

# Social Ventures Australia Limited

ABN 94 100 487 572

Annual Financial Report  
for the year ended 30 June 2014

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# Social Ventures Australia Limited

## Directors' report

For the year ended 30 June 2014

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 2014 and the auditor's report thereon.

### 1 Directors

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

#### **Paul Robertson**

*AM BComm (UNSW),  
FCPA, MAICD*  
Chairman  
Non-Executive Director

#### **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 Vincents Health Australia Group, Chair of Trustees of St Vincent's Hospital, Sydney, Founder and Director of Financial Markets Foundation for Children, Director Telco Together Foundation.

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

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

#### **Richard Spencer**

*LLB MProfEthics*  
Non-Executive Director  
Member of Finance,  
Audit & Risk Committee

#### **Experience and expertise**

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

Mr Spencer was formally Chief Executive Officer of The Benevolent Society. He has spent many years working at the CEO level in the non-profit sector. Previous roles have included CEO of The Cerebral Palsy Alliance and President of AFS Intercultural Programs in New York. 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 the Chair of Bonnyrigg Management Pty Ltd and Newleaf Community Renewal, companies associated with the Public Private Partnership re-developing the Bonnyrigg housing estate in Western Sydney. He is also a member of the Sydney Advisory Council of the Centre for Social Impact.

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

Mr Spencer was a founding director of GoodStart Early Learning Limited and a director of the Community Council of Australia. He was also on the Board of the NSW Government's Commission of Audit.

# Social Ventures Australia Limited

## Directors' report (continued)

For the year ended 30 June 2014

### Dr Lisa O'Brien

*MBBS (Hons), MBA, MHR&C,  
FRACMA*

Non-Executive Director

#### Experience and expertise

##### Director since 17 October 2011 (resigned 5 September 2013)

Dr O'Brien joined The Smith Family as CEO in February 2011. She has over 20 years' experience in leadership roles in the health, community services, bio-technology and information technology industries. Dr O'Brien is a registered medical practitioner and specialist medical administrator.

##### Other current directorships

Dr O'Brien is a director of the Community Council for Australia and Immune Systems Therapeutics Pty Ltd.

##### Former directorships in last 3 years

No former directorships in last 3 years.

### Tanya Gilerman

Non-Executive Director  
Chairman of Finance,  
Audit & Risk Committee  
since  
25 July 2012

#### Experience and expertise

##### Director since 30 April 2012

Ms Gilerman has been a partner in KPMG Sydney's Audit Financial Services practice for the last 14 years. Since 2012, Ms Gilerman's role has also included the Partner in Charge of Financial Services Audit Practice in Sydney.

During the last 18 years, Ms Gilerman has worked with clients principally in the banking, finance and investment management industries. During this time, Ms Gilerman has provided assurance services and undertaken reviews of risk management practices, compliance plans and provided accounting advice. She is a graduate of the 2006 Sydney Leadership Program.

##### Former directorships in the past three years

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

### Adrian Appo

*OAM*

Non-Executive Director

#### Experience and expertise

##### Director since 22 October 2012

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

##### Other current directorships

Children's Ground and VicHealth Indigenous Advisory Committee.

##### Former Directorships in last 3 year

Hume Region Regional Development Australia Committee.

## Directors' report (continued)

For the year ended 30 June 2014

### Robert Koczkar

*BEng (Hons)*  
Executive Director  
Member of Finance, Audit  
& Risk Committee

#### Experience and expertise

##### Director since 3 April 2013

Mr Koczkar was appointed CEO of SVA effective 7 October 2014. 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 Energy Developments Limited, Spotless Group Holdings Limited and GoodStart Early Learning Limited.

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

Mr Koczkar was formerly a director at Collins Foods Group.

### Lisa Paul

*AO PSM FAICD, FIPAA,  
FAIM*  
Non-Executive Director

#### Experience and expertise

##### Director since 21 August 2013

Ms Paul is the Secretary of the Commonwealth Department of Education. She has been a Commonwealth Government Chief Executive for ten years in the Department of Education (since 2013), the former Department of Education, Employment and Workplace Relations (2007-2013) and the former Department of Education, Science and Training (2004-2007). In 2011, she was made an Officer of the Order of Australia and received the Australia Chartered Accountants' Federal Government Leader of the Year award. She was awarded a Public Service Medal in 2003 for leading the Australian Government's domestic response to the Bali bombings.

