

# Social Ventures Australia Limited

ABN 94 100 487 572



Annual Financial Report  
for the year ended 30 June 2016

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# Social Ventures Australia Limited

## Directors' report

For the year ended 30 June 2016

The directors present their report together with the consolidated financial statements of Social Ventures Australia Limited (the Company ('Parent') or SVA) comprising the Company and its subsidiaries together referred to as (the Group) for the financial year ended 30 June 2016 and the auditor's report thereon.

### 1 Director's

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

#### **Paul Robertson AM**

*BComm, FCPA, MAICD*  
Chairman

Non-Executive Director  
Chair of Remuneration and  
Nominations Committee

#### **Experience and expertise**

##### **Director since 30 August 2010**

Mr Robertson is an experienced leader who has spent his career in banking and finance, initially with the Commonwealth Bank of Australia and subsequently with Hill Samuel/Macquarie Bank for over 25 years.

##### **Other current directorships**

Mr Robertson is Chair of St Vincent's Health Australia Group, Chair of the Trustees of St Vincent's Hospital Sydney, Chair of Alzheimer's Australia NSW, Founder and Director of Financial Markets Foundation for Children and Director of Telco Together Foundation, Chair of Tonic Health Media and Grace Papers Pty Limited.

##### **Former directorships in last 3 years**

Mr Robertson was previously Chair of St Ignatius College Riverview, Chair of RV Sports (sports management and sponsorship company), Director of Austraclear, Director of Sydney Futures Exchange Clearing House, Co-founder and Chair of Australian Financial Markets Association and Director of National Basketball League.

#### **Richard Spencer**

*LLB MProfEthics*

Non-Executive Director  
Member of Finance,  
Audit & Risk Committee  
Member of  
Remuneration and  
Nominations Committee

#### **Experience and expertise**

##### **Director since 20 October 2004**

Mr Spencer was formerly Chief Executive Officer of The Benevolent Society. He has spent many years working as an executive and board member in the non-profit sector. Previous roles have included CEO of The Cerebral Palsy Alliance, President of AFS Intercultural Programs in New York, founding director of Goodstart Early Learning Limited, director of the Community Council of Australia and member of the Advisory Board for the NSW Government's Commission of Audit. He also served as Executive Director of UNICEF Australia in the late 1980s. Prior to that, he worked as a corporate lawyer for Clayton Utz and held senior management positions with Rio Tinto and Pioneer International.

##### **Other current directorships**

Mr Spencer is Chair of Coordinare, a Director of the China Committee for Intercultural Education, Beijing, a Director of Women's Community Shelters and a member of the Sydney Advisory Council of the Centre for Social Impact.

##### **Former directorships in last 3 years**

During 2015 Mr Spencer retired as Chair of Bonnyrigg Management Pty Ltd and Newleaf Community Renewal.

## Social Ventures Australia Limited

### Directors' report (continued)

For the year ended 30 June 2016

#### **Tanya Gilerman**

*BEC, CA, CPA*

Non-Executive Director  
Chair of Finance,  
Audit & Risk Committee

#### **Experience and expertise**

##### **Director since 30 April 2012**

Ms Gilerman is the Chief Risk Officer for KPMG Australia. She was admitted to the partnership in 2000, specialising in the financial services sector in audit and risk advisory. Ms Gilerman has extensive experience in auditing of ASX listed companies, funds management businesses and working with Boards and senior management during times of change and restructuring. Ms Gilerman is very passionate about supporting diversity and inclusion and leads females in partnership forums at KPMG so that senior women can develop and enhance their opportunities and leverage themselves, their teams and the business. She is a graduate of the 2006 Sydney Leadership Program.

##### **Former directorships in last 3 years**

Ms Gilerman was appointed a non-executive Director of The Benevolent Society in 2005 and resigned on 3 September 2012.

#### **Adrian Appo OAM**

*BTeach*

Non-Executive Director

#### **Experience and expertise**

##### **Director since 22 October 2012**

Mr Appo was the founding CEO of Ganbina and has extensive experience in regional and Indigenous leadership. His works around developing school to work transition programs has gained state and national recognition. He is a graduate of the Fairley and Williamson Community Leadership programs and is a recipient of the Australian Defence and Centenary Medals.

##### **Other current directorships**

Mr Appo is a director of Australian Centre for Rural Entrepreneurship, Children's Ground, Indigenous Leadership Network Victoria, Goulburn Broken Catchment Management Authority and Australian Advisory Board on Impact Investing and a member of the Indigenous Social Enterprise Fund Advisory Committee.

##### **Former directorships in last 3 years**

Hume Region Regional Development Australia Committee.  
VicHealth Indigenous Advisory Committee.

#### **Robert Koczkar**

*BEng (Hons)*

Executive Director

#### **Experience and expertise**

##### **Director since 3 April 2013**

Mr Koczkar was appointed CEO of SVA effective 7 October 2014 and a Non-Executive Director effective 3 April 2013. He was previously a Managing Director of Pacific Equity Partners, a leading Australian private equity investment firm. He worked in private equity for over 15 years, for Pacific Equity Partners in Australia and Texas Pacific Group in Europe. During that time he invested in companies across many sectors including retail, consumer products, business services and mining services.

Prior to his career in private equity, Mr Koczkar was a strategic consultant with Bain & Company advising clients in a range of industries including communications, financial services, power and retailing from their offices in the United Kingdom, United States, Singapore and Australia.

##### **Other current directorships**

Mr Koczkar also serves on the boards of Spotless Group Holdings Limited and Goodstart Early Learning Limited.

##### **Former directorships in last 3 years**

Energy Developments Limited  
Pacific Equity Partners  
Texas Pacific Group  
Hoyts Group of Companies

# Social Ventures Australia Limited

## Directors' report (continued)

For the year ended 30 June 2016

### **Lisa Paul AO PSM**

*BA FACEL FAICD FIPAA*

*FAIM FANZSOG*

Non-Executive Director

### **Experience and expertise**

#### **Director since 21 August 2013**

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

#### **Other current directorships**

Ms Paul is also a non-Executive Director of Navitas Australia, Programmed Group and APM International and a director of Australian Schools Plus, High Resolves and Australia American Education Leadership Foundation.

#### **Former directorships in the last 3 years**

The Australian National Institute of Public Policy Advisory Board, the Advisory Council of the Australian National University Crawford School of Public Policy, the National Security College Advisory Board, and the Advisory Group for the Centre for Workplace Leadership, the Education Investment Fund.

