Annual Financial Report

For the year ended 30 June 2022

Contents

Directors' Report

For the year ended 30 June 2022

The directors present their report together with the consolidated financial statements of Social Ventures Australia Limited (ACN 100 487 572) (the **Company**, **Parent** or **SVA**) comprising the Company and its subsidiaries (together referred to as the **Group**) for the financial year ended 30 June 2022 and the auditor's report thereon.

1 Directors

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

Rob Koczkar

BEng (Hons)

Non-Executive Director and Chair

Member of Impact Investing Committee

Director since 11 August 2020

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

Other current directorships

Mr Koczkar also serves on the boards of Melior Investment Management Pty Limited, HYG HoldCo Pty Limited (Hygain), Guardian Alphabet Holdco Pty Limited, Greenland Holdco Pty Limited and Eagle Holdco Pty Limited.

Former directorships in last 3 years

He previously served on the board of Servian.

Tanya Gilerman

BEc, FCA, GAICD

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

Daisy Mallett

BA LLB

Non-Executive Director

Member of People & Culture Committee

Member of Impact Investing Committee

Director since 23 February 2016

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

Former directorships in the last 3 years

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

Directors' Report

For the year ended 30 June 2022

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

Director since 19 September 2016
Mr Harrop is a Senior Partner in the Melbourne office of Bain & Company, a global strategy consulting firm. He joined Bain in 1993 and became a Partner in 2000. He has held several senior roles across the firm, and recently completed a 6-year term on Bain's global Board of Directors. Mr Harrop has specialised in working with organisations in service industries, and in projects addressing corporate strategy, growth strategy and customer experience improvement. Prior to joining Bain, Mr Harrop held sales and marketing roles in the computer and consumer products industries with IBM, NCR and Adidas.

Other current directorships
Mr Harrop is a director of Goodstart Early Learning.

Robert Fitzgerald AM
BCom, LLB
Non-Executive Director
Member of Impact Investing Committee

Director since 1 October 2017
Mr Fitzgerald is the NSW Ageing and Disability Commissioner and is Chair of Caritas Australia Limited and a Director of Emerging Futures Collaborative Ltd. Most recently he has been a Commissioner with the Productivity Commission and the Royal Commission into Institutional Responses to Child Sex Abuse. A commercial lawyer for more than 20 years, including with top-tier firm Clayton Utz, he has also held a number of policy-related roles including as a member of the National Competition Council. Prior to joining the Productivity Commission, Mr Fitzgerald was Community and Disability Services Commissioner and Deputy Ombudsman in New South Wales. His considerable experience with the not-for-profit sector includes serving as Chair of the Australian Charities and Not-For Profits Commission Advisory Board, President of the Australian Council of Social Services, and over 30 years of volunteering with numerous community services. He is an Adjunct Professor at UWA.

Suzie Riddell
BAcc (Hons), MPhil, GAICD
Executive Director
Member of Impact Investing Committee

Director since 22 November 2018

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

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

Adam Davids
BComm
Non-Executive Director

Director since 11 August 2020

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

Adam Davids was one of the pioneers behind CareerTrackers and CareerSeekers and has undertaken ground breaking work to identify

Member of People & Culture Committee Member of Finance, Audit & Risk Committee	global racial equity standards for businesses to make an impact with underrepresented minorities. Over the years Adam has established a network of leading academics, NGOs, and business leaders to promote equity, justice, and the self-determination of racial minorities around the world. His career and research have shed light on global issues around racial wealth inequality, the lack of diversity in leadership, and how to build sustainable and high-impact non-profits. **Former directorships in last 3 years** He previously served on the board of CareerSeekers.
Cindy Reese Mitchell *BA, BPhil (Hons)* Non-Executive Director Member of Impact Investing Committee	**Director since 12 October 2021** Cindy is an Adjunct Associate Professor at the University of Canberra and founding Chief Executive Officer of Mill House Ventures, the Canberra region's first dedicated social enterprise business development consultancy. Cindy has worked as a venture capital investment manager and senior management roles at large corporate organisations in Australia and the United States. She is a PhD Candidate at the Centre for Social Impact (CSI) at Swinburne University, where she studies Kimberley Aboriginal women's entrepreneurship and leadership. **Other current directorships** Mrs Mitchell also serves on the Boards of Mosaic Life Care and the Social Enterprise Council of NSW and ACT. **Former directorships in last 3 years** She previously served on the Boards of Emmaus Christian School and Mosaic Baptist Church.
Verity Lomax *Bachelor, ESS and MIntLaw (Distinction)* Non-Executive Director Member of People & Culture Committee	**Director since 12 October 2021** With over a decade of experience in government, including in the role of Chief of Staff to the Minister for Aboriginal Affairs, Multicultural Affairs, Veterans, Volunteering and Youth, Verity is a passionate advocate for high impact social change. Representing Australian business in Myanmar, Verity led the Australia-Myanmar Chamber of Commerce, which was awarded the Asia Pacific Small Chamber of the year accolade due to their initiatives promoting Responsible Business practices and women in business. Back in Australia, Verity begun working for a social impact advisory firm, Spark Strategy (a registered B-Corp), including with the Chief Minister's office in the Northern Territory, co-designing their Early Childhood Strategy. Currently Verity is a Director at the NSW Department of Premier and Cabinet, leading a team focused on reducing the cost of living for the people of NSW through cross sector collaboration. Verity is passionate about bringing government together with the not for profit, private and philanthropic sectors, to create lasting social impact. She is also a Director of Lomax Opals Pty Ltd. **Former directorships** The Reach Foundation The Australia-Myanmar Chamber of Commerce