##### Other current directorships

Ms Paul is also a non-Executive Director of the Australian Research Alliance for Children and Youth, the Advisory Council of the Australian National University Crawford School of Public Policy, the Advisory Board to the Strategic Centre for Leadership Learning and Development and the National Security College Advisory Board.

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

The Australian National Institute of Public Policy Advisory Board, the Advisory Group for the Centre for Workplace Leadership, the Education Investment Fund and the Higher Education Endowment Fund.

## 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.

# Social Ventures Australia Limited

## Directors' report (continued)

For the year ended 30 June 2014

### 3 Directors' meetings

The number of directors' meetings and number of 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	6	6	-	-
Adrian Appo	4	6	-	-
Richard Spencer	5	6	5	5
Lisa O'Brien	0	1	-	-
Tanya Gilerman	6	6	4	5
Robert Koczkar	6	6	5	5
Lisa Paul	4	6	-	-

### 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. Under the Corporations Act 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 the Company. The Board is required to do all things necessary to achieve the objectives of the Company and serve the interests of its stakeholders. The Board has the responsibility for the effective governance and successful operation of the Company.

### 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 SVA 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 CA, CPA, BEc, member of AICD - Chair, Non-Executive Director  
(appointed 25 July 2012)

Richard Spencer LLB MProfEthics - Non-Executive Director

Robert Koczkar BEng (Hons) – Non-Executive Director (appointed 3 April 2013)

Shannon Wolfers BEcon (Hons) – Independent Board appointed member (appointed 18 June 2014)

The auditors, chief executive officer, the chief financial officer and company secretary are invited to FAR Committee meetings at the discretion of the Committee. The Committee met five times 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.

# Social Ventures Australia Limited

## Directors' report (continued)

For the year ended 30 June 2014

### 5 Finance, Audit and Risk Committee (continued)

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

### 6 Company objectives, strategies and principal activities

*Short term and long term objectives and strategies*

Social Ventures Australia works with innovative partners to invest in social change. We help to create better education and employment outcomes for disadvantaged Australians by bringing the best of business to the social purpose sector, and by working with partners to strategically invest capital and expertise. 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.

*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;
- continued to service and manage the SVA Social Impact Fund and Newpin Social Benefit Bond;
- continued to launch and develop the Bright Spots Schools Connection, supporting schools in low SES communities.

Our investments have a bias to education and employment, 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%

### 7 Review of performance

*Review of operations*

The operating surplus of the Group for the year ended 30 June 2014 was \$1,430,483 (2013 surplus of \$218,764).

The operating surplus of the Company for the year ended 30 June 2014 was \$2,559,419 (2013 surplus of \$44,727).

The significant increase in the surplus reported for the Group is largely driven by an increase of \$2 million in Fundraising and Sponsorship income, attributable to the Company (\$0.6 million), SVA Future Trust (\$0.7 million) and the auspiced operations of Australian Philanthropic Service Ltd (\$0.5 million) and The School for Social Entrepreneurs Australia Ltd (\$0.2 million). Additional funds raised in the Company were invested in increased resource capability to more effectively engage with government in pursuit of SVA's for social purpose objectives.

# Social Ventures Australia Limited

## Directors' report (continued)

For the year ended 30 June 2014

### 7 Review of performance (continued)

The surplus reported for the Company includes \$1.6 million in distributions from SVA Future Trust to SVA Ltd. This represents the settlement of prior year distributions previously declared and the recognition of current year distributions declared. This item effectively eliminates at the Group level.

#### *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.

### 8 Significant changes in the state of affairs

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

### 9 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 2014 the total of these guarantees was \$26 (2013: \$26).

### 10 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 and in the Australian Capital Territory under the provisions of the Charitable Collections Act 2003.

### 11 Auditor's independence declaration

The Auditor's independence declaration is set out on page 8 and forms part of the directors' report for financial year ended 30 June 2014.

### 12 Bankers

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

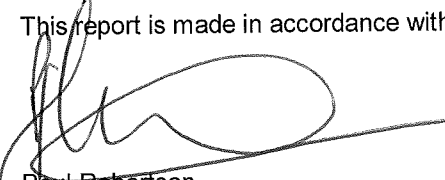
### 13 Events subsequent to balance date

No matters or circumstances 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.