### **Daisy Mallett**

*BA LLB*

Non-Executive Director

### **Experience and expertise**

#### **Director since 23 February 2016**

Ms Mallett is a risk management and dispute resolution lawyer at King & Wood Mallesons, where she specialises in cross-border transactions. Her clients include Australian and global companies, as well as governments and range across many sectors, including in the energy and resources, financial services, construction, water, insurance, transport, telecommunications and manufacturing industries. Ms Mallett is on the New South Wales Law Society's Alternative Dispute Resolution Committee, as well as the Law Council of Australia's Transnational Litigation Committee. She is passionate about youth and education initiatives playing a key role in reducing disadvantage in Australia.

#### **Other current directorships**

Ms Mallett is also the Chair of the Crawford Foundation.

# Social Ventures Australia Limited

## Directors' report (continued)

For the year ended 30 June 2016

**Chris Harrop**  
*BComm, MBA (Hons)*  
Non-Executive Director

### Experience and expertise

#### Director since 19 September 2016

Mr Harrop is a director in the Melbourne office of Bain & Company, the global strategy consulting firm. He joined Bain in 1993 and became a partner in 2000. He led Bain's telecommunications practice in Asia Pacific for 7 years and served for 6 years on the firm's global committee responsible for partner promotion and remuneration. Mr Harrop has worked with clients in many different industries, and has specialised in projects addressing corporate strategy, growth strategy, customer experience improvement and broad-based transformational change. Prior to joining Bain, Mr Harrop held sales and marketing roles in the computer and consumer products industries, with IBM, NCR and Adidas.

#### Other current directorships

Mr Harrop is a member of Bain's global board of directors and serves on the Brandenburg Foundation Board.

#### Former directorships in the last 3 years

Board of the Australian Brandenburg Orchestra

## 2 Company Secretary

The company secretary is Ms Frances Deegan BA LLB (NSW), LLM (Lond.). Ms Deegan has previously worked in legal publishing, particularly in the field of corporate law.

Ms Deegan was appointed company secretary on 21 September 2007.

## 3 Directors' meetings

The number of directors' meetings and committee meetings and the number of those meetings attended by each of the directors of the Company during the financial year are:

Director	Board Meetings		Finance, Audit & Risk Committee Meetings	
	Attended	Entitled	Attended	Entitled
Paul Robertson	4	4	-	-
Adrian Appo	3	4	-	-
Richard Spencer	4	4	2	2
Tanya Gilerman	3	4	2	2
Robert Koczkar	4	4	-	-
Lisa Paul	4	4	-	-
Daisy Mallett	2	2	-	-
<b>Independent member of the FAR Committee</b>				
Shannon Wolfers <i>BEc (Hons)</i>	-	-	2	2

## 4 Role of Board

The Board of SVA operates under a constitution that sets out major parameters of governance including membership, election of chairman, board size and meeting frequency. The number of directors must be no less than three or more than fifteen. The Board is ultimately responsible for all matters relating to the running of the company and its controlled entities.

The Board has a documented Board Charter which includes the statement that the Board is responsible for and has the authority to determine all matters relating to the policies, practices, management and operation of SVA. The Board is required to do all things necessary to achieve the objectives of SVA and serve the interests of its stakeholders. The Board has the responsibility for the effective governance and successful operation of SVA.

# Social Ventures Australia Limited

## Directors' report (continued)

For the year ended 30 June 2016

### 5 Finance, Audit and Risk Committee

The Finance, Audit and Risk (FAR) Committee has documented Terms of Reference approved by the Board. The Committee is to be composed of up to five but not less than three independent, non-executive directors and Board appointed independent Committee members (limited to one).

The members of the Committee shall be appointed by the Board of Directors to serve a term of one year and are permitted to serve an unlimited number of consecutive terms. The Committee shall have an independent chairperson, who is not chairperson of the Board.

The members of the FAR Committee during the year were:

- Tanya Gilerman – Chair, Non-Executive Director
- Richard Spencer – Non-Executive Director
- Shannon Wolfers – Board appointed independent member (appointed 18 June 2014)

The auditors, chief executive officer, chief operating officer and chief financial officer are invited to attend FAR Committee meetings at the discretion of the Committee. The Committee met twice during the year.

The primary responsibility for SVA's financial reporting, accounting systems, internal controls, risk management, management plans & budgets, business policies & practices, protection of assets and compliance with laws, regulations, standards & best practice guidelines is entrusted to the SVA Management and overseen by the SVA Board of Directors. The FAR Committee is a standing committee of the Board established to assist the Board in fulfilling its responsibilities in this regard.

The FAR Committee reviews the performance of the auditors on an annual basis and meets with them during the year to discuss the audit plan. It also reviews the annual financial report and recommends it to the Board for approval and reviews the results and findings of the auditor.

### 6 Remuneration and Nominations Committee

The Remuneration and Nominations Committee is a committee of the Board formed for the purpose of reviewing and approving staff compensation as part of the budget cycle and process in the context of SVA's broader strategic people and culture activities, such as performance management.

The Committee met once during the year and both the members of the Committee were in attendance. The committee members were:

- Paul Robertson AM – Chair, Non-Executive Director
- Richard Spencer – Non-Executive Director

### 7 Company objectives, strategies and principal activities

*Short term and long term objectives and strategies*

Social Ventures Australia focuses on keys to overcoming disadvantage in Australia, including great education, sustainable jobs, stable housing and appropriate health, disability and community services. By offering funding, investment, and advice we support partners across sectors to increase their social impact.

SVA Consulting shares evidence and knowledge to build social purpose sector capacity.

SVA Impact Investing introduces new capital and innovative financial models to help solve entrenched problems.

# Social Ventures Australia Limited

## Directors' report (continued)

For the year ended 30 June 2016

### *Principal activities*

During the financial year the Group continued working with innovative social purpose organisations to increase their growth and impact to drive transformational social change. The principal activities of the Group during the financial year were:

- supporting a portfolio of non-profit organisations;
- consulting to the broader non-profit sector;
- developing social sector partnerships;
- continuing to provide a broad range of financing services across the impact investing market with a focus on social enterprises, social and affordable housing and social impact bonds;
- continuing and developing the Bright Spots Schools Connection, which supports schools in low SES communities;
- launching and developing the Evidence for Learning (E4L) initiative with a diverse group of stakeholders in the education community.

Our investments have a bias towards education, employment, housing and First Australians, as we believe these to be critical areas of focus if all Australians are to have the opportunity to realise their full potential.