Directors' Report

For the year ended 30 June 2022

Sarah Davis AM	**Director since 22 March 2022**
BA (Hons), FAMI, FAIM, CPM, MAICD Non-Executive Director Member of the Finance, Audit & Risk Committee	Ms Davies has had a wide-ranging career from executive roles in tertiary education to private sector consulting in HR, marketing and strategy across Australia, Europe and the Middle East. But for the last 15 years, her focus has been exclusively in the for-purpose sector: driving social change. In March 2021 Sarah became CEO at the Alannah & Madeline Foundation – joining a highly committed and impactful community and team to create a safer online and offline world for children. Prior to the Alannah & Madeline Foundation, Sarah was the CEO of Philanthropy Australia, enabling and supporting the growth and evolution of thoughtful giving to achieve more and better philanthropy. Before this, she held CEO roles at The Reach Foundation and The Australian Communities Foundation. In addition to her professional roles, Sarah also serves on several diverse Boards and committees. Her current community roles include Deputy Chair of Teach for Australia and Council Member of the National Museum of Australia.

2 Company Secretary

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

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 non-executive directors has been put to the Members for approval. The CEO of SVA also serves as a director; they receive remuneration in their role as CEO, but none as director.

Appointment and retirement of Directors and Committee members

Cindy Mitchell and Verity Lomax were appointed as directors on 12 October 2021.

Tanya Gilerman retired as a director in accordance with the SVA Constitution at the 2021 Annual General Meeting on 15 December 2021 and was reappointed.

Sarah Davis was appointed as a director on 22 March 2022.

4 Board and Committee meetings

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

	Board Meetings		**FAR Committee Meetings**		**People & Culture Committee Meetings**		**Impact Investing Committee meetings**	
Director	Attended	Entitled	Attended	Entitled	Attended	Entitled	Attended	Entitled
Rob Koczkar	5	5	-	-	-	-	5	5
Tanya Gilerman	3	5	3	4	-	-	-	-
Daisy Mallett	5	5	-	-	1	2	2	5
Chris Harrop	5	5	-	-	2	2	-	-
Robert Fitzgerald	5	5	-	-	-	-	5	5
Suzie Riddell^^	4	5	-	-	-	-	4	5
Adam Davids	4	5	4	4	1	2	-	-
Verity Lomax*	5	5	-	-	1	1	-	-
Cindy Reese Mitchell**	5	5	-	-	-	-	0	1
Sarah Davies AM^	2	2	0	1	-	-	-	-
Independent members of Board Committees								
Diana Radcliffe	-	-	4	4	-	-	-	-

* Ms Lomax was appointed as a People & Culture Committee member on 22 March 2022.

** Ms Mitchell was appointed as an Impact Investing Committee member on 22 March 2022.

^Sarah Davies AM was appointed as a Finance, Audit and Risk Committee member on 22 March 2022.

^^ Suzie Riddell was on sabbatical and on approved leave for one Board meeting. Daisy Mallett was on sabbatical and approved leave from attending sub-committee meetings.

Directors' Report

For the year ended 30 June 2022

5 Strategy and strategic priorities

SVA is a leading not-for-profit intermediary organisation in Australia. Our vision is for an Australia where all people and communities thrive. We influence systems to deliver better social outcomes for people by learning about what works in communities, helping organisations be more effective, sharing our perspectives and advocating for change.

SVA's focuses on issues that affect the 1 in 4 people in Australia who experience some form of social disadvantage. SVA's strategy is to have a portfolio of capabilities to address that disadvantage through consulting services, impact investing activities and targeted programs of work in early childhood, school education and employment. SVA engages with government and convenes networks to influence policy and practice and amplify the work. And SVA fosters new forms of social sector innovation and incubation. As a learning organisation, we search for new responses to specific social challenges where we can have greatest impact and continuously evolve and refine our understanding of what drives vulnerability and work across public community and corporate sectors to influence a broad range of actors.

In the short to medium-term we have focussed on the challenges and opportunities presented by COVID-19 concentrating on influencing and responding to government priorities, building sector resilience and recovery and enhancing learning and new ways of working and improving services. This is underpinned by engaging with care and compassion for the SVA team itself as we experience the challenges of the pandemic in our own lives.

6 Principal activities

During the financial year, SVA worked towards its vision by engaging in activities that contribute to more effective systems for a better society informed by and responding to previous and current experience of COVID-19 in Australian society. The principal activities of the Group were:

- Pursuing new activities and partnerships in the early childhood sector with *Young Children Thriving* that is scaling Integrated Child and Family Centres, partnering with SNAICC for First Nations led early childhood education and care and developing a 'field catalyst' with other organisations and leaders in the sector.
- Enabling and supporting evidence-informed practice in Australian schools and early learning through Evidence for Learning, including guidance key topics in practice, insights on mobilising research evidence in schools and contributing to AERO (Australian Education Research Organisation), the new national education evidence institute funded by the Australian, State and Territory governments.
- Strengthening a network of high-performing school leaders across Australia through 'The Connection', delivering exceptional results within communities experiencing disadvantage and building education system capacity, rapidly pivoting to engage in these activities remotely.
- Promoting coalitions and improved services that support young jobseekers experiencing barriers to identify and pursue career pathways.
- Leading policy and advocacy initiatives to influence government and funding decisions to improve the financial viability of the charities sector and improve outcomes for people and communities experiencing social disadvantage, with a focus on supporting charities to be resilient and effective partners in post-COVID economic recovery.
- Delivering 272 consulting engagements helping social purpose organisations, government, funders and corporates strengthening their ability to alleviate disadvantage and respond to COVID-19 challenges.
- Sourcing and delivering high quality impact investment opportunities. These include the Social Impact Investment Trust ($91m in total investor commitments at the end of the 2022 financial year), the early stage focused Diversified Impact Fund ($10.5m in total investor commitments at the end of the 2022 financial year), and the development of a new Social Impact Bond for people leaving the prison system in Victoria. SVA

continued as a shareholder in its Synergis joint venture, a disability housing fund, which moved operations to a separate entity that raised $137m in new capital from Goldman Sachs.