### 14 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 14th day of October 2014.





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

In relation to our audit of the financial report of Social Ventures Australia Limited for the financial year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

P S Barnard  
Partner  
14 October 2014

# Social Ventures Australia Limited

## Statement of comprehensive income

For the year ended 30 June 2014

	Note	Consolidated		Parent	
		2014 \$	2013 \$	2014 \$	2013 \$
Revenue	4	12,528,378	9,717,906	14,035,140	9,675,111
Donations and grants		(1,091,344)	(1,493,573)	(1,091,344)	(1,493,573)
Personnel expenses	5	(7,149,343)	(5,697,452)	(7,149,343)	(5,697,452)
Programmes and consultancy		(1,646,744)	(1,120,380)	(1,640,828)	(1,118,648)
Administration		(994,886)	(703,204)	(999,793)	(695,238)
Travel		(551,891)	(411,698)	(551,891)	(411,698)
Depreciation and amortisation		(135,392)	(99,274)	(135,392)	(99,274)
Communications		(58,389)	(223,905)	(58,389)	(223,906)
Events and activities		(243,574)	(244,374)	(243,574)	(244,374)
Marketing		(192,840)	(208,039)	(192,840)	(208,039)
Total operating expenditure		(12,064,403)	(10,201,899)	(12,063,394)	(10,192,202)
Surplus/(Deficit) from operating activities		463,975	(483,993)	1,971,746	(517,091)
Net finance income	6	714,957	808,923	587,673	561,818
<b>Surplus before income tax</b>		<b>1,178,932</b>	324,930	<b>2,559,419</b>	44,727
Income tax expense		-	-	-	-
Surplus for the year attributable to members		1,178,932	324,930	2,559,419	44,727
<b>Other comprehensive income</b>					
Net change in fair value of available for sale financial assets		251,551	(106,166)	-	-
Total comprehensive income for the year attributable to members		1,430,483	218,764	2,559,419	44,727

The notes on pages 14 to 29 are an integral part of these consolidated financial statements.

# Social Ventures Australia Limited

## Statement of financial position

As at 30 June 2014

	Note	Consolidated		Parent	
		2014 \$	2013 \$	2014 \$	2013 \$
<b>Assets</b>					
Cash and cash equivalents	7	<b>5,234,798</b>	4,417,987	<b>4,840,583</b>	4,189,049
Trade and other receivables	8	<b>811,733</b>	791,510	<b>954,556</b>	774,461
Available-for-sale financial assets	9	<b>3,591,966</b>	3,150,873	-	-
<b>Total current assets</b>		<b>9,638,497</b>	8,360,370	<b>5,795,139</b>	4,963,510
Available-for-sale financial assets	9	-	-	<b>3,371,561</b>	1,986,028
Loan, other receivables and security deposits	8	<b>3,652,303</b>	3,615,360	<b>3,652,303</b>	3,615,360
Office fit-out and equipment	10	<b>206,708</b>	163,160	<b>206,708</b>	163,160
Intangible assets	11	-	-	-	-
<b>Total non-current assets</b>		<b>3,859,011</b>	3,778,520	<b>7,230,572</b>	5,764,548
<b>Total assets</b>		<b>13,497,508</b>	12,138,890	<b>13,025,711</b>	10,728,058
<b>Liabilities</b>					
Trade and other payables	12	<b>1,382,253</b>	1,528,886	<b>1,166,963</b>	1,503,497
Employee benefits	14	<b>345,719</b>	292,027	<b>345,719</b>	292,027
Provisions	13	<b>80,000</b>	-	<b>80,000</b>	-
<b>Total current liabilities</b>		<b>1,807,972</b>	1,820,913	<b>1,592,682</b>	1,795,524
Employee benefits	14	<b>100,750</b>	79,674	<b>100,750</b>	79,674
Provisions	13	-	80,000	-	80,000
<b>Total non-current liabilities</b>		<b>100,750</b>	159,674	<b>100,750</b>	159,674
<b>Total liabilities</b>		<b>1,908,722</b>	1,980,587	<b>1,693,432</b>	1,955,198
<b>Net assets</b>		<b>11,588,786</b>	10,158,303	<b>11,332,279</b>	8,772,860
<b>Accumulated funds</b>					
Members' funds		<b>11,337,235</b>	10,158,303	<b>11,332,279</b>	8,772,860
Fair value reserve	15	<b>251,551</b>	-	-	-
<b>Total funds</b>		<b>11,588,786</b>	10,158,303	<b>11,332,279</b>	8,772,860

The notes on pages 14 to 29 are an integral part of these consolidated financial statements.

