Social Ventures Australia Limited

ABN 94 100 487 572

Annual Financial Report

for the year ended 30 June 2012

Contents

Directors' report

For the year ended 30 June 2012

The directors present their report together with the consolidated financial statements of Social Ventures Australia Limited (the Company or SVA) comprising the Company and its subsidiaries together referred to as (the Group) for the financial year ended 30 June 2012 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. He was also a Director of Macquarie Risk Advisory Services, chaired the Macquarie Awards Committee and chaired Macquarie Bank Sports.

Other current directorships
Mr Robertson is Chair of St Vincents Health Australia Group, Chair of Trustees of St Vincent's Hospital, Sydney, Chair of St Ignatius College (Riverview), Founder and Director of Financial Markets Foundation for Children, Director of Money Market and Debt Exchange Pty Ltd (financial markets company) and Chair of RV Sports (sports management and sponsorship company).

Former directorships in last 3 years
Mr Robertson was previously 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.

Arsenio Alegre
CPA, BBus, MBA
Non-Executive Director
Chairman of Finance, Audit & Risk Committee until 25 July 2012

Experience and expertise

Director since 16 June 2008 (resigned 25 July 2012)
Mr Alegre was appointed CEO of WorkVentures Ltd in October 2007, having joined as CFO in October 2004. Prior to moving into the non-profit sector, he had significant international experience in financial and business management having worked throughout Asia and Europe as a Senior Finance Executive for American Express. While in the UK, Mr Alegre had extensive involvement with the Prince's Trust.

He is a Certified Practising Accountant and holds a Bachelor's degree in Business and an MBA.

Other current directorships
Mr Alegre was also a director of SVA Nominees Pty Ltd (Trustee for SVA Future Trust) until he resigned 25 July 2012. He is a director of Social Enterprises Ltd.

1 Directors (continued)

C. Alison Deans
MA, MBA
Non-Executive Director
Member of Finance, Audit & Risk Committee

Experience and expertise

Director since 21 September 2007
Ms Deans is Chief Executive Officer at Netus – an early-stage technology investment company. Prior to Netus she served as CEO of Hoyts Cinemas, ecorp and eBay Australia. While at ecorp she served as chairman of ninemsn, eBay Australia and Ticketek and as a director of the other consumer technology businesses in the portfolio.

Other current directorships
Ms Deans is also a director of The Video Network and Allure Media.

Former directorships in last 3 years
Downstream Marketing, ReachLocal Australia and OurDeal.

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

Experience and expertise

Director since 20 October 2004
Mr Spencer recently retired as 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.

Dr Lisa O'Brien
MBBS (Hons), MBA, MHR&C, FRACMA
Non-Executive Director

Experience and expertise

Director since 17 October 2011
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. Prior to joining The Smith Family she was CEO of the Skin and Cancer Foundation of Australia.

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
Previously a director of the Australian Private Hospitals Association.

Directors' report (continued)

For the year ended 30 June 2012

1 Directors (continued)

Elaine Henry
OAM BSc(Hons), DLitt (h.c)
Non-Executive Director

Experience and expertise
Director since 9 May 2002 - Resigned as a Director on 31 August 2011
Ms Henry was a founding director of SVA and on the Board from its inception. She has extensive experience in non profit leadership, in health, education and the social sectors and was previously Chief Executive Officer of The Smith Family. She has received recognition for her work including her OAM in 1994 and Doctorate of Letters Honoris causa in 2006 from the University of New South Wales. She was also honoured by Research Australia in 2009 with their Lifetime Achievement Award.

Other current directorships
Ms Henry is currently Chair of the Australian Research Alliance for Children and Youth; Chair of the National Breast Cancer Foundation; Director of the Australian Government Financial Literacy Board; a Governor of the Committee for Economic Development of Australia (CEDA); a Member of the Australian Statistics Advisory Council, the Australian Business School Advisory Council (UNSW), the Centre for Social Impact Sydney Advisory Council, and the Global Foundation.

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 12 years. Since 2009, Ms Gilerman's role has also included the function of Chief Operating Officer of Audit nationally.

During the last 16 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.

Other current directorships
Ms Gilerman was a non-executive Director of The Benevolent Society since 2005 but resigned on 3 September 2012.She is a graduate of the 2006 Sydney Leadership Programme.