- Continuing to build the financial sustainability of SVA through more efficient administration practices including implementation of a new knowledge management system and new processes supporting flexible working arrangements.

7 Review of operations and performance

The directors report that SVA's consolidated group activity has delivered a net surplus for the year of $719k compared with a net surplus of $4.336m in the prior year.

2021's strong result was due to a combination of factors, including deferred operating costs with changing risks associated with COVID-19, operational structural changes and non-recurrent events, the JobKeeper subsidy, and notable corpus investment returns.

This year SVA has continued to benefit from strong support from funders with total donation income 26% up on FY21, and tied donations in particular up $1.3m. Meanwhile volatility from COVID was felt in revenues from contracts with customers (down by 6%), resulting from shortages in team capacity, project delays, and other challenges in project management and delivery.

The downturn in the financial market contributed $1.4m negative variance against last year's result.

Staff costs were higher than the prior year due to increased staff numbers to support growth areas and remuneration increases. Accompanying the increased tied donations, program delivery-related professional fees, marketing and travel costs have increased.

The consolidated Group result is made up as follows:

	2022	**2021**
	$'000	**$'000**
Social Ventures Australia Limited (the Parent)	719	4,336
SVA Nominees Pty Ltd	-	-
SVA Nominees No.2 Pty Ltd	-	-
Newpin SBB Pty Ltd	-	-
Social Ventures Australia Limited (Consolidated)	719	4,336

Net assets for the Group as at 30 June 2022 were $19.49m (2021: $18.77m).

8 Significant changes in the state of affairs

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

9 Events subsequent to balance date

On 23rd August 2022, SVA approved and signed a proposal to lease a new Melbourne office premise.

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

Directors' Report

For the year ended 30 June 2022

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 2022, the total of these guarantees was $28 (2021: $28).

12 Authority to fundraise

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

13 Indemnification and insurance

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

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

14 Reporting regulations

In accordance with the *Workplace Gender Equality Act 2012* (Cth), SVA has lodged its 2020-21 public report with the Workplace Gender Equality Agency. Members may obtain a copy of the report from the Company Secretary.

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

15 Auditor's independence declaration

The Auditor's independence declaration is set out on page 11 and forms part of the directors' report for financial year ended 30 June 2022.

16 Rounding of amounts

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

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

Rob Koczkar

Chairman

Dated at Sydney this 27 October 2022

Auditor's Independence Declaration

As lead auditor for the audit of Social Ventures Australia Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Elizabeth O'Brien
Partner
PricewaterhouseCoopers

Sydney
27 October 2022

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124
T: +61 2 9659 2476, F: +61 2 8266 9999, www.pwc.com.au

Statement of Comprehensive Income

For the year ended 30 June 2022

		Consolidated		Parent	
		2022	2021	2022	2021
	Note	$'000	$'000	$'000	$'000
Revenue	2b	17,383	18,352	17,383	18,352
Other income	3b	864	748	864	748
Total operating income		**18,247**	**19,100**	**18,247**	**19,100**
Less: operating expenses					
Personnel expenses	4	(12,852)	(12,133)	(12,852)	(12,133)
Professional fees	5b	(1,609)	(1,335)	(1,609)	(1,335)
Administration		(905)	(779)	(905)	(779)
Travel		(139)	(70)	(139)	(70)
Depreciation and amortisation		(845)	(893)	(845)	(893)
Communications		(26)	(26)	(26)	(26)
Events and activities		(82)	(72)	(82)	(72)
Marketing		(327)	(154)	(327)	(154)
Distributions to partners		(94)	-	(94)	-
Other (losses)/gains	6	(596)	792	(596)	792
Total operating expenditure		**(17,475)**	**(14,670)**	**(17,475)**	**(14,670)**
Surplus from operating activities		**772**	**4,430**	**772**	**4,430**
Net finance costs	7b	(32)	(41)	(32)	(41)
Share of net loss of joint ventures accounted for using the equity method	17b	(21)	(53)	(21)	(53)
Surplus for the year		**719**	**4,336**	**719**	**4,336**
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		**719**	**4,336**	**719**	**4,336**

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2022

	Note	Consolidated 2022 $'000	Consolidated 2021 $'000	Parent 2022 $'000	Parent 2021 $'000
Assets					
Cash	8a	11,770	11,044	11,770	11,044
Trade and other receivables	9d	1,022	1,630	1,022	1,630
Contract assets		860	797	860	797
Prepayments		233	232	233	232
Other financial assets	9e	4,706	5,134	4,706	5,134
Total current assets		**18,591**	**18,837**	**18,591**	**18,837**
Other financial assets	9e	93	100	93	100
Other receivables	9d	3,705	3,708	3,705	3,708
Property, Plant and Equipment	11b	317	412	317	412
Right-of-use assets	14b	874	1,455	874	1,455
Intangible assets	12b	32	75	32	75
Total non-current assets		**5,021**	**5,750**	**5,021**	**5,750**
Total assets		**23,612**	**24,587**	**23,612**	**24,587**
Liabilities					
Trade and other payables	13b	555	638	555	638
Deferred revenue		1,036	2,208	1,036	2,208
Provisions	15c	1,215	1,181	1,215	1,181
Lease liabilities	14b	611	568	611	568
Total current liabilities		**3,417**	**4,595**	**3,417**	**4,595**
Provisions	15c	388	293	388	293
Lease liabilities	14b	319	930	319	930
Total non-current liabilities		**707**	**1,223**	**707**	**1,223**
Total liabilities		**4,124**	**5,818**	**4,124**	**5,818**
Net assets		**19,488**	**18,769**	**19,488**	**18,769**
Accumulated funds					
Current year P&L		719	4,336	719	4,336
Prior period - Retained Earnings		18,769	14,433	18,769	14,433
Total members' funds		**19,488**	**18,769**	**19,488**	**18,769**

The accompanying notes form part of these financial statements.