# Social Ventures Australia Limited

## Consolidated statement of changes in members' funds

For the year ended 30 June 2014

	Member's funds	Fair value reserve	Total
	\$	\$	\$
<b>Balance at 1 July 2012</b>	9,833,373	106,166	9,939,539
Surplus for the year	324,930	-	324,930
<i>Other comprehensive income</i>			
Net change in fair value of available-for-sale financial assets	-	(106,166)	(106,166)
Total comprehensive income for the year	324,930	(106,166)	218,764
<b>Balance at 30 June 2013</b>	10,158,303	-	10,158,303
<b>Balance at 1 July 2013</b>	10,158,303	-	10,158,303
Surplus for the year	1,178,932	-	1,178,932
<i>Other comprehensive income</i>			
Net change in fair value of available-for-sale financial assets	-	251,551	251,551
Total comprehensive income for the year	1,178,932	251,551	1,430,483
<b>Balance at 30 June 2014</b>	11,337,235	251,551	11,588,786

The notes on pages 14 to 29 are an integral part of these consolidated financial statements.

# Social Ventures Australia Limited

## Parent statement of changes in members' funds

For the year ended 30 June 2014

	Member's funds	Fair value reserve	Total
	\$	\$	\$
<b>Balance at 1 July 2012</b>	8,728,133	-	8,728,133
Surplus for the year	44,727	-	44,727
<i>Other comprehensive income</i>			
Net change in fair value of available-for-sale financial assets	-	-	-
Total comprehensive income for the year	44,727	-	44,727
<b>Balance at 30 June 2013</b>	8,772,860	-	8,772,860
<b>Balance at 1 July 2013</b>	8,772,860	-	8,772,860
Surplus for the year	2,559,419	-	2,559,419
<i>Other comprehensive income</i>			
Net change in fair value of available-for-sale financial assets	-	-	-
Total comprehensive income for the year	2,559,419	-	2,559,419
<b>Balance at 30 June 2014</b>	11,332,279	-	11,332,279

The notes on pages 14 to 29 are an integral part of these consolidated financial statements.

# Social Ventures Australia Limited

## Statement of cash flows

For the year ended 30 June 2014

Note	Consolidated		Parent	
	2014	2013	2014	2013
	\$	\$	\$	\$
<b>Cash flows from operating activities</b>				
Cash receipts from customers and funders	10,831,134	9,158,160	12,407,608	9,117,738
Receipts from granting bodies	893,037	1,428,188	771,166	1,428,188
Cash paid to suppliers and employees	(11,332,905)	(10,007,664)	(11,546,388)	(9,943,287)
Dividends received	107,713	24,753	-	-
<b>Net cash from operating activities</b>	<b>498,979</b>	<b>603,437</b>	<b>1,632,386</b>	<b>602,639</b>
<b>Cash flows from investing activities</b>				
Acquisition of plant and equipment	(177,560)	(39,294)	(177,560)	(39,294)
Interest received	608,383	485,916	582,141	431,804
Acquisition of available-for-sale financial assets	(1,160,790)	(3,886,799)	(1,385,433)	-
Proceeds from sale of available-for-sale financial assets	1,047,799	2,058,216	-	-
<b>Net cash from/(used in) investing activities</b>	<b>317,832</b>	<b>(1,381,961)</b>	<b>(980,852)</b>	<b>392,510</b>
<b>Cash flows from financing activities</b>	-	-	-	-
<b>Net cash from financing activities</b>	-	-	-	-
Net increase/(decrease) in cash and cash equivalents	816,811	(778,524)	651,534	995,149
Cash and cash equivalents at beginning of year	4,417,987	5,196,511	4,189,049	3,193,900
Cash and cash equivalents at end of year	7	5,234,798	4,417,987	4,840,583
		4,417,987	4,840,583	4,189,049

The notes on pages 14 to 29 are an integral part of these consolidated financial statements.

# Social Ventures Australia Limited

## Notes to the Consolidated financial statements

For the year ended 30 June 2014

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# Social Ventures Australia Limited

## Notes to the Consolidated financial statements (continued)

For the year ended 30 June 2014

### 1 Reporting entity

Social Ventures Australia Limited (the Company) 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 2014 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*).

### 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 2013, 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.

As AASB 9 may potentially have an impact on the Group when being adopted in the future it is disclosed below.