As a social purpose organisation at the forefront of sector development and innovation, SVA works in collaboration with sector partners, as well as Government, business and some of Australia's leading philanthropists.

The Group's funding model is unique when compared to that of more traditional not-for-profit and for social purpose organisations. The Group has not run any specific fundraising appeals but received donations. Our funding targets are derived (within approximate percentage range) from the following sectors:

Philanthropic Funding & Sponsorships	40-60%
Consulting	10-20%
Government	10-20%
Investments- including interest	5-10%



# Social Ventures Australia Limited

## Directors' report (continued)

For the year ended 30 June 2016

### 8 Review of performance and operations

The directors' report that SVA's consolidated group (Group) activity has produced a net deficit for the year attributable to members of \$179,433 as compared with surplus of \$873,241 in the prior year.

The company Social Ventures Australia Ltd (Company) has delivered a net surplus for the year of \$79,700 as compared to a surplus of \$549,873 in the prior year.

The Group has continued to perform and invest in SVA's core business areas of operation in line with strategy and targets. The financial results of both the Company and the Group have been impacted by the significant change in the results of the auspiced activities of the School for Social Entrepreneurs (SSE) and Australian Philanthropic Services (APS).

A summary of the operational performance of the Social Ventures Australia Ltd consolidated group is as follows:

- SVA core business operations reported a surplus of \$450,983 for the year (2015: surplus of \$752,345). All surpluses are reinvested in the business to achieve our strategic aims. These operations were mostly undertaken in the Company, aside from the legacy available for sale financial assets transferred from a subsidiary entity in the prior year. Whilst in line with budget the SVA core business operations performance result is lower than the prior year. This was due to an increase in deferred income and investment in team resources.
- SSE operated from within the Company, producing an overall deficit of \$301,300 as compared with a surplus of \$89,647 in the prior year. Towards the end of the year the operations of SSE were scaled down to service existing committed programs only.
- APS operated in both the APS Ltd subsidiary and the Company and resulted in a net deficit of \$329,116 in the current year (2015: surplus of \$31,249), including investment in additional resources and new offices ahead of a planned transition from the SVA Group. These activities were largely funded by revised services fees and a loan from a director of APS to the APS subsidiary.

Net assets for the Group as at 30 June 2016 was \$12,130,297 (2015: \$12,273,261).

#### *Measurement performance*

The Group monitors the progress of the organisations that we invest in by tracking KPI's as described in their strategic plans. The Group's funding commitments were met with funds successfully raised and acquitted as planned. All of the SVA consulting client engagements are evaluated on completion. All of the Government contracts are tracking in line with the agreements.

### 9 Significant changes in the state of affairs

During the year in line with its strategy, the Company continued to develop and invest in its core social impact service offerings in funding, investment and advice. These activities were managed at the operational level in accordance with budgets set in consulting, impact investing and venture philanthropy business teams.

The auspiced operations of SSE have been scaled down to support existing residual commitments.

A significant portion of the deficit reported in APS represents new investment in operations, ahead of APS' planned graduation from the Group.

The integration of the investment assets of subsidiary SVA Nominees Pty Ltd ATF SVA Future Trust into the Company and the winding up of the Trust was completed in the year.

SVA's Impact Investing team successfully completed the first drawdown and investment of the

# Social Ventures Australia Limited

## Directors' report (continued)

For the year ended 30 June 2016

Social Impact Investment Trust (SIIT) on behalf of the investor, HESTA Superannuation Fund. SVA acts as trustee to SIIT through its subsidiary, SVA Nominees No.2 Pty Ltd and manages the SIIT funds under an investment management agreement to service up to \$30 million of investments in the social sector.

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

### 10 Members' liabilities

Social Ventures Australia Limited 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 2016 the total of these guarantees was \$28 (2015: \$26).

### 11 Authority to fundraise

Social Ventures Australia Limited 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 Appeals Act 1998, 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.

### 12 Auditor's independence declaration

The Auditor's independence declaration is set out on page 10 and forms part of the directors' report for financial year ended 30 June 2016.

### 13 Bankers

Transactional banking services were provided by the Commonwealth Bank of Australia.

### 14 Events subsequent to balance date

At the request of the Company, SVA received the notice of deregistration from ASIC of its SVA Nominees Pty Ltd subsidiary on 6 July 2016.

Mr Chris Harrop was appointed by the Board as a director of SVA effective 19 September 2016. The Board of SVA also approved a 12 month leave of absence for Mr Adrian Appo, commencing 19 September 2016.

There were no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

### 16 Environmental regulations

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

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



Paul Robertson  
Chairman

Dated at Sydney this 19 September 2016



Building a better  
working world

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

As lead auditor for the audit of Social Ventures Australia Limited for the financial year ended 30 June 2016, I declare 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.

Ernst & Young

Damien Jones  
Partner  
19 September 2016

# Social Ventures Australia Limited

## Statement of comprehensive income

For the year ended 30 June 2016

	Note	Consolidated		Parent	
		2016	2015	2016	2015
		\$	\$	\$	\$
Revenue	4	14,845,050	13,128,800	15,253,621	13,251,844
Donations and grants		(947,210)	(1,353,420)	(947,210)	(1,353,420)
Personnel expenses	5	(8,919,857)	(7,902,359)	(8,919,857)	(7,902,359)
Programmes and consultancy		(3,041,719)	(1,679,841)	(3,041,719)	(1,673,521)
Administration		(1,387,264)	(1,184,016)	(1,379,669)	(1,183,896)
Travel		(618,683)	(581,547)	(618,683)	(581,547)
Depreciation and amortisation		(91,332)	(67,245)	(91,332)	(67,245)
Communications		(43,140)	(55,046)	(43,140)	(55,046)
Events and activities		(245,144)	(307,956)	(245,144)	(307,956)
Marketing		(198,986)	(141,228)	(198,986)	(141,228)
Total operating expenditure		(15,493,335)	(13,272,658)	(15,485,740)	(13,266,218)
Surplus/(Deficit) from operating activities		(648,285)	(143,858)	(232,119)	(14,374)
Net finance income	6	468,852	1,017,099	311,819	564,247
<b>Surplus (deficit) before income tax</b>		(179,433)	873,241	79,700	549,873
Income tax expense		-	-	-	-
Surplus/(Deficit) for the year attributable to members		(179,433)	873,241	79,700	549,873
<b>Other comprehensive income</b>					
Net change in fair value of available for sale financial assets		36,469	(188,766)	198,897	(99,643)
Total comprehensive income for the year attributable to members		(142,964)	684,475	278,597	450,230

The notes on pages 16 to 31 are an integral part of these consolidated financial statements.