Statement of Changes in Member's' Funds

For the year ended 30 June 2022

Consolidated group	Members' funds $'000	Fair value reserve $'000	Total $'000
Balance at 1 July 2020	14,433	-	14,433
Surplus for the year	4,336	-	4,336
Other comprehensive income	-	-	-
Total comprehensive income for the year	4,336	-	4,336
Balance at 30 June 2021	18,769	-	18,769
Surplus for the year	719	-	719
Other comprehensive income	-	-	-
Total comprehensive income for the year	719	-	719
Balance at 30 June 2022	**19,488**	**-**	**19,488**

Parent entity			
Balance at 1 July 2020	14,433	-	14,433
Surplus for the year	4,336	-	4,336
Other comprehensive income	-	-	-
Total comprehensive income for the year	4,336	-	4,336
Balance at 30 June 2021	18,769	-	18,769
Surplus for the year	719	-	719
Other comprehensive income	-	-	-
Total comprehensive income for the year	719	-	719
Balance at 30 June 2022	**19,488**	**-**	**19,488**

The accompanying notes form part of these financial statements.

Statement of Cash flow

As at 30 June 2022

	Note	Consolidated 2022 $'000	Consolidated 2021 $'000	Parent 2022 $'000	Parent 2021 $'000
Cash flows from operating activities					
Cash receipts from customers and funders		16,982	16,655	16,982	16,655
Receipts from granting bodies		148	274	148	274
Receipts from government subsidy		-	1,745	-	1,745
Interest received on operating accounts		6	14	6	14
Cash paid to suppliers and employees		(16,241)	(14,820)	(16,241)	(14,820)
Net cash from operating activities	**8b**	**895**	**3,868**	**895**	**3,868**
Cash flows from investing activities					
Acquisition of plant and equipment		(101)	(65)	(101)	(65)
Interest received		506	505	506	505
Dividends received		19	21	19	21
Acquisition of other financial assets		-	(100)	-	(100)
Proceeds from sale of financial assets		(25)	231	(25)	231
Investment in joint venture		-	(50)	-	(50)
Net cash from investing activities		**399**	**542**	**399**	**542**
Cash flows from financing activities					
Cash paid for lease liabilities		(568)	(547)	(568)	(547)
Net cash used in financing activities		**(568)**	**(547)**	**(568)**	**(547)**
Net increase in cash and cash equivalents		726	3,863	726	3,863
Cash and cash equivalents at beginning of year		11,044	7,181	11,044	7,181
Cash and cash equivalents at end of year	**8a**	**11,770**	**11,044**	**11,770**	**11,044**

The accompanying notes form part of these financial statements

Notes to and forming part of the Financial Statements

For the year ended 30 June 2022

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 2022 comprise the Company and its subsidiaries (together referred to as the Group and individually as Group entities).

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

The consolidated financial statements were authorised for issue by the Board of Directors on 27 October 2022. The Board of Directors has the power to amend and reissue the Financial Report.

b) Basis of preparation

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

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

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. This takes into account management's assessment of the impact of COVID-19 on the Group's key activities, assets and income streams.

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 2022

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 2021

AASB 1060 *General Purpose Financial Statements – Simplified Disclosure for For-Profit and Not-for-Profit Entities* replaced the reduced disclosure requirements (RDR) framework. These are the Group's first general purpose financial statements prepared in accordance with AASB 1060. In the prior year the consolidated financial statements were general purpose financial statements prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements. There was no impact on the recognition and measurement of amounts recognised in the statements of financial position, statement of comprehensive income and statement of cash flow of the Group as a result of the change.

e) Basis of consolidation

Subsidiaries are entities controlled by the Group as at 30 June 2022. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

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

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

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

f) Accounting for goods and services tax (GST)

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

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

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

g) Income tax

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

1. Summary of Significant Accounting Policies (continued)

h) Balance Sheet

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

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

For the year ended 30 June 2022

2. Revenue

a) Recognition and measurement

Revenue from contracts with clients

(i) Consulting and professional services

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

(ii) Management and establishment fees

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

Management fee revenue is earned on holding, investing and managing assets on behalf of Social Impact Benefit Trusts, 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 at a point in time 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.

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

(iii) Sponsorship

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

(iv) Grants and other government income

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

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

In previous years, school engagement agreements were recorded against grants and government income. In 2022, the Group moved the revenue from school agreements to consulting and professional services to better reflect the nature of these agreements.