#### **AASB 9 Financial Instruments (2013), AASB 9 Financial Instruments (2010) and AASB 9 Financial Instruments (2009) (together AASB 9)**

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 (2010) introduces additional changes relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of AASB 9 and add new requirements to address the impairment of financial assets.

AASB 9 (2013) introduces new requirements for hedge accounting.

AASB 9 is effective for annual periods beginning on or after 1 January 2017. The effective date is subject to review pending the finalisation of the outstanding phases of the standard. However, early adoption is permitted. The adoption of these standards is expected to have an impact on the Group's financial assets, but no impact on the Group's financial liabilities.

The consolidated financial statements were authorised for issue by the Board of Directors on 14th October 2014.

#### (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 and presentation currency

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

#### (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.



## Notes to the Consolidated financial statements (continued)

For the year ended 30 June 2014

### 2 Basis of preparation (continued)

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

Information about significant areas of estimation uncertainty and critical judgment in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is described in the following notes:

- note 2(e) – Loan receivable - Interest in GoodStart Early Learning Limited
- note 9 – Valuation of available-for-sale financial assets
- note 13 – Measurement of provisions

#### (e) 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 2014 has a balance of \$3,365,608 (2013: \$3,365,608), interest has been accrued and reported in current interest receivable.

Management is of the opinion that the loan has been appropriately serviced and does not warrant further assessment for impairment. The Group holds 25% of the voting power of GoodStart.

# Social Ventures Australia Limited

## Notes to the Consolidated financial statements (continued)

For the year ended 30 June 2014

### 3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods except as stated in 3 (a) below, 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 2014. 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 statements 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. There have been no changes in ownership interest of subsidiaries in the current or previous financial year, and no changes in control over subsidiaries.

Social Ventures Australia Limited (the Company) has holdings in several subsidiaries, including; SVA Nominees Pty Ltd atf SVA Future Trust, 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).

Investment in subsidiaries is accounted for at cost in accordance with AASB 127 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.

#### (b) Financial instruments

##### *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.

The Group has the following non-derivative financial assets: trade and other receivables, cash and cash equivalents and available-for-sale financial assets.

##### *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)).

##### *Cash and cash equivalents*

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

## Notes to the Consolidated financial statements (continued)

For the year ended 30 June 2014

### 3 Significant accounting policies (continued)

#### (b) Financial instruments (continued)

##### *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 equity securities 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 presented within accumulated funds in the fair value reserve. 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.

##### *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 expire.

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.

The Group's non-derivative financial liabilities are trade and other payables. Such 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.

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

##### *(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.

##### *(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.

##### *(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.

## Notes to the Consolidated financial statements (continued)

For the year ended 30 June 2014

### 3 Significant accounting policies (continued)

#### (c) Office fit-out and equipment (continued)

##### (iii) Depreciation (continued)

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.

##### (iv) 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.

#### (d) Intangible assets

##### Computer software

Computer software is stated at historical cost less amortisation. Amortisation is calculated on a straight-line basis over the expected useful life of two years.

#### (e) Impairment

##### (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. 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.

## Notes to the Consolidated financial statements (continued)

For the year ended 30 June 2014

### 3 Significant accounting policies (continued)

#### (e) Impairment (continued)

##### *Available-for-sale financial assets (continued)*

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.

##### *(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.

#### (f) Employee benefits

##### *(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.

##### *(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.

##### *(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.

## Notes to the Consolidated financial statements (continued)

For the year ended 30 June 2014

### 3 Significant accounting policies (continued)

#### (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:

##### *(i) Funding and sponsorship*

Funding and sponsorship revenue is brought to account in the year it is received. In respect of pledges committed, revenue is recognised when it is received.

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

Program revenue, consultancy services and conferences and events income are 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.

##### *(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 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.

##### *(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) Lease payments

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in the surplus or deficit for the year on a straight-line basis over the term of the lease.

# Social Ventures Australia Limited

## Notes to the Consolidated financial statements (continued)

For the year ended 30 June 2014

### 3 Significant accounting policies (continued)

#### (j) Finance income and finance costs

Finance income comprises interest income on cash and cash equivalents and gains on the disposal of available-for-sale financial assets. Interest income is recognised as it accrues in the surplus or deficit for the year, using the effective interest method.

Finance costs comprises impairment losses recognised on financial assets.

#### (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 \$75,200 (2013 \$73,000), printing services of \$25,000 (2013 \$25,000) could be reliably measured.