# Social Ventures Australia Limited

## Statement of financial position

As at 30 June 2016

	Note	Consolidated		Parent	
		2016	2015	2016	2015
		\$	\$	\$	\$
<b>Assets</b>					
Cash and cash equivalents	7	6,330,233	5,755,034	6,258,574	5,399,823
Trade and other receivables	8	1,940,074	1,815,421	1,953,207	1,737,988
Available-for-sale financial assets	9	3,874,856	3,674,713	3,719,679	3,520,647
<b>Total current assets</b>		<b>12,145,163</b>	<b>11,245,168</b>	<b>11,931,460</b>	<b>10,658,458</b>
Investment in subsidiaries		-	-	134	134
Other investments	9	120,000	-	120,000	-
Loan, other receivables and security deposits	8	3,721,472	3,671,545	3,673,191	3,671,545
Office fit-out and equipment	10	235,224	164,692	235,224	164,692
<b>Total non-current assets</b>		<b>4,076,696</b>	<b>3,836,237</b>	<b>4,028,549</b>	<b>3,836,371</b>
<b>Total assets</b>		<b>16,221,859</b>	<b>15,081,405</b>	<b>15,960,009</b>	<b>14,494,829</b>
<b>Liabilities</b>					
Trade and other payables	11	3,315,152	2,374,548	3,318,585	2,278,724
Employee benefits	14	396,932	260,174	396,932	260,174
Loans and borrowings	12	196,092	-	-	-
<b>Total current liabilities</b>		<b>3,908,176</b>	<b>2,634,722</b>	<b>3,715,517</b>	<b>2,538,898</b>
Employee benefits	14	103,386	93,422	103,386	93,422
Provisions	13	80,000	80,000	80,000	80,000
<b>Total non-current liabilities</b>		<b>183,386</b>	<b>173,422</b>	<b>183,386</b>	<b>173,422</b>
<b>Total liabilities</b>		<b>4,091,562</b>	<b>2,808,144</b>	<b>3,898,903</b>	<b>2,712,320</b>
<b>Net assets</b>		<b>12,130,297</b>	<b>12,273,261</b>	<b>12,061,106</b>	<b>11,782,509</b>
<b>Accumulated funds</b>					
Members' funds		12,031,043	12,210,476	11,961,852	11,882,152
Fair value reserve	15	99,254	62,785	99,254	(99,643)
<b>Total funds</b>		<b>12,130,297</b>	<b>12,273,261</b>	<b>12,061,106</b>	<b>11,782,509</b>

The notes on pages 16 to 31 are an integral part of these consolidated financial statements.

Social Ventures Australia Limited

**Consolidated statement of changes in member's fund**

For the year ended 30 June 2016

	Member's fund:	Fair value reserve	Total
	\$	\$	\$
<b>Balance at 1 July 2014</b>	11,337,235	251,551	11,588,786
Surplus for the year	873,241	-	873,241
<i>Other comprehensive income</i>			
Net change in fair value of available-for-sale financial assets	-	(188,766)	(188,766)
Total comprehensive income for the year	873,241	(188,766)	684,475
<b>Balance at 30 June 2015</b>	<b>12,210,476</b>	<b>62,785</b>	<b>12,273,261</b>
<b>Balance at 1 July 2015</b>	12,210,476	62,785	12,273,261
Deficit for the year	(179,433)	-	(179,433)
<i>Other comprehensive income</i>			
Net change in fair value of available-for-sale financial assets	-	36,469	36,469
Total comprehensive income for the year	(179,433)	36,469	(142,964)
<b>Balance at 30 June 2016</b>	<b>12,031,043</b>	<b>99,254</b>	<b>12,130,297</b>

The notes on pages 16 to 31 are an integral part of these consolidated financial statements.

## Social Ventures Australia Limited

### Parent statement of changes in member's funds

For the year ended 30 June 2016

	Member's fund:	Fair value reserve	Total
	\$	\$	\$
<b>Balance at 1 July 2014</b>	11,332,279	-	11,332,279
Surplus for the year	549,873	-	549,873
<i>Other comprehensive income</i>			
Net change in fair value of available-for-sale financial assets	-	(99,643)	(99,643)
Total comprehensive income for the year	549,873	(99,643)	450,230
<b>Balance at 30 June 2015</b>	11,882,152	(99,643)	11,782,509
<b>Balance at 1 July 2015</b>	11,882,152	(99,643)	11,782,509
Surplus for the year	79,700	-	79,700
<i>Other comprehensive income</i>			
Net change in fair value of available-for-sale financial assets	-	198,897	198,897
Total comprehensive income for the year	79,700	198,897	278,597
<b>Balance at 30 June 2016</b>	11,961,852	99,254	12,061,106

The notes on pages 16 to 31 are an integral part of these consolidated financial statements.

# Social Ventures Australia Limited

## Statement of cash flows

For the year ended 30 June 2016

Note	Consolidated		Parent		
	2016 \$	2015 \$	2016 \$	2015 \$	
<b>Cash flows from operating activities</b>					
Cash receipts from customers and funders	14,473,805	12,608,606	14,844,937	13,101,923	
Receipts from granting bodies	1,258,620	405,614	1,258,620	405,614	
Cash paid to suppliers and employees	(15,439,670)	(13,325,648)	(15,521,872)	(13,199,742)	
Dividends received	154,937	141,198	150,091	-	
<b>Net cash from operating activities</b>	<b>447,692</b>	<b>(170,230)</b>	<b>731,776</b>	<b>307,795</b>	
<b>Cash flows from investing activities</b>					
Acquisition of plant and equipment	(161,864)	(25,229)	(161,864)	(25,229)	
Interest received	572,132	601,322	571,599	563,052	
Acquisition of available-for-sale financial assets	(870,651)	(2,213,477)	(870,651)	(1,746,872)	
Proceeds from sale of available-for-sale financial assets	587,890	2,327,850	587,891	1,460,494	
<b>Net cash from/(used in) investing activities</b>	<b>127,507</b>	<b>690,466</b>	<b>126,975</b>	<b>251,445</b>	
<b>Cash flows from financing activities</b>					
<b>Net cash from financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Net increase/(decrease) in cash and cash equivalents	575,199	520,236	858,751	559,240	
Cash and cash equivalents at beginning of year	5,755,034	5,234,798	5,399,823	4,840,583	
Cash and cash equivalents at end of year	7	6,330,233	5,755,034	6,258,574	5,399,823

The notes on pages 16 to 31 are an integral part of these consolidated financial statements.