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 2012

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 number of meetings attended by each of the directors of the Company during the financial year are:

	Board meetings		Finance, Audit & Risk Committee Meetings	
Director	**Attended**	**Entitled**	**Attended**	**Entitled**
Paul Robertson	6	6	-	-
Arsenio Alegre	5	6	7	7
C. Alison Deans	6	6	5	7
Elaine Henry	1	1	-	-
Richard Spencer	5	6	7	7
Lisa O'Brien	5	5	-	-
Tanya Gilerman	1	1	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. 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. 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:

Arsenio Alegre CPA, BBus, MBA – Chairman, Non-Executive Director (resigned 25 July 2012)

Tanya Gilerman – CA, CPA, BEc, member of AICD- Chairman, Non-Executive Director (appointed 25 July 2012)

C. Alison Deans MA, MBA - Non-Executive Director

Richard Spencer LLB MProfEthics - Non-Executive Director

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 seven times during the year.

Directors' report (continued)

For the year ended 30 June 2012

5 Finance, Audit and Risk Committee (continued)

Although 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; review the annual financial report and recommend Board approval of the report; and review 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 (SVA) is a non-profit organisation investing in social change, by helping increase the impact and build the sustainability of organisations in the social sector. The Group's objectives are to provide funding and strategic support to carefully selected non-profit partners, as well as offering consulting services to the social sector more broadly.

Principal activities

During the financial year the Group continued working with innovative non-profit 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,
- launched SVA Social Impact Fund,

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 not-for-profit 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.

7 Review of performance

Review of operations

The operating surplus of the Group for the year ended 30 June 2012 was $1,838,498 (2011 restated to $856,207).

The operating surplus of the Company for the year ended 30 June 2012 was $569,002 (2011 surplus of $45,241).

Directors' report (continued)

For the year ended 30 June 2012

7 Review of performance (continued)

Measurement performance

The Group monitors the progress of all of the organisations that we invest in by tracking KPI's as described in their strategic plans. All of 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 the only significant change in the state of affairs of the Group that occurred during the financial year under review was the creation of the Australian Philanthropic Services Ltd effective 1 March 2012 and it's public ancillary fund, which have been consolidated within these results.

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 2012 the total of these guarantees was $26 (2011: $28).

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. Social Ventures Australia Limited has also been granted authority to raise funds in Victoria under the provisions of the Fundraising Appeals Act 1998.

11 Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 8 and forms part of the directors' report for financial year ended 30 June 2012.

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

Paul Robertson
Chairman

Dated at Sydney this 24th day of October 2012.

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

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

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 2012, 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

Ernst & Young

C. M. Hosking

Colleen Hosking
Partner
24 October 2012

Consolidated statement of comprehensive income

For the year ended 30 June 2012

	Note	2012 $	2011 Restated $
Revenue	*4*	11,270,802	12,006,301
Donations and grants		(2,811,364)	(4,398,070)
Personnel expenses	*5*	(5,108,045)	(4,947,795)
Programmes and consultancy		(786,892)	(504,320)
Administration		(767,013)	(846,668)
Travel		(361,975)	(394,067)
Depreciation and amortisation		(193,758)	(180,254)
Communications		(52,736)	(68,550)
Events and activities		(38,648)	(302,445)
Marketing		(52,027)	(137,007)
Surplus from operating activities		1,098,344	227,125
Finance income *		907,842	852,949
Finance costs		(167,688)	(223,867)
Net finance income	*6*	740,154	629,082
Profit before income tax		1,838,498	856,207
Income tax expense		-	-
Surplus for the year attributable to members		1,838,498	856,207
Other comprehensive income			
Net change in fair value of available for sale financial assets		71,393	206,427
Total comprehensive income for the year attributable to members		1,909,891	1,062,634

* See Prior Period Restatement note 2(f).

The notes on pages 14 to 26 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

As at 30 June 2012

	Note	2012 $	2011 Restated $
Assets			
Cash and cash equivalents	7	6,304,549	3,226,657
Trade and other receivables	8	1,101,490	921,742
Total current assets		7,406,039	4,148,399
Available-for-sale financial assets	9	1,241,943	2,883,061
Loan receivable	2(e),8	3,634,110	2,944,145
Property, plant and equipment	10	223,140	181,053
Intangible assets	11	-	6,895
Total non-current assets		5,099,193	6,015,154
Total assets		12,505,232	10,163,553
Liabilities			
Trade and other payables	12	1,084,404	763,772
Employee benefits	14	203,201	171,183
Total current liabilities		1,287,605	934,955
Employee benefits	14	87,187	48,049
Provisions	13	80,000	40,000
Total non-current liabilities		167,187	88,049
Total liabilities		1,454,792	1,023,004
Net assets		11,050,440	9,140,549
Accumulated funds			
Members' funds*		10,944,274	9,105,776
Fair value reserve*	15	106,166	34,773
Total funds		11,050,440	9,140,549

* See Prior Period Restatement note 2(f).