### 4 Revenue

	Consolidated		Parent	
	2014	2013	2014	2013
	\$	\$	\$	\$
Funding & Sponsorship	7,920,960	5,868,195	7,269,043	5,859,991
Consultancy Services	2,906,339	2,639,229	3,028,210	2,639,229
Government Grants	1,482,328	971,973	1,360,457	971,973
Dividend Income on available-for-sale financial assets	107,713	24,753	-	-
Other Income	111,038	213,756	2,377,430	203,918
	<b>12,528,378</b>	<b>9,717,906</b>	<b>14,035,140</b>	<b>9,675,111</b>

The significant increase in revenue reported at Other income in the SVA Ltd. "Parent" in 2014 includes;

1) \$1,614,473 in distributions made from SVA Future Trust – reserves to SVA Ltd (distributions received on units owned). This represents the settlement of prior year distributions previously declared but not quantified.

2) A further \$651,921 (2013 \$ 272,835) in management fees were received by SVA Ltd. from APS Ltd. subsidiary (due to significantly higher activity).

# Social Ventures Australia Limited

## Notes to the Consolidated financial statements (continued)

For the year ended 30 June 2014

### 5 Personnel expenses

	Consolidated		Parent	
	2014	2013	2014	2013
	\$	\$	\$	\$
Wages and salaries	<b>(6,946,895)</b>	(5,589,368)	<b>(6,946,895)</b>	(5,589,368)
Other associated personnel expenses	<b>(202,448)</b>	(108,084)	<b>(202,448)</b>	(108,084)
	<b>(7,149,343)</b>	(5,697,452)	<b>(7,149,343)</b>	(5,697,452)

### 6 Net finance income

	Consolidated		Parent	
	2014	2013	2014	2013
	\$	\$	\$	\$
Interest Income	<b>613,915</b>	615,930	<b>587,673</b>	561,818
Profit on disposal of available for sale financial assets	<b>101,041</b>	192,993	-	-
Finance income recognised in surplus for the year	<b>714,956</b>	808,923	<b>587,673</b>	561,818

### 7 Cash and cash equivalents

	Consolidated		Parent	
	2014	2013	2014	2013
	\$	\$	\$	\$
Cash at bank and on hand	<b>5,010,763</b>	4,197,428	<b>4,840,583</b>	4,189,049
Cash in managed fund accounts	<b>224,035</b>	220,559	-	-
Cash and cash equivalents	<b>5,234,798</b>	4,417,987	<b>4,840,583</b>	4,189,049



# Social Ventures Australia Limited

## Notes to the Consolidated financial statements (continued)

For the year ended 30 June 2014

### 8 Trade and other receivables

	Consolidated		Parent	
	2014	2013	2014	2013
	\$	\$	\$	\$
Current				
Fees receivable	675,224	601,647	589,017	584,598
Prepayments	24,101	17,849	24,101	17,849
Other receivables	106,876	42,000	335,906	42,000
Interest receivable	5,532	130,014	5,532	130,014
	<b>811,733</b>	<b>791,510</b>	<b>954,556</b>	<b>774,461</b>
Non-current				
Other Receivables	25,000	56,250	25,000	56,250
Security deposits	261,695	193,502	261,695	193,502
Loan to Goodstart Early Learning Limited	3,365,608	3,365,608	3,365,608	3,365,608
	<b>3,652,303</b>	<b>3,615,360</b>	<b>3,652,303</b>	<b>3,615,360</b>

### 9 Available-for-sale financial assets

	Consolidated		Parent	
	2014	2013	2014	2013
	\$	\$	\$	\$
Current listed securities	3,591,966	3,150,873	-	-
Non-current unlisted securities	-	-	3,371,561	1,986,028

The available for sale financial assets balance in the Company represents the investment cost price of the units owned in the SVA Future Trust. These holdings are funded by distributions from the SVA Future Trust reinvested over various periods and from philanthropists' donations to the Company subsequently invested in units in the SVA Future Trust.

The available for sale financial assets balance in the Group represents the SVA Future Trust investments in the 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 reserves.