# Social Ventures Australia Limited

## Notes to consolidated financial statements

For the year ended 30 June 2016

### Index to notes to the consolidated financial statements

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# Social Ventures Australia Limited

## Notes to consolidated financial statements (continued)

For the year ended 30 June 2016

### 1 Reporting entity

Social Ventures Australia Limited (the Company or the Parent) is a public company limited by guarantee, incorporated and domiciled in Australia. The address of the Company's registered office and principal place of business is Level 6, 6-10 O'Connell Street, Sydney NSW 2000.

The consolidated financial statements of the Company as at and for the year ended 30 June 2016 comprise the Company ('Parent') and its subsidiaries (together referred to as the Group and individually as Group entities). The reporting entity has applied ASIC Class Order 10/654 (*Inclusion of parent entity financial statements in financial reports*).

The consolidated financial statements were authorised for issue by the Board of Directors on 19 September, 2016.

### 2 Basis of preparation

#### (a) Statement of compliance

The consolidated financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2015, and have not been early adopted in preparing these consolidated financial statements. Aside from AASB 9, none of them are expected to have a material impact on the Group's financial statements. The standards not yet affective are:

- **AASB 9 *Financial Instruments*** – simplifies the classifications of financial assets into those to be carried at amortised cost and those to be carried at fair value. The new standard also:
  - simplifies requirements for embedded derivatives.
  - removes the tainting rules associated with held-to-maturity assets.
  - provides an opportunity to fair value investments in equity instruments to other comprehensive income, with no separate impairment test, whilst taking dividends to income.
  - requires entities to reclassify their financial assets when there is a change in the entity's business model.

For financial liabilities, where the fair value option is used, changes in fair value attributable to the issuer's own credit risk are presented in other comprehensive income, removing the volatility in profit or loss. A new impairment model is also included which requires more timely recognition of expected credit losses from when financial instruments are first recognised, and recognition of full lifetime expected losses on a more timely basis.

AASB 9 applies to annual reporting periods on or after 1 January 2018. The new requirements of AASB 9 will be assessed closer to the effective date.

- **AASB 15 *Revenue from Contracts with Customers*** - establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principles explained in a step by step approach in the standard. AASB 15 applies to annual reporting periods on or after 1 January 2018. The new requirements of AASB 15 will be assessed closer to the effective date.
- **AASB 16 *Leases*** – introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. For lessors, enhanced disclosures are required to improve information about the lessor's risk exposure, particularly to low value risk. AASB 16 applies to annual reporting periods beginning on or after 1 January 2019. The new requirements of AASB 16 will be assessed closer to the effective date.

# Social Ventures Australia Limited

## Notes to consolidated financial statements (continued)

For the year ended 30 June 2016

### 2 Basis of preparation (continued)

#### (b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for available-for-sale financial assets which are measured at fair value.

#### (c) Functional, presentation currency and foreign exchange translation

The consolidated financial statements are presented in Australian dollars, which is the Group's functional currency.

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.

#### (d) Use of estimates, judgment and assumptions

The preparation of consolidated financial statements requires management to make judgment, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

#### 2 (d)(i) Loan receivable – Interest in 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. With the three other founding not-for-profit members, the Group has an entitlement to a \$2.5m deeply subordinated note with a coupon of 15 per cent per annum.

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 and as at 30 June 2016 has a capitalised balance of \$3,365,608 (2015: \$3,365,608), upon which interest has been either received or accrued and reported in current interest receivable.

Management is of the opinion that the loan has been appropriately valued and serviced and does not warrant further assessment testing of impairment. The Group holds 25% of the voting powers of the Goodstart members. Members voting powers are limited to the terms of the Goodstart constitution (revised Oct 2014).

#### 2 (d)(ii) Revenue recognition and expenses

Certain revenues receive cash flows upfront at the execution of a contract or grant being provided, however vest to the Group either as services are provided or conditions are progressively completed (refer to note 3(h)). In addition, the Group makes certain commitments to projects and expenditures at points which are different to the profile over which cash expenditures are incurred, which may give rise to obligations at the reporting date which require assessment for recognition.

# Social Ventures Australia Limited

## Notes to consolidated financial statements (continued)

For the year ended 30 June 2016

### 2 Basis of preparation (continued)

#### (d) Use of estimates, judgment and assumptions (continued)

The Group makes judgments in respect of the extent to which revenues can be recognised or obligations exist. These judgments are based on information prevailing at the reporting date and include estimates of the extent of work performed, whether certain conditions precedent have been met and use of inputs such as time expended and discount rates to calculate deferrals.

#### 2 (d)(iii) Fair values of financial assets

The Group classifies its investments in listed securities (both equity and debt) as 'available-for-sale' investments and movements in fair values are recognised directly in other comprehensive income. The fair value of listed securities has been determined by reference to published price quotations in active markets.

### 3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods in these consolidated financial statements.

#### (a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2016. 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.

#### *Subsidiaries*

Subsidiaries are entities controlled by the Group. The financial results of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary. Aside from the closure of the subsidiary SVA Nominees Pty Limited there have been no changes in ownership interest of subsidiaries in the current or previous financial year, and no changes in control over subsidiaries. At the Company's request notice was received from ASIC on 6 July 2016 that SVA Nominees Pty Limited was deregistered.

Social Ventures Australia Limited (the Company) has holdings in several subsidiaries, including; SVA Nominees No.2 Pty Ltd (trustee), The School for Social Entrepreneurs Australia Ltd, a company limited by guarantee, Australian Philanthropic Services Ltd, a company limited by guarantee, Australian Philanthropic Services Foundation Pty Ltd (trustee) and Newpin SBB Pty Ltd (trustee).

In the parent entity accounts, investments in subsidiaries are accounted for at cost in accordance with AASB127 Consolidated and Separate Financial Statements.

#### *Transactions eliminated on consolidation*

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.

## Social Ventures Australia Limited

### Notes to consolidated financial statements (continued)

For the year ended 30 June 2016

#### 3 Significant accounting policies (continued)

##### (b) Cash and cash equivalents

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

##### (c) Financial instruments

###### 3 (c)(i) Non-derivative financial assets

Financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

###### 3 (c)(ii) Trade and other receivables

Trade and other receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method, less any impairment losses (see note 3(e)).