The notes on pages 14 to 26 are an integral part of these consolidated financial statements.

Consolidated statement of changes in funds

For the year ended 30 June 2012

	Member's funds $	Fair value reserve $	Total $
Balance at 1 July 2010 – RESTATED*	8,249,569	(171,654)	8,077,915
Surplus for the year **RESTATED***	856,207	-	856,207
Other comprehensive income			
Net change in fair value of available-for-sale financial assets – **RESTATED***	-	206,427	206,427
Total comprehensive income for the year	856,207	206,427	1,062,634
Balance at 30 June 2011 – **RESTATED***	9,105,776	34,773	9,140,549
Balance at 1 July 2011 – RESTATED*	9,105,776	34,773	9,140,549
Surplus for the year	1,838,498	-	1,838,498
Other comprehensive income			
Net change in fair value of available-for-sale financial assets	-	71,393	71,393
Total comprehensive income for the year	1,838,495	71,393	1,909,891
Balance at 30 June 2012	10,944,274	106,166	11,050,440

* See Prior Period Restatement note 2(f).

The notes on pages 14 to 26 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended 30 June 2012

	Note	2012 $	2011 $
Cash flows from operating activities			
Cash receipts from customers and funders		8,785,227	8,315,794
Receipts from granting bodies		2,147,188	2,622,187
Cash paid to suppliers and employees		(8,701,800)	(12,373,591)
Dividends received		338,387	259,170
Net cash from/(used in) operating activities		2,569,002	(1,176,440)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	322
Acquisition of property, plant and equipment		(41,847)	(60,441)
Interest received		566,107	161,163
Acquisition of available-for-sale financial assets		(3,002,782)	(4,772,043)
Proceeds from sale of available-for-sale financial assets		2,987,412	4,241,655
Net cash from/(used in) investing activities		508,890	(429,344)
Cash flows from financing activities		-	-
Net cash from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		3,077,892	(1,605,784)
Cash and cash equivalents at beginning of year		3,226,657	4,832,441
Cash and cash equivalents at end of year	7	6,304,549	3,226,657

* See Prior Period Restatement note 2(f).

The notes on pages 14 to 26 are an integral part of these consolidated financial statements.

Index to notes to the consolidated financial statements

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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 2012 comprise the Company and its subsidiaries (together referred to as the Group and individually as Group entities).

During the financial year the Group continued working with innovative non-profit 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; and
- developing social sector partnerships.

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 not-for-profit 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.

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.

The consolidated financial statements were authorised for issue by the Board of Directors on 24th October 2012.

(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 Company's functional currency.

(d) Use of estimates, judgements

The preparation of consolidated financial statements requires management to make judgements, 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 Basis of preparation (continued)

(d) Use of estimates, judgements (continued)

Information about significant areas of estimation uncertainty and critical judgements 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) – Accounting for investment in GoodStart Early Learning Limited
- note 2(f) – Prior period restatement at 30 June 2011
- note 9 – Valuation of available-for-sale financial assets
- note 13 – Measurement of provisions

(e) Loan receivable – Interest in GoodStart

The Group is part of the syndicate of non profit organisations that formed GoodStart Early Learning Limited (GoodStart), the entity that won the bid to take over 650 ABC learning Centres from the receivers. Operating as a non 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 non profit members, the Group has an entitlement to a $2.5m deeply subordinated note with a coupon of 15 per cent that has the long-term potential to provide an important funding stream for the Group.

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 2012 has a balance of $3,365,608 (2011: $2,944,145) comprising of $2,500,000 principal and $865,608 interest. This loan reflects a capitalisation of the significant contribution the Group and others have made to the establishment of GoodStart.

In accordance with GoodStart's Constitution, the Group holds 25% of the voting power and has a 14% economic interest in GoodStart (arising from the loan receivable).

(f) Prior Period Restatement: Restated Financial Statements for the year ended 30 June 2011

During the 2012 financial year, it was determined that there was a need for a restatement of prior year financials in relation to the disposal of available-for-sale financial assets during the 2010 and 2011 financial years.

A permanent write down of the listed investments was booked in the 2009 financial accounts; this write down was not adjusted against the cost when the investments were subsequently disposed of. This resulted in an understatement of the results by $316,220 at 30 June 2010 and $40,725 at 30 June 2011.