# Social Ventures Australia Limited

## Notes to the Consolidated financial statements (continued)

For the year ended 30 June 2014

### 10 Office fit-out and equipment

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

	Office equipment	Computer equipment	Leasehold improvements & furniture & fittings	Total
<b>Costs</b>				
Balance at 1 July 2013	17,617	273,746	796,703	1,088,066
Additions	3,097	36,789	137,674	177,560
Disposals	-	(1,566)	-	(1,566)
Balance at 30 June 2014	20,714	308,969	934,377	1,264,060
<b>Depreciation &amp; impairment losses</b>				
Balance at 1 July 2013	16,343	249,811	658,752	924,906
Additions	3,806	50,526	79,186	133,518
Disposals	-	(1,072)	-	(1,072)
Balance at 30 June 2014	20,149	299,265	737,938	1,057,352
<b>Carrying amounts</b>				
Balance at 1 July 2013	1,274	23,935	137,951	163,160
Balance at 30 June 2014	565	9,704	196,439	206,708

### 11 Intangibles (Software)

	Consolidated		Parent	
	2014	2013	2014	2013
	\$	\$	\$	\$
Cost	71,081	70,257	71,081	70,257
Accumulated amortisation	(71,081)	(70,257)	(71,081)	(70,257)
Total	-	-	-	-

### 12 Trade and other payables

	Consolidated		Parent	
	2014	2013	2014	2013
	\$	\$	\$	\$
Current				
Trade payables	527,384	108,463	527,284	108,463
Deferred income*	377,088	966,379	377,088	966,379
Accrued expenses	131,358	75,590	131,323	75,586
Other payables	346,423	378,454	131,268	353,069
Total	1,382,253	1,528,886	1,166,963	1,503,497

\*Includes government grants recognised in accordance with the accounting policy.

# Social Ventures Australia Limited

## Notes to the Consolidated financial statements (continued)

For the year ended 30 June 2014

### 13 Provisions

	Consolidated		Parent	
	2014	2013	2014	2013
	\$	\$	\$	\$
Current				
Provision for property make good	<b>80,000</b>	-	<b>80,000</b>	-
Non-Current				
Provision for property make good	-	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	
	2014	2013	2014	2013
	\$	\$	\$	\$
Current				
Liability for annual leave	<b>284,914</b>	244,604	<b>284,914</b>	244,604
Liability for long service leave	<b>60,805</b>	47,423	<b>60,805</b>	47,423
	<b>345,719</b>	292,027	<b>345,719</b>	292,027
Non-Current				
Liability for long service leave	<b>100,750</b>	79,674	<b>100,750</b>	79,674
	<b>100,750</b>	79,674	<b>100,750</b>	79,674

### 15 Reserves

#### Fair value reserve

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 reserve reported in the current year reflects unrealised gains on the underlying assets held by the Group; in the prior year there were no unrealised gains or losses reported.

# Social Ventures Australia Limited

## Notes to the Consolidated financial statements (continued)

For the year ended 30 June 2014

### 16 Operating Leases

#### Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Consolidated		Parent	
	2014	2013	2014	2013
	\$	\$	\$	\$
Less than one year	270,066	369,400	270,066	369,400
Between one and five years	383,337	178,839	383,337	178,839
Greater than five years	77,751	-	77,751	-
Total	731,154	548,239	731,154	548,239

The Group leases the Sydney and Melbourne offices under non-cancellable operating leases expiring up to 6 years. The leases have varying terms, escalation clauses and renewal rights. The current Sydney lease expires on 31 December 2014, the Melbourne lease expires on 31 March 2020.

During the year ended 30 June 2014 \$497,164 (2013: \$476,602) 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 \$1,161,215 for the year ended 30 June 2014 (2013: \$334,107). The directors of the Company do not receive remuneration for their Board positions. During the year the CEO's executive team became part of the key management personnel. The prior year key management personnel disclosure included the Company's CEO and CFO.