###### 3 (c)(iii) Loans and receivables

This category includes loan assets held at amortised cost which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loan assets are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans assets are subsequently measured at amortised cost using the effective interest method. Where applicable, direct costs to establishment of loan facilities that are yield related are included as part of the cost of the loans assets.

###### 3 (c)(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale. The Group's investments in securities primarily held by SVA Limited, parent entity, are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3(e)), are recognised in other comprehensive income and reserves. When an investment is derecognised, the cumulative gain or loss in accumulated funds is transferred to the surplus or deficit for the year.

The fair value of available-for-sale financial assets is determined by reference to their quoted bid price at the reporting date.

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

###### 3 (c)(v) Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

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

Financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

## Social Ventures Australia Limited

### Notes to consolidated financial statements (continued)

For the year ended 30 June 2016

#### 3 Significant accounting policies (continued)

##### (d) Office fit-out and equipment

###### 3 (d)(i) Recognition and measurement

Items of office fit-out and office equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

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

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

###### 3 (d)(ii) Subsequent costs

The cost of replacing a component of an item of office fit-out and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of office fit-out and equipment are recognised in the surplus or deficit for the year as incurred.

###### 3 (d)(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in the surplus or deficit for the year on a straight-line basis over the estimated useful lives of each component of an item of office fit-out and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

- |  |           |
|--|-----------|
| • Office equipment                               | 5 years   |
| • Computer equipment                             | 0-3 years |
| • Leasehold improvements, furniture and fittings | 6 years   |

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

##### *Property make good asset*

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

##### (e) Impairment

###### 3 (e)(i) Non-derivative financial assets

A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for receivables at both a specific asset and collective level.

## Social Ventures Australia Limited

### Notes to consolidated financial statements (continued)

For the year ended 30 June 2016

#### 3 Significant accounting policies (continued)

##### (e) Impairment (continued)

##### 3 (e)(i) Non-derivative financial assets (continued)

All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the surplus or deficit for the year and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the surplus or deficit for the year.

##### *Available-for-sale financial assets*

Impairment losses on available-for-sale investments are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in accumulated funds, to the surplus or deficit for the year. The cumulative loss that is removed from other comprehensive income and recognised in the surplus or deficit for the year is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in the surplus or deficit for the year. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale investment increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in the surplus or deficit for the year, then the impairment loss is reversed, with the amount of the reversal recognised in the surplus or deficit for the year. However, any subsequent recovery in the fair value of an impaired available-for-sale investment is recognised in other comprehensive income.

##### 3 (e)(ii) Non-financial assets (e.g. 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.

The recoverable amount of an asset or cash-generating unit is the greater of its fair value less costs to sell and value in use, being the depreciated replacement cost of the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit (CGU)).

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the surplus or deficit for the year. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

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.

# Social Ventures Australia Limited

## Notes to consolidated financial statements (continued)

For the year ended 30 June 2016

### 3 Significant accounting policies (continued)

#### (f) Employee benefits

##### 3 (f)(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the surplus or deficit for the year in the periods during which services are rendered by employees.

##### 3 (f)(ii) Other long-term employee benefits

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. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations.

##### 3 (f)(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

#### (g) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

##### *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.

#### (h) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised for the major operating activities as follows:

##### 3 (h)(i) Funding and sponsorship

Funding and sponsorship revenue is brought to account in the year it is received. Where appropriate, specific project revenue is deferred to match project expenditure. In respect of pledges committed, revenue is recognised when it is received.

##### 3 (h)(ii) Program revenue, consultancy services and events income

Program revenue and conferences and events income are recognised when the services are provided. Revenue from consulting services are recognised by reference to the stage of completion. Stage of completion is measured by reference to 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 when the services are provided.

Revenues relating to future accounting periods are transferred to deferred income. They are recognised in the surplus or deficit for the year once the service has been provided.

##### 3 (h)(iii) Government grants

An unconditional government grant is recognised when the Group obtains control of the grant or the right to receive the grant; it is probable that the economic benefits comprising the grant will flow to the Group; and the amount of grant can be measured reliably. That is, where there are no conditions attached to a government grant, revenue is recognised once received. Other government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Group



## Social Ventures Australia Limited

### Notes to consolidated financial statements (continued)

For the year ended 30 June 2016

#### 3 Significant accounting policies (continued)

##### (h) Revenue (continued)

###### 3 (h)(iii) Government grants (continued)

will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in the surplus or deficit for the year as revenue on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in the surplus or deficit for the year on a systematic basis over the useful life of the asset.

###### 3 (h)(iv) Dividends

Dividend income is recognised in the surplus or deficit for the year on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

##### (i) Leases

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

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

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

##### (j) Interest income and expenses

Interest income and expense is brought to account using the effective interest method. The effective interest method calculates the amortised cost of a financial instrument and allocates the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts or payments through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or liability.

##### (k) Income tax

The Company (Social Ventures Australia Limited) is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

##### (l) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

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

##### (m) Gifts in kind

The Group receives various forms of in-kind support from organisations for professional services such as legal advice, consulting, training and audit, and services such as printing, functions rooms and catering. Services provided to the Group are disclosed upon receipt when their fair value can be reliably measured. Pro-bono audit fees of \$78,500 (2015: \$77,500) could be reliably measured.

# Social Ventures Australia Limited

## Notes to consolidated financial statements (continued)

For the year ended 30 June 2016

### 4 Revenue

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
Funding & Sponsorship	6,986,222	7,353,382	6,834,109	7,247,977
PAF Administration Fees	1,303,315	900,658	-	-
Consultancy Services	5,094,386	4,133,299	5,094,386	4,133,299
Government Grants	1,258,620	405,614	1,258,620	405,614
Dividend Income on available-for-sale financial assets	154,937	141,198	150,091	-
Other Income	47,570	194,649	1,916,415	1,464,954
	<b>14,845,050</b>	<b>13,128,800</b>	<b>15,253,621</b>	<b>13,251,844</b>

### 5 Personnel expenses

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
Wages and salaries	(8,695,271)	(7,706,961)	(8,695,271)	(7,706,961)
Other associated personnel expenses	(224,586)	(195,398)	(224,586)	(195,398)
	<b>(8,919,857)</b>	<b>(7,902,359)</b>	<b>(8,919,857)</b>	<b>(7,902,359)</b>