2. Revenue (continued)

a) Recognition and measurement (continued)

Contract balances

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

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

Other Revenue

(i) Donations

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

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

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

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

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

(ii) Government Subsidy

In response to the COVID-19 pandemic, governments are providing a range of financial support. The government support does not involve the transfer of goods or services and accordingly, the revenue is accounted for under AASB 1058. The Group recognises as an asset when the eligibility criteria for the subsidy are met.

b) Revenue

	Consolidated		Parent	
	2022	**2021**	**2022**	**2021**
Revenue	**$'000**	**$'000**	**$'000**	**$'000**
Revenue from contracts with customers	10,434	11,087	10,434	11,087
Donations	6,949	5,520	6,949	5,520
Government subsidy	-	1,745	-	1,745
Total revenue	**17,383**	**18,352**	**17,383**	**18,352**

For the year ended 30 June 2022

2. Revenue (continued)

c) Disaggregation of Revenue from contracts with clients

	Consolidated		Parent	
	2022	2021	2022	2021
Revenue from contracts with customers	**$'000**	**$'000**	**$'000**	**$'000**
Consulting and professional services	7,940	7,758	7,940	7,758
Management and establishment fees	1,772	2,039	1,772	2,039
Sponsorship, grants and other income	722	1,291	722	1,291
Total revenue from contracts with customers	**10,434**	**11,087**	**10,434**	**11,087**
Timing of revenue recognition				
At a point in time	28	316	28	316
Over time	10,406	10,771	10,406	10,771
Total revenue from contracts with customers	**10,434**	**11,087**	**10,434**	**11,087**

3. Other Income

a) Recognition and measurement

(i) Rental Income

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

(ii) Dividend income on financial assets at FVTPL

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

(iii) Interest income on financial assets at amortised cost

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

b) Other income

	Consolidated		Parent	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Rental income	160	124	160	124
Dividend income on financial assets at FVTPL	181	104	181	104
Interest income on financial assets at amortised cost	523	520	523	520
Other Income	**864**	**748**	**864**	**748**

For the year ended 30 June 2022

4. Personnel Expenses

	Consolidated		Parent	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Wages and salaries	(12,439)	(11,879)	(12,439)	(11,879)
Contractors	(97)	(101)	(97)	(101)
Other associated personnel expenses	(316)	(153)	(316)	(153)
Total personnel expenses	**(12,852)**	**(12,133)**	**(12,852)**	**(12,133)**

The Group has recognised expenses of $1.04m in the year in relation to defined contribution plans which are included in Personnel Expenses in the statement of comprehensive income.

5. Professional and Subcontractor Fees

a) Recognition and measurement

(i) Payments to service providers

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

(ii) Audit fees

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

PwC provides the services to the Group on a pro bono basis, accordingly the fees payable for 2022 audit services is $nil.

b) Professional and subcontractor fees

	Consolidated		Parent	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Payments to service providers	(452)	(759)	(452)	(759)
Professional fees	(1,131)	(533)	(1,131)	(533)
Licence fees	(26)	(43)	(26)	(43)
Audit fees	-	-	-	-
Total professional and subcontractor fees	**(1,609)**	**(1,335)**	**(1,609)**	**(1,335)**

6. Other gains/(losses)

	Consolidated		Parent	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Net foreign exchange gains/(losses)	1	(16)	1	(16)
Net (loss)/gain on financial assets at FVTPL	(597)	808	(597)	808
Other (losses)/gains	**(596)**	**792**	**(596)**	**792**

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

For the year ended 30 June 2022

7. Net Finance Costs

a) Recognition and measurement

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

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

b) Net finance costs

	Consolidated		Parent	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Interest income	6	15	6	15
Interest expense on lease liabilities	(38)	(56)	(38)	(56)
Total net finance cost	**(32)**	**(41)**	**(32)**	**(41)**

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

For the year ended 30 June 2022

8. Cash and Cash Equivalents

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

a) Cash and cash equivalents

	Consolidated		Parent	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Cash at bank and on hand	8,720	7,969	8,720	7,969
Cash in foreign currency	9	9	9	9
Cash in managed fund accounts	3,041	3,066	3,041	3,066
Total cash and cash equivalents	**11,770**	**11,044**	**11,770**	**11,044**

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

	Consolidated		Parent	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Surplus for the year	**719**	**4,336**	**719**	**4,336**
Adjustments for:				
Depreciation and amortisation	845	893	845	893
Dividend and interest received on investments	(705)	(624)	(705)	(624)
Impairment on financial assets at amortised cost	9	1	9	1
Net profit/(loss) on investment assets	643	(724)	643	(724)
Decrease/(increase) in receivables & prepayments	361	(393)	361	(393)
Increase/(decrease) in payables	90	(70)	90	(70)
(Decrease)/increase in deferred & unearned income	(1,171)	200	(1,171)	200
Increase in employee provisions	104	249	104	249
Net cash from operating activities	**895**	**3,868**	**895**	**3,868**

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

For the year ended 30 June 2022

9. Financial Assets

a) Recognition and measurement

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

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

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

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

Financial assets at amortised cost

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

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

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

(i) Fees receivables

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

(ii) Other receivables

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

(iii) Security deposits

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

(iv) Loan - Goodstart Early Learning Limited

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

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

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

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

For the year ended 30 June 2022

9. Financial Assets (continued)

a) Recognition and measurement (continued)

(v) Shareholder loan – Social Infrastructure Investment Partners

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

Financial assets at FVTPL

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

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

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

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

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

Financial assets at FVOCI

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

b) Derecognition

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

c) Impairment of financial assets

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

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

For the year ended 30 June 2022

9. Financial Assets (continued)

c) Impairment of financial assets (continued)

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

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

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

d) Financial assets at amortised cost

	Consolidated		Parent	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Current – Trade and other receivables				
Fees receivable	894	1,510	894	1,510
Allowance for ECL - fees receivable	(18)	(10)	(18)	(10)
Other receivables	73	57	73	57
Security deposits	73	73	73	73
Total current	**1,022**	**1,630**	**1,022**	**1,630**
Other non-current receivables				
Security deposits	404	404	404	404
Loan to joint venture	199	180	199	180
Allowance for loan to joint venture	(199)	(175)	(199)	(175)
Loan to Goodstart Early Learning Limited	3,366	3,366	3,366	3,366
Allowance for ECL - Goodstart	(65)	(67)	(65)	(67)
Total non-current	**3,705**	**3,708**	**3,705**	**3,708**

Allowance for loan to joint venture includes $36k (2021: $33k) ECL provision and $163k (2021: $142k) share of loss in the long-term interest of the joint venture.

