	2,553
Total carrying value available-for-sale financial assets	**1,599**	**2,358**	**195**	**4,152**
Balance as at 30 June 2019				
Listed securities	2,624	-	-	2,624
Unlisted investments	-	1,714	197	1,911
Total carrying value financial assets classified as FVTPL	**2,624**	**1,714**	**197**	**4,535**

Reconciliation of level 3 fair value measurements

	Consolidated and Parent	
	2019 $'000	2018 $'000
Carrying value as at 1 July	195	1,281
Additions	2	42
Revaluation	-	(107)
Disposals	-	(1,021)
Carrying value as at 30 June	**197**	**195**

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

For the year ended 30 June 2019

9. Work in Progress and Deferred Revenue

	Consolidated		Parent	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Current assets				
Work in progress	-	-	-	-
Total work in progress	**-**	**-**	**-**	**-**
Current liabilities				
Work in progress/billing in advance	349	119	349	119
Deferred revenue	741	1,415	741	1,415
Total deferred revenue	**1,090**	**1,534**	**1,090**	**1,534**

Work in progress moves between a net asset or liability balance, driven by the rate of project billing relative to the status of project work performed at a point in time. The closing balance of work in progress has been a net deferred revenue position for the past two financial years, however in previous years it has been a net asset.

10. Office Fit-Out and Equipment

a) Recognition and measurement

(i) Initial Recognition

Office fit-out 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 office fit-out and equipment have different useful lives, they are accounted for as separate items (major components) of office fit-out and equipment.

(ii) Subsequent costs

The cost of replacing a component of an item of office fit-out 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 office fit-out and equipment are recognised in the profit or loss for the year as incurred.

(iii) Impairment of office fit-out 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 fit-out, office furniture and equipment assets for impairment at balance date and determined that it is not impaired.

(iv) Depreciation and amortisation

Depreciation is provided on office fit-out 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.

10. Office Fit-Out and Equipment (continued)

a) Recognition and measurement (continued)

(v) 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.

(vi) Disposal of fixed assets

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

(vii) Property make good asset

Property make good asset is stated at historical cost less amortisation. Amortisation is calculated on a straight-line basis over the expected useful life of the lease.

b) Carrying amount of property, plant and equipment

	Consolidated		Parent	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Office equipment				
Gross carrying amount	6	6	6	6
Less: accumulated depreciation	(2)	(1)	(2)	(1)
Office equipment – at carrying value	**4**	**5**	**4**	**5**
Computer equipment				
Gross carrying amount	406	328	406	328
Less: accumulated depreciation	(199)	(106)	(199)	(106)
Computer equipment – at carrying value	**207**	**222**	**207**	**222**
Leasehold improvements, furniture and fittings				
Gross carrying amount	1,128	1,128	1,128	1,128
Less: accumulated depreciation	(426)	(228)	(426)	(228)
Leasehold, furniture and fittings – at carrying value	**702**	**900**	**702**	**900**
Assets not yet deployed - at carrying value	**1**	**64**	**1**	**64**
Total office fit-out and equipment at carrying value	**914**	**1,191**	**914**	**1,191**

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

For the year ended 30 June 2019

10. Office fit-out and Equipment (continued)

b) Carrying amount of property, plant and equipment (continued)

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 2018	6	328	1,128	64	1,526
Additions	-	92	-	45	137
Assets deployed				(108)	(108)
Disposals and write-offs	-	(14)	-	-	(14)
Balance at 30 June 2019	**6**	**406**	**1,128**	**1**	**1,541**
Depreciation and Impairment					
Balance at 1 July 2018	(1)	(106)	(228)	-	(335)
Depreciation charge for the year	(1)	(107)	(198)	-	(306)
Disposals and write-offs	-	14	-	-	14
Balance at 30 June 2019	**(2)**	**(199)**	**(426)**	**-**	**(627)**
Net book value					
Balance at 1 July 2018	**5**	**222**	**900**	**64**	**1,191**
Balance at 30 June 2019	**4**	**207**	**702**	**1**	**914**

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

For the year ended 30 June 2019

11. 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
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Computer software				
Gross carrying amount	183	78	183	78
Less: accumulated amortisation	(36)	(6)	(36)	(6)
Total intangibles - fair value	**147**	**72**	**147**	**72**

12. 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.

b) Trade and other payables

	Consolidated			Parent
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables	205	-	205	-
Accrued expenses	462	428	462	428
Other payables	475	457	475	457
Total trade and other payables	**1,142**	**885**	**1,142**	**885**

13. Provisions and Employee Benefits

a) Employee Benefits

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 service as follows:

Years of service	2019	2018
9 - 10 years	1.46%	2.51%
8 - 9 years	1.53%	2.64%
7 - 8 years	1.65%	2.82%
6 - 7 years	1.79%	3.02%
5 - 6 years	1.95%	3.21%

No discount is applied where staff have been employed for > 10 years, and no provision is taken up when staff have been employed for < 5 years.