### 6 Net finance income

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
Interest Income	572,132	601,322	571,599	563,052
Interest Expense	(1,092)	-	-	-
Net foreign exchange gains and losses	(10,040)	-	(10,040)	-
Net gain/(loss) on sale of available for sale financial assets	(92,148)	415,777	(249,740)	1,195
	<b>468,852</b>	<b>1,017,099</b>	<b>311,819</b>	<b>564,247</b>

### 7 Cash and cash equivalents

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
Cash at bank and on hand	5,122,913	5,040,448	5,051,255	4,685,237
Cash in foreign currency	597,583	-	597,583	-
Cash in managed fund accounts	609,737	714,586	609,736	714,586
Cash and cash equivalents	<b>6,330,233</b>	<b>5,755,034</b>	<b>6,258,574</b>	<b>5,399,823</b>

## Social Ventures Australia Limited

### Notes to consolidated financial statements (continued)

For the year ended 30 June 2016

#### 8 Trade and other receivables

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
Current				
Fees receivable	1,795,346	1,786,722	1,858,793	1,709,289
Prepayments	-	21,981	-	21,981
Other receivables	144,728	6,718	94,414	6,718
	<b>1,940,074</b>	<b>1,815,421</b>	<b>1,953,207</b>	<b>1,737,988</b>
Non-current				
Security deposits	355,864	305,937	307,583	305,937
Loan to Goodstart Early Learning Limited	3,365,608	3,365,608	3,365,608	3,365,608
	<b>3,721,472</b>	<b>3,671,545</b>	<b>3,673,191</b>	<b>3,671,545</b>

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

#### 9 Available-for-sale financial assets

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
Current				
Current listed securities	3,874,856	3,674,713	3,719,679	3,520,647
Non current				
Other investments	120,000	-	120,000	-

The available for sale financial assets balance in the consolidated Group represent investments in a managed portfolio of traded equity stocks and debt instruments which are considered to be liquid assets. These available for sale financial assets are held at fair value, with unrealised gains and losses being recorded in other comprehensive income and reserves. The investment is owned by SVA Ltd ("The Parent") and was transferred from the SVA Future Trust to the Company in May 2015 at the instruction of the SVA Board due to a change in strategy. At the Company's request SVA Nominees Pty Ltd was deregistered with ASIC on 6 July 2016.

# Social Ventures Australia Limited

## Notes to consolidated financial statements (continued)

For the year ended 30 June 2016

### 10 Office fit-out and equipment

	Office equipment	Computer equipment	Leasehold improvements & furniture &	Total
<b>Costs</b>				
Balance at 1 July 2015	20,714	334,198	934,377	1,289,289
Additions	-	48,090	113,774	161,864
Disposals				-
Balance at 30 June 2016	20,714	382,288	1,048,151	1,451,153
<b>Depreciation &amp; impairment losses</b>				
Balance at 1 July 2015	20,272	310,774	793,551	1,124,597
Depreciation on additions	-	8,656	26,941	35,597
Depreciation charged for the year	129	15,991	39,615	55,735
Disposals				-
Balance at 30 June 2016	20,401	335,421	860,106	1,215,929
<b>Net book value</b>				
Balance at 1 July 2015	442	23,424	140,826	164,692
Balance at 30 June 2016	313	46,867	188,045	235,224

All office fit-out and equipment are held by the Parent Entity, Social Ventures Australia Limited, as such the above represents the Parent and Consolidated amounts.

### 11 Trade and other payables

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
Current				
Trade payables	292,784	572,349	292,684	577,083
Deferred income*	2,637,738	1,398,865	2,637,738	1,398,865
Accrued expenses	213,898	126,091	213,998	126,057
Other payables	170,732	277,243	174,165	176,719
Total	3,315,152	2,374,548	3,318,585	2,278,724

\*Includes government grants, trusts, foundations and corporate sponsorship recognised in accordance with the accounting policy.

### 12 Loans and Borrowings

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
Current				
Loans and Borrowings	196,092	-	-	-

# Social Ventures Australia Limited

## Notes to consolidated financial statements (continued)

For the year ended 30 June 2016

### 13 Provisions

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
Non-Current				
Provision for property make good	80,000	80,000	80,000	80,000

As part of the conditions of the lease for the Sydney premises, at the end of the lease the Group is required to remove from the premises all fixtures and fittings installed at the premises. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of the leasehold improvements and are amortised over the shorter of the term of the lease or the useful life of the assets.

### 14 Employee Benefits

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
Current				
Provision for annual leave	396,932	260,174	396,932	260,174
Provision for long service leave	-	-	-	-
	396,932	260,174	396,932	260,174
Non-Current				
Provision for long service leave	103,386	93,422	103,386	93,422
	103,386	93,422	103,386	93,422

### 15 Fair value reserve

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
Fair value reserve	99,254	62,785	99,254	(99,643)

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investment is derecognised or impaired. The available for sale financial assets are held at fair value, with unrealised gains and losses being recorded in other comprehensive income and reserves.

# Social Ventures Australia Limited

## Notes to consolidated financial statements (continued)

For the year ended 30 June 2016

### 16 Operating Leases

#### Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
Less than one year	527,449	438,989	527,449	438,989
Between one and five years	496,310	892,839	496,310	892,839
Greater than five years	-	-	-	-
Total	1,023,759	1,331,828	1,023,759	1,331,828

The Group leases the Sydney and Melbourne offices under non-cancellable operating leases expiring on 31 December 2017 and 31 July 2018 in its Sydney offices and 31 March 2020 in Melbourne. The leases have varying terms, escalation clauses and renewal rights.

During the year ended 30 June 2016 \$552,805 (2015: \$363,619) was recognised in administration expenses in respect of the operating leases.

### 17 Related parties

#### Key management personnel compensation

The key management personnel compensation included in "personnel expenses" (see note 5) was \$853,066 for the year ended 30 June 2016 (2015: \$800,109). The net increase between the two periods represents staff compensation increases, transitions in the executive team and parental leave taken. The directors of the company do not receive remuneration for their Board positions.

#### Related party transactions

A number of directors, members and key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

A number of these entities transacted with the Group in the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were no more favorable than those available, or which might reasonably be expected to be available on similar transactions to non-key management personnel related entities on an arm's length basis.