For the year ended 30 June 2022

9. Financial Assets (continued)

d) Financial assets at amortised cost (continued)

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

The continued impact of COVID-19 on the global economy and how governments, businesses and consumers respond remains uncertain. This uncertainty is reflected in the Group's assessment of expected credit losses from its receivables portfolio which are subject to a number of management judgements and estimates. The judgements and associated assumptions have been made within the context of the impact of COVID-19, and reflect historical experience and other factors that are considered to be relevant, including expectations of future events that are believed to be reasonable under the circumstances. In relation to COVID-19, judgements and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy. Accordingly, the Group's expected credit losses estimates are inherently uncertain and, as a result, actual results may differ from these estimates.

e) Financial assets at FVTPL

	Consolidated		Parent	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Other current financial assets				
Financial assets classified as FVTPL	4,706	5,134	4,706	5,134
Listed securities	3,392	3,519	3,392	3,519
Unlisted investments	1,314	1,615	1,314	1,615
Total current	**4,706**	**5,134**	**4,706**	**5,134**
Other non-current financial assets				
Financial assets classified as FVTPL - NC	93	100	93	100
Listed securities	-	-	-	-
Unlisted investments	93	100	93	100
Total non-current	**93**	**100**	**93**	**100**

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

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

For the year ended 30 June 2022

10. Fair Value Hierarchy

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

– Level 1 quoted prices in active markets for identical assets / liabilities that Group can access at the measurement date.

– Level 2 inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.

– Level 3 inputs that are not based on observable market data (unobservable inputs).

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

	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Balance as at 30 June 2021				
Listed securities	3,519	-	-	3,519
Unlisted investments	-	1,615	100	1,715
Total carrying value available-for-sale financial assets	**3,519**	**1,615**	**100**	**5,234**
Balance as at 30 June 2022				
Listed securities	3,392	-	-	3,392
Unlisted investments	-	1,314	93	1,407
Total carrying value financial assets classified as FVTPL	**3,392**	**1,314**	**93**	**4,799**

Reconciliation of level 3 fair value measurements

	Consolidated and Parent	
	2022 $'000	**2021 $'000**
Fair value as at 1 July	100	164
Additions	-	100
Revaluation	(7)	(7)
Disposals	-	(157)
Fair value as at 30 June	**93**	**100**

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

For the year ended 30 June 2022

11. Property, Plant and Equipment

a) Recognition and measurement

(i) Initial Recognition

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

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

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

(ii) Subsequent costs

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

(iii) Impairment of property, plant and equipment

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

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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

(iv) Depreciation and amortisation

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

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

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

For the year ended 30 June 2022

11. Property, Plant and Equipment (continued)

a) Recognition and measurement (continued)

(iv) Depreciation and amortisation (continued)

The estimated useful lives for current and comparative periods are:

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

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

(v) Disposal of fixed assets

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

b) Carrying amount of property, plant and equipment

	Consolidated			**Parent**
	2022 $'000	**2021 $'000**	**2022 $'000**	**2021 $'000**
Office equipment				
Gross carrying amount	7	7	7	7
Less: accumulated depreciation	(6)	(5)	(6)	(5)
Office equipment – at carrying value	**1**	**2**	**1**	**2**
Computer equipment				
Gross carrying amount	476	376	476	376
Less: accumulated depreciation	(335)	(270)	(335)	(270)
Computer equipment – at carrying value	**141**	**106**	**141**	**106**
Leasehold improvements, furniture and fittings				
Gross carrying amount	991	991	991	991
Less: accumulated depreciation	(816)	(687)	(816)	(687)
Leasehold, furniture and fittings – at carrying value	**175**	**304**	**175**	**304**
Total property, plant and equipment at carrying value	**317**	**412**	**317**	**412**

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

For the year ended 30 June 2022

11. Property, Plant and Equipment (continued)

c) Carrying amount of property, plant and equipment

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

	Office equipment	Computer equipment	Leasehold, furniture & fittings	Total
	$'000	**$'000**	**$'000**	**$'000**
Gross carrying amount				
Balance at 1 July 2021	7	376	991	1,374
Additions	-	101	-	101
Disposals and write-offs	-	(1)	-	(1)
Balance at 30 June 2022	**7**	**476**	**991**	**1,474**
Depreciation and Impairment				
Balance at 1 July 2021	(5)	(270)	(687)	(962)
Depreciation charge for the year	(1)	(66)	(129)	(196)
Disposals and write-offs	-	1	-	1
Balance at 30 June 2022	**(6)**	**(335)**	**(816)**	**(1,157)**
Net book value				
Balance at 1 July 2021	**2**	**106**	**304**	**412**
Balance at 30 June 2022	**1**	**141**	**175**	**317**

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

For the year ended 30 June 2022

12. Intangibles (software)

a) Recognition and measurement

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

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

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

b) Intangibles

	Consolidated		Parent	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Computer software				
Gross carrying amount	161	184	161	184
Less: accumulated amortisation	(129)	(109)	(129)	(109)
Total intangibles - fair value	**32**	**75**	**32**	**75**

13. Trade and Other Payables

a) Recognition and measurement

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

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

b) Trade and other payables

	Consolidated		Parent	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Trade payables	140	118	140	118
Accrued expenses	221	104	221	104
Other payables	194	416	194	416
Total trade and other payables	**555**	**638**	**555**	**638**

14. Leases

a) Recognition and measurement

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

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

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

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

b) Leases

(i) Right-of-use assets:

	Property $'000	Office equipment $'000	Total $'000
Gross carrying amount			
Balance at 30 June 2021	1,443	12	1,455
Additions	25	-	25
Depreciation expense	(598)	(8)	(606)
Balance at 30 June 2022	**870**	**4**	**874**

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

For the year ended 30 June 2022

14. Leases (continued)

b) Leases (continued)

(ii) Lease liabilities:

	Property $'000	Office equipment $'000	Total $'000
Gross carrying amount			
Balance at 30 June 2021	1,485	13	1,498
Additions	-	-	-
Accretion of interest	38	-	38
Payments	(597)	(9)	(606)
Balance at 30 June 2022	**926**	**4**	**930**
Current	607	4	611
Non-current	319	-	319
Total Lease Liabilities	**926**	**4**	**930**

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

	2022 $'000	2021 $'000
Within one year	630	606
After one year but no more than five years	321	951
More than five years	-	-

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

	Consolidated		Parent	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Depreciation expense of right-of-use assets	606	641	606	641
Interest expense on lease liabilities	38	56	38	56
Expense relating to short-term leases (included in administration)	200	141	200	141
Total amount recognised in profit or loss	**844**	**838**	**844**	**838**

(iv) The Group had total cash outflows for leases of $887k in FY2022 (2021: $817k).

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

For the year ended 30 June 2022

15. Provisions

a) Employee benefits provision

Recognition and measurement

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

(i) Annual leave and sick leave

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

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

(ii) Long service leave

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

Years to entitlement	2022	2021
1 - 2 years	3.61%	0.21%
2 - 3 years	4.13%	0.43%
3 - 4 years	4.45%	0.74%
4 - 5 years	4.68%	1.07%
5 - 6 years	4.85%	1.41%

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.

15. Provisions (continued)

c) Current and non-current provisions

	Consolidated		Parent	
	2022 $'000	**2021 $'000**	**2022 $'000**	**2021 $'000**
Current				
Provision for annual leave	817	816	817	816
Provision for long service leave	317	291	317	291
Provision for property make good	81	74	81	74
Total current	**1,215**	**1,181**	**1,215**	**1,181**
Non-current				
Provision for long service leave	194	116	194	116
Provision for property make good	194	177	194	177
Total non-current	**388**	**293**	**388**	**293**
Total provisions	**1,603**	**1,474**	**1,603**	**1,474**

16. Contingencies

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

For the year ended 30 June 2022

17. Related Parties

a) Subsidiaries

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

	% Equity Interest		Investment $	
	2022	**2021**	**2022**	**2021**
Social Ventures Australia 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)	0%	100%	0	4
Total parent investment in subsidiaries			**40**	**44**
Total group investment in subsidiaries			**40**	**44**

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

b) Joint venture

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

	% Equity Interest		Investment $	
	2022	**2021**	**2022**	**2021**
Social Ventures Australia Ltd				
Social Infrastructure Investment Partners Pty Ltd	50%	50%	5	5
Total parent investment in joint venture			**5**	**5**
Total group investment in joint venture			**5**	**5**

Investments in joint venture are accounted for using equity method in accordance with AASB 128 *Investments in Associates and Joint Ventures*. SIIP reported a loss of $144k for the year, and SVA has accordingly recorded the share of loss of $21k, in addition to the ECL provided for the shareholder loan. As at 30 June 2022, the Group's interest in SIIP is reduced to zero, as its share of losses of SIIP has exceeded its interest in the joint venture.

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

	Shareholder loan$		Interest accrued and capitalised $	
	2022	**2021**	**2022**	**2021**
Social Infrastructure Investment Partners Pty Ltd	159,964	159,964	38,649	19,984
Total parent shareholder loan	**159,964**	**159,964**	**38,649**	**19,984**
Total group shareholder loan	**159,964**	**159,964**	**38,649**	**19,984**

17. Related Parties (continued)

b) Joint venture (continued)

SVA received $122k fees for professional services from providing middle and back-office support in operation and pursuant to a services agreement entered into with SIIP. SIIP had no other contingent liabilities or commitments as at 30 June 2022.

c) Social Impact Bonds and Funds

SVA is the investment manager for the following trusts, the trustees of which are wholly-owned subsidiaries of SVA. SVA received $1,503k (2021: $1,526k) management and establishment fees for services provided under the relevant management agreements.

Funds

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

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

Social Impact Bonds

SVA Nominees Pty Ltd ATF Aspire SIB Trust

SVA Nominees Pty Ltd ATF Resolve SBB Trust

SVA Nominees Pty Ltd ATF Side by Side SIB Trust

SVA Nominees Pty Ltd ATF Foyer Central SIB Trust

SVA Nominees Pty Ltd ATF Newpin SA SIB Trust

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

SVA Nominees No. 2 Pty Ltd ATF SVA Diversified Impact Fund (DIF) has a 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. This arrangement has not been changed or called upon since inception.

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

For the year ended 30 June 2022

17. Related Parties (continued)

d) Key management personnel

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

	Consolidated		Parent	
	2022	2021	2022	2021
	$	$	$	$
Remuneration	1,674,538	1,775,123	1,674,538	1,775,123

The decrease in remuneration received by key management personnel is driven by a change in the structure of the Leadership Team, reducing by 1.0 FTE.