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 2019

13. Provisions and Employee Benefits (continued)

c) Current and non-current provisions

	Consolidated		Parent	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Current				
Provision for annual leave	516	527	516	527
Provision for long service leave	28	49	28	49
Provision for property make good	67	-	67	-
Total current	**611**	**576**	**611**	**576**
Non-current				
Provision for long service leave	153	106	153	106
Provision for property make good	120	187	120	187
Total non-current	**273**	**293**	**273**	**293**
Total provisions	**884**	**869**	**884**	**869**

14. Commitments and Contingencies

a) Operating lease commitments

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to use the asset.

Leases in which the Group retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as lease rental income. Operating lease payments are recognised as an income or expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

Deferred income is recognised as a liability on the Statement of Financial Position on inception of the lease. The deferred lease incentive is then recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease, through rent expense.

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

For the year ended 30 June 2019

14. Commitments and Contingencies (continued)

b) Operating lease commitments (continued)

The Group has commercial property leases on its business premises at

Sydney	Level 7, Chifley Square	The lease expires 31 December 2023 with 3-year renewal options
Melbourne	Level 3, 45 Williams Street	The lease expires 31 March 2020 with no renewal options
Perth		Rolling 3-month commitment of serviced office rental agreement expiring 30 September 2019

Future minimum payments under these non-cancellable leases as at 30 June 2019 are as follows:

	Consolidated		Parent	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Within one year	634	629	634	629
After one year but no more than five years	2,112	2,410	2,112	2,410
More than five years	-	321	-	321
Total lease commitments	**2,747**	**3,360**	**2,747**	**3,360**

c) Contingent assets and liabilities

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 $3m.

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 guarantee could be called upon at the earliest of either 21 December 2028 or the termination of DIF.

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

For the year ended 30 June 2019

15. 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 $	
	2019	**2018**	**2019**	**2018**
Social Ventures Australia Pty Ltd				
SVA Nominees Pty Ltd (Trustee)	100%	100%	20	20
SVA Nominees No. 2 Pty Ltd (Trustee)	100%	100%	20	20
Newpin SBB Pty Ltd (Trustee)	100%	100%	4	4
Total parent investment in subsidiaries			**44**	**44**
Total group investment in subsidiaries			**44**	**44**

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

b) Social Impact Bonds and Funds

SVA is the investment manager for the following trusts, the trustees of which are wholly-owned subsidiaries of SVA. SVA received $1,536k (2018: $1,224k) management and establishment fees for services provided under the relevant management agreement.

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

Newpin SBB Pty Ltd ATF Newpin SBB Trust

SVA Nominees Pty Ltd ATF Aspire SIB Trust

SVA Nominees Pty Ltd ATF Newpin QLD SBB Trust

SVA Nominees Pty Ltd ATF Resolve SIB Trust

SVA Nominees Pty Ltd ATF Sticking Together SIB Trust

SVA also holds 100 units in the Newpin SBB Trust and 37,500 notes, being 0.54% of the total notes on issue. SVA Nominees No 2 Pty Ltd ATF SVA Diversified Impact Fund (DIF) has a guarantee from SVA in the form of a callable loan, to the maximum value of $3m. SVA in turn has a callable loans with 10 private ancillary funds that guarantee payment in circumstances where the SVA loans are called.

This guarantee could be called upon at the earliest of either 21 December 2028 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.

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

For the year ended 30 June 2019

15. Related Parties (continued)

c) Key management personnel

The key management personnel compensation for the consolidated group included in "personnel expenses" (see note 3). The directors of the company do not receive remuneration for their services as directors.

	Consolidated		Parent	
	2019	**2018**	**2019**	**2018**
	$	**$**	**$**	**$**
Remuneration	1,612,744	1,392,576	1,612,744	1,392,576

The increase in remuneration received by key management personnel is driven by a change in the structure of the Leadership Team, increasing by 0.6 FTE to support the growing needs of the organisation, and payments of entitlements to departing key staff. Lower remuneration received by key management personnel in FY18 was also in part due to two key staff being on unpaid parental leave for part of the period.