# Social Ventures Australia Limited

## Notes to consolidated financial statements (continued)

For the year ended 30 June 2016

### 17 Related parties (continued)

Transactions with related parties	Consolidated		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>Goodstart Early Learning Limited (other related party)</b>				
Social Ventures Australia Ltd loan to Goodstart Early Learning Limited	3,365,608	3,365,608	3,365,608	3,365,608
Interest received on Goodstart Early Learning Ltd loan	505,438	504,841	505,438	504,841
Social Ventures Australia Ltd received fees for consulting services provided by to Goodstart Early Learning Limited	-	51,000	-	51,000
<b>Donations (key management personnel)</b>	<b>96,500</b>	<b>72,000</b>	<b>96,500</b>	<b>72,000</b>
<b>SVA Social Impact Fund (key management personnel)</b>				
Units in SVA Social Impact Fund held by related parties, at cost	400,000	400,000	400,000	400,000
Distributions to related parties by SVA Social Impact Fund	31,446	30,171	31,446	30,171
<b>Newpin SSB Trust (key management personnel)</b>				
Notes in Newpin SBB Trust held by related parties, at cost	187,500	187,500	187,500	187,500
Newpin SBB Trust coupon due to related party noteholders	36,476	20,060	36,476	20,060
<b>Management and service fees (subsidiaries and other related parties)</b>				
Social Ventures Australia Ltd management fees received from Newpin SBB Pty Ltd ATF Newpin SBB Trust	74,023	71,850	74,023	71,850
Social Ventures Australia Ltd management fees received from SVA Nominees No. 2 Pty Ltd ATF Social Impact Investment Trust	428,122	-	428,122	-
Social Ventures Australia Ltd service fees received from Australian Philanthropic Services Ltd	-	-	1,868,951	521,000

# Social Ventures Australia Limited

## Notes to consolidated financial statements (continued)

For the year ended 30 June 2016

### 18 Subsequent events

There have been no other events subsequent to balance date which would have a material effect on the Group's consolidated financial statements at 30 June 2016.

### 19 Results from fundraising

	Consolidated		Parent	
	2016 \$	2015 \$	2016 \$	2015 \$
Total Income received during the year from the following sources:				
Funding & Sponsorship*	6,986,222	7,353,382	6,834,109	7,247,977
PAF Administration Fees	1,303,315	900,658	-	-
Consultancy Services	5,094,386	4,133,299	5,094,386	4,133,299
Government Grants	1,258,620	405,614	1,258,620	405,614
Dividend Income on available-for-sale financial assets	154,938	141,198	150,091	-
Other Income	47,569	194,649	1,916,415	1,464,954
<b>Total operating revenue</b>	<b>14,845,050</b>	<b>13,128,800</b>	<b>15,253,621</b>	<b>13,251,844</b>
Net finance income	468,852	1,017,099	311,819	564,247
<b>Total Income</b>	<b>15,313,902</b>	<b>14,145,899</b>	<b>15,565,440</b>	<b>13,816,091</b>
*From above:				
Funding & Sponsorship by funding sector:				
Individuals and private foundations	60-70%	60-70%	60-70%	60-70%
Corporates and corporate foundations	30-40%	30-40%	30-40%	30-40%
Gross proceeds from fundraising and sponsorships	6,986,222	7,353,382	6,834,109	7,247,977
Costs associated with fundraising and sponsorships	(908,838)	(732,774)	(888,953)	(732,774)
Fundraising costs as % of Total funds raised	13.0%	10.0%	13.0%	10.1%
<b>Net surplus obtained from fundraising</b>	<b>6,077,384</b>	<b>6,620,608</b>	<b>5,945,156</b>	<b>6,515,203</b>

Fundraising costs as a % of Total funds raised was 13% for the year. This ratio reduces to 11%, in-line with the prior year, after adjusting for \$1.0m in net cash received during the year reported as deferred income. This reflects the strategic change to increased multi-year fundraising and sponsorship activity.

Gross proceeds from fundraising and sponsorships presents current year and prior year results excluding PAF Administration Fees (Australian Philanthropic Services Ltd).

Costs associated with fundraising and sponsorships is based on an allocation of key staff time in maintaining relationships and supporting strategic funder functions held throughout the year. Costs also include an allocation of an average of 12% (2015: 11%) of overheads of the underlying indirect costs that support the provision of direct services.



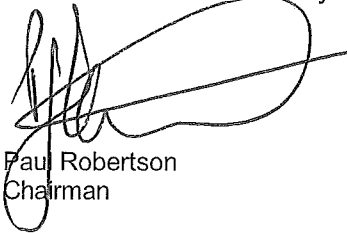
# Social Ventures Australia Limited

## Declaration by the Board in respect of fundraising activities

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 2016;
- (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 2016;
- (c) the provisions of the Charitable Fundraising Act 1991 and Regulations and the conditions attached to the authority (NSW) have been complied with for the financial year ended 30 June 2016; and
- (d) the internal controls exercised by Social Ventures Australia Limited are appropriate and effective in accounting for all income received and applied from any fundraising appeals.

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



Paul Robertson  
Chairman

Dated at Sydney this 19 September 2016

# Social Ventures Australia Limited

## Directors' Declaration

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 11 to 31, are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and
  - (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements, the Corporations Regulations 2001 and the Australian Charities and Not-for-Profits Commission Regulation 2013; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors.



Paul Robertson  
Chairman

Dated at Sydney this 19 September 2016



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## Independent auditor's report to the members of Social Ventures Australia Limited

### Report on the financial report

We have audited the accompanying financial report of Social Ventures Australia Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

### *Directors' responsibility for the financial report*

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

### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

### *Independence*

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001* and the *Australian Charities and Not-for-Profits Commission Act 2012*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.



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### **Opinion**

In our opinion the financial report of Social Ventures Australia Limited is 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 consolidated entity's financial position as at 30 June 2016 and of its performance for the 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*.

### **Report on the requirements of the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2008***

We have audited the financial report as required by Section 24(2) of the *NSW Charitable Fundraising Act 1991*. Our procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2008*.

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

### **Opinion**

In our opinion:

- a) the financial report of Social Ventures Australia Limited has been properly drawn up and associated records have been properly kept during the financial year ended 30 June 2016, in all material respects, in accordance with:
  - i. sections 20(1), 22(1-2), 24(1-3) of the *NSW Charitable Fundraising Act 1991*;
  - ii. sections 9(6) and 10 of the *NSW Charitable Fundraising Regulations 2008*;
- b) the money received as a result of fundraising appeals conducted by the company during the financial year ended 30 June 2016 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Act and Regulations.

Ernst & Young

Damien Jones  
Partner  
Sydney  
19 September 2016