#### 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 the Consolidated financial statements (continued)

For the year ended 30 June 2014

### 17 Related parties (continued)

Transactions with related entities	Consolidated		Parent	
	2014	2013	2014	2013
	\$	\$	\$	\$
Loan to Goodstart Early Learning Limited	<b>3,365,608</b>	3,365,608	<b>3,365,608</b>	3,365,608
Interest earned on Good Start loan receivable	<b>504,841</b>	493,444	<b>504,841</b>	493,444
Donations from related parties to SVA	<b>744,000</b>	410,000	<b>394,000</b>	370,000
Units in SVA Social Impact Fund held by related parties, at cost	<b>1,900,000</b>	2,200,000	<b>1,250,000</b>	1,650,000
SVA Ltd management fee received from SVA Social Impact Fund	<b>258,108</b>	258,588	<b>258,108</b>	258,588
Distributions to related parties by SVA Social Impact Fund	<b>147,749</b>	178,133	<b>101,859</b>	133,599
Notes in Newpin Social Benefit Bond held by related parties, at cost	<b>725,000</b>	775,000	<b>475,000</b>	287,500
SVA Ltd management fees received from Newpin Social Benefit Bond	<b>220,000</b>	-	<b>220,000</b>	-
Advisory & administration services fees paid to APS Ltd by related parties	<b>117,747</b>	49,650	-	-
Consulting services provided to related parties by SVA Ltd	<b>51,250</b>	147,303	<b>51,250</b>	147,303
Management fees paid from APS Ltd to SVA Ltd	-	-	<b>651,921</b>	272,835
Distribution from SVA Future Trust to SVA Ltd	-	-	<b>1,614,473</b>	-
Units held in SVA Future Trust by SVA Ltd	-	-	<b>3,371,561</b>	1,986,028

### 18 Subsequent events

There have been no events subsequent to balance date which would have a material effect on the Group's consolidated financial statements at 30 June 2014.

# Social Ventures Australia Limited

## Notes to the Consolidated financial statements (continued)

For the year ended 30 June 2014

### 19 Results from fundraising

	Consolidated		Parent	
	2014	2013	2014	2013
	\$	\$	\$	\$
Total Income received during the year from the following sources:				
Funding & Sponsorship*	<b>7,920,960</b>	5,868,195	<b>7,269,043</b>	5,859,991
Consultancy Services	<b>2,906,339</b>	2,639,229	<b>3,028,210</b>	2,639,229
Government Grants	<b>1,482,328</b>	971,973	<b>1,360,457</b>	971,973
Dividend Income on available-for-sale financial assets	<b>107,713</b>	24,753	-	-
Other Income	<b>111,036</b>	213,756	<b>2,377,430</b>	203,918
<b>Total operating revenue</b>	<b>12,528,376</b>	9,717,906	<b>14,035,140</b>	9,675,111
<b>Net finance income</b>	<b>714,956</b>	808,923	<b>587,673</b>	561,818
<b>Total Income</b>	<b>13,243,332</b>	10,526,829	<b>14,622,813</b>	10,236,929
*From above:				
Funding & Sponsorship by funding sector:				
Individuals and private foundations	<b>60-70%</b>	60-70%	<b>60-70%</b>	60-70%
Corporates and corporate foundations	<b>30-40%</b>	30-40%	<b>30-40%</b>	30-40%
Gross proceeds from fundraising and sponsorships	<b>7,920,960</b>	5,868,195	<b>7,269,043</b>	5,859,991
Costs associated with fundraising and sponsorships	<b>(745,569)</b>	(492,628)	<b>(745,569)</b>	(492,628)
Fundraising costs as % of Total funds raised	<b>9%</b>	8%	<b>10%</b>	8%
<b>Net surplus obtained from fundraising</b>	<b>7,175,391</b>	5,375,567	<b>6,523,474</b>	5,367,363

The significant \$2 million increase in Fundraising and Sponsorship income reported for the Group came from an increase in income attributable to the Company (\$0.6 million), SVA Future Trust (\$0.7 million) and the auspiced operations of Australian Philanthropic Service Ltd (\$0.5 million) and The School for Social Entrepreneurs Australia Ltd (\$0.2 million).

The increase in costs associated with Fundraising and sponsorships reflect strategic action taken during the year for the executive team to play a greater role in raising funds. Some of the cost increase also represents the growth in operations of SVA subsidiaries and auspiced entities.

## 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 2014;
- (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 2014;
- (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 2014; 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 14th day of October 2014.


## 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 9 to 29, 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 2014 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 14th day of October 2014.



## 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 2014, 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.

#### *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 of the financial report that gives a true and fair view 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.

### *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:

- (a) giving a true and fair view of the financial position of the consolidated entity at 30 June 2014 and of its performance for the year ended on that date; and
- (b) 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*

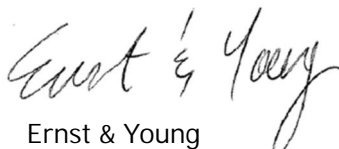
We have audited the financial report as required by Section 24(2) of the *NSW Charitable Fundraising Act 1991*. Our procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with 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 2014, 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 2014 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Act and Regulations.



Ernst & Young



P S Barnard  
Partner  
Sydney  
14 October 2014