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	
	2019	**2018**	**2019**	**2018**
	$	**$**	**$**	**$**
Donations to SVA	288,725	439,850	288,725	439,850
Investments in Funds and Social Impact Bonds				
Committed value of units held at 30 June	301,000	301,000	301,000	301,000
Distributions received during year	25,133	41,971	25,133	41,971

In addition PAF's associated with key management personnel have entered into callable loan agreements with SVA to support the DIF guarantee to a maximum value of $1m.

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

For the year ended 30 June 2019

15. Related Parties (continued)

d) Other related parties

	Consolidated		Parent	
	2019	**2018**	**2019**	**2018**
	$	**$**	**$**	**$**
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
Australian Affordable Housing Securities limited				
SVA holds redeemable preference shares	120,000	120,000	120,000	120,000
Dividends	3,000	3,000	3,000	3,000
Board fees	2,250	4,500	2,250	4,500

16. Results from Fundraising

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

	Consolidated and Parent	
	2019	**2018**
	$'000	**$'000**
Total operating revenue	16,481	18,444
Net finance income	972	733
Total income	**17,453**	**19,177**

Total consolidated operating revenue includes donations and sponsorship income of $7,050k (2018: $7,955k).

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

For the year ended 30 June 2019

16. Results from Fundraising (continued)

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

	Consolidated and Parent	
	2019	**2018**
	$'000	**$'000**
Individuals and private foundations	35-45%	35-45%
Corporates and corporate foundations	30-40%	40-50%
Institutional/charitable foundations	20-30%	10-20%
Gross proceeds from fundraising and sponsorships	7,050	7,955
Costs associated with fundraising and sponsorships	(1,022)	(977)
Fundraising costs as a % of total funds raised	**14%**	**13%**
Net surplus obtained from fundraising	**6,028**	**6,958**

Fundraising costs as a percentage of total funds raised was 14% (2018: 13%) for the year.

Costs associated with fundraising and sponsorships is based on an allocation of key staff time in maintaining relationships and supporting funder functions held throughout the year. Costs also include an allocation of overheads of the underlying indirect costs.

17. Subsequent Events

SVA is working with an alternative asset manager to form a new joint venture company which will establish a new wholesale disability housing fund in FY20. SVA may incur some establishment costs to set up the joint venture, which are not expected to be material. There are no other material transactions arising from the joint venture prior to the signing of the accounts.

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 2019

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 2019;

(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 2019;

(c) the provisions of the *Charitable Fundraising Act 1991 (NSW)* and Regulations and the conditions attached to the authorities have been compiled with for the financial year ended 30 June 2019; 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:

Paul Robertson
Chairman

Dated at Sydney this 1 October 2019

Directors' Declaration

For the year ended 30 June 2019

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 43, 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 2019 and of its performance for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements, 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.

Paul Robertson
Chairman

Dated at Sydney this 1 October 2019

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Independent Auditor's Report to the Members of Social Ventures Australia Limited

Report on the Financial Report

Opinion

We have audited the financial report of Social Ventures Australia Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, *Australian Charities and Not-for-Profits Commission Act 2012*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2019 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

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

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

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

Responsibilities of 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 – Reduced Disclosure Requirements, *Corporations Act 2001* and the *Australian Charities and Not-for-Profits Commission Act 2012* 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 Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the requirements of the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2015* and the requirements of the *WA Charitable Collections Act (1946)* and the *WA Charitable Collections Regulations (1947)*

We have audited the financial report as required by Section 24(2) of the *NSW Charitable Fundraising Act 1991* and the *WA Charitable Collections Act (1946)*. Our procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2015* and the *WA Charitable Collections Act (1946)* and the *WA Charitable Collections Regulations (1947)*.

Because of the inherent limitations of any assurance engagement, it is possible that fraud, error or non-compliance may occur and not be detected. An audit is not designed to detect all instances of non-compliance with the requirements described in the above-mentioned Act(s) and Regulations as an audit is not performed continuously throughout the period and the audit procedures performed in respect of compliance with these requirements are undertaken on a test basis. The audit opinion expressed in this report has been formed on the above basis.

Building a better
working world

Opinion

In our opinion:

a) the financial report of Social Ventures Australia Limited has been properly drawn up and associated records have been properly kept during the financial year ended 30 June 2019, in all material respects, in accordance with:

i. sections 20(1), 22(1-2), 24(1-3) of the NSW Charitable Fundraising Act 1991;

ii. sections 10(6) and 11 of the NSW Charitable Fundraising Regulations 2015;

iii. the WA Charitable Collections Act (1946); and

iv. the WA Charitable Collections Regulations (1947).

b) the money received as a result of fundraising appeals conducted by the company during the financial year ended 30 June 2019 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Act(s) and Regulations.

Ernst & Young

Michael Byrne
Partner
Sydney
1 October 2019