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	
	2022	2021	2022	2021
	$	$	$	$
Donations to SVA	340,500	336,156	340,500	336,156
Investments in SIBs/Funds				
Committed value of units held at 30 June	150,000	600,000	150,000	600,000
Distributions received during year	19,122	3,000	19,122	3,000

In addition PAFs associated with key management personnel have entered into callable loan agreements with SVA to support the DIF guarantee to a maximum value of $0.95m.

e) Other related parties

	Consolidated		Parent	
	2022	2021	2022	2021
	$	$	$	$
Goodstart Early Learning Limited				
Loan from SVA	3,365,608	3,365,608	3,365,608	3,365,608
Interest received on loan	504,841	504,841	504,841	504,841
Fees received for consulting services	69,750	-	69,750	-

For the year ended 30 June 2022

18. Results from Fundraising

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

	Consolidated and Parent	
	2022	**2021**
	$'000	**$'000**
Total operating revenue	17,383	18,352
Other income	864	748
Total income	**18,247**	**19,100**

Total consolidated operating revenue includes donations and sponsorship income of $7,532k (2021: $6,591k).

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

	Consolidated and Parent	
	2022	**2021**
	$'000	**$'000**
Individuals and family foundations	50-60%	40-50%
Corporates and corporate foundations	25-35%	25-35%
Institutional/charitable foundations	10-20%	20-30%
Gross proceeds from fundraising and sponsorships	7,532	6,591
Costs associated with fundraising and sponsorships	(970)	(956)
Fundraising costs as a % of total funds raised	13%	15%
Net surplus obtained from fundraising	6,562	5,635

Fundraising costs as a percentage of total funds raised was 13% (2021: 15%) 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.

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

For the year ended 30 June 2022

19. Financial Risk Management

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

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

a) Market risk

(i) Price risk

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

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

	2022	**2021**
	$'000	**$'000**
Listed equity instruments	3,303	3,329
Unlisted equity funds	318	581
Unlisted hedge funds	430	224
Alternative investments in commodities and real estate	148	476
Total exposure to price risk from equities and other investments	**4,200**	**4,609**

Sensitivity analysis

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

	Impact on total comprehensive income/Net assets	
	-20%	**+20%**
	$'000	**$'000**
30 June 2022	**(840)**	**840**
30 June 2021	(922)	922

(ii) Foreign exchange risk

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

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

For the year ended 30 June 2022

19. Financial Risk Management (continued)

a) Market risk (continued)

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. SVA's investment portfolio includes interest-bearing investments which expose SVA to interest rate risk, which is managed by the external investment manager. SVA also has funds in operating bank accounts, most of which are subject to variable interest rates. With an approximately $12.3m interest rate risk exposure based on 30 June 2022 balances, a 2.5% increase or decrease in interest rates would have an estimated $307k impact on the P&L over a 12-month period.

b) Credit risk

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

(i) Cash and cash equivalents

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

(ii) Trade and other receivables

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

(iii) Other financial assets

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

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

c) Liquidity risk

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

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

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

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

As at 30 June 2022	Less than 6 months $'000	Between 6 and 12 months $'000	Between 1 and 2 years $'000	Total $'000	Carrying amount of liabilities $'000
Trade and other payables	555	-	-	555	555
Lease liabilities	310	321	321	951	930
Total	**865**	**321**	**321**	**1,506**	**1,485**

For the year ended 30 June 2022

19. Financial Risk Management (continued)

d) Capital management strategy

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

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

Operating funds

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

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

Corpus funds

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

1. To hold a reserve of funds that can support SVA operations in the event of substantial business shock and be available for approved business cases for investments that are intended to be repaid; and
2. To hold a reserve of funds that generates a regular annual distribution to contribute to the costs of SVA's ordinary operations.

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

As at 30 June 2022	**Operating Funds**	**Corpus**
	$'000	**$'000**
Cash	8,729	3,041
Other receivables	-	3,366
Other financial assets - current	-	4,706
Other financial assets - non current	-	93
Total	**8,729**	**11,206**

The 30 June 2022 numbers reported above represent the first time the Investment Strategy has been presented in this way. For this reason, prior year comparisons have not been provided.

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

For the year ended 30 June 2022

20. Subsequent Events

On 23rd August 2022, SVA approved and signed a proposal to lease a new Melbourne office premise.

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

Declaration by the Board in respect of fundraising activities

For the year ended 30 June 2022

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 2022;

(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 2022;

(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 2022; and

(d) the internal controls exercised by Social Ventures Australia Limited are appropriate and effective in accounting for all income received and applied from any fundraising appeals.

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

Rob Koczkar

Chairman

Dated at Sydney this 27 October 2022

Directors' Declaration

For the year ended 30 June 2022

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 12 to 45, 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 2022 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.

Rob Koczkar

Chairman

Dated at Sydney this 27 October 2022

Independent auditor's report

To the members of Social Ventures Australia Limited

Report on the audit of the financial report

Our opinion

In our opinion:

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

(a) giving a true and fair view of the Company's and Group's financial positions as at 30 June 2022 and of their financial performance for the year then ended

(b) complying with Australian Accounting Standards, Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013* and the *Corporations Regulations 2001*.

What we have audited

The Company and Group financial report comprises:

- the Consolidated and Parent statement of financial position as at 30 June 2022
- the Consolidated and Parent statement of comprehensive income for the year then ended
- the Consolidated and Parent statement of changes in members' funds for the year then ended
- the Consolidated and Parent statement of cash flow for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

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

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

Independence

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the financial report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Company and the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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

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

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

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

In our opinion, in all material respects:

a) The financial report of the Company represents a true and fair view of the financial result of the fundraising appeals for the financial year ended 30 June 2022 and has been prepared in accordance with section 24(2)(a) of the Charitable Fundraising Act 1991 (NSW).

b) The accounts and associated records have been properly kept during the financial year ended 30 June 2022 in accordance with:

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

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

c) The money received as a result of fundraising appeals conducted by the Company during the financial year ended 30 June 2022 has been properly accounted for and applied in accordance with the above mentioned Act and Regulation.

PricewaterhouseCoopers

PricewaterhouseCoopers

Elizabeth O'Brien

Elizabeth O'Brien
Partner

Sydney
27 October 2022