The impact of this understatement has a continued flow through effect and the adjustment has been made by restating the available for sale reserve as disclosed in these accounts for 2010 and 2011 financial years to reflect the correct balances. A summary of the restatement is shown below:

2 Basis of preparation (continued)

(f) Prior Period Restatement: Restated Financial Statements for the year ended 30 June 2011 (continued)

Accounts impacted	Previously reported $	Restated opening $	Adjustment $	Restated amount $
Net Gains on disposal of available for sale financial assets for year ended 30 June 2010	111,820		316,220	428,040
Fair value reserve as at 30 June 2010	144,566		(316,220)	(171,654)
Net Gains on disposal of available for sale financial assets for year ended 30 June 2011	21,488		39,989	61,477
Fair value reserve as at 30 June 2011	391,718	(171,654)	206,427	34,773

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods except as stated in 3a below, in these consolidated financial statements.

(a) Basis of consolidation

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.

Social Ventures Australia Limited (the Company) has a 100% shareholding in its subsidiary the SVA Nominees Pty Ltd atf SVA Future Trust. The investment in subsidiary is accounted for at cost in accordance with AASB 127 Consolidated and Separate Financial Statements . In the prior year financial statements, the investment in the subsidiary was described in the significant accounting policy note as being accounted for as an available-for-sale asset in accordance with AASB 139 Financial Instruments: Recognition and Measurement . The accounting policy description has been updated accordingly.

During the year another member company was established Australian Philanthropic Services Ltd , a company limited by guarantee. It was established to provide management and investment advice to the Private Ancillary Fund (PAF) industry. This entity in turn is the owner of all shares in a trustee company Australian Philanthropic Services Foundation Pty Ltd which is the trustee for a public ancillary fund called Australian Philanthropic Services Foundation.

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.

3 Significant accounting policies (continued)

(b) Financial instruments (continued)

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.

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) Property, plant and equipment

(i) Recognition and measurement
Items of property, plant and 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 property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant 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 property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit for the year as incurred.

3 Significant accounting policies (continued)

(c) Property, plant and equipment (continued)

(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 property, plant 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	3 years
• Leasehold improvements, furniture and fittings	5 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 was calculated on a straight- line basis over the expected useful life of the lease being 20 months.

(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 (e.g. trade receivables)

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.

3 Significant accounting policies (continued)

(e) Impairment (continued)

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.

(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

3 Significant accounting policies (continued)

(f) Employee benefits (continued)

(ii) Other long-term employee benefits

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.

(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.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2012

3 Significant accounting policies (continued)

(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.

(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 Group 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 $50,000,(2011 $82,000) printing services of $25,000 (2011 $25,000) could be reliably measured.

4 Revenue

	2012 $	2011 $
Funding and sponsorship	7,338,047	6,403,160
Consultancy services	2,064,974	1,278,628
Government grants	1,513,179	4,065,343
Dividend income on available-for-sale financial assets	338,387	259,170
Other income	16,215	-
	11,270,802	12,006,301

5 Personnel expenses

	2012 $	2011 $
Wages and salaries	5,044,180	4,851,313
Other associated personnel expenses	63,865	96,482
	5,108,045	4,947,795

6 Finance income and finance costs

	2012 $	2011 $
Interest income	566,107	605,307
Profit on disposal of available for sale financial assets	341,735	247,642
Finance Income	907,842	852,949
(Loss) on disposal of available for sale financial assets	(142,867)	(186,165)
Impairment loss on available for sale financial assets	(24,821)	(37,702)
Finance costs	(167,688)	(223,867)
Finance income recognised in surplus for the year	740,154	629,082

7 Cash and cash equivalents

	2012 $	2011 $
Cash at bank and on hand *(see below comment on restricted cash)*	4,381,756	3,226,657
Cash in managed fund accounts *(see note 9)*	1,922,793	-
Cash and cash equivalents in the statement of cash flows	6,304,549	3,226,657

The use of cash and cash equivalent of $1,108,038 held by a controlled entity of the Company, Australian Philanthropic Services Foundation, is restricted. These funds can only be used for the charitable purposes of the public ancillary fund.

8 Trade and other receivables

	2012 $	2011 $
Current		
Fees receivables	759,006	617,009
Prepayments	36,808	12,394
Other receivables	305,676	98,837
Security Deposits	-	193,502
	1,101,490	921,742
Non-current		
Other receivables	75,000	-
Security Deposits	193,502	-
Loan to Goodstart Early Learning Limited	3,365,608	2,944,145
	3,634,110	2,944,145

The security deposits are restricted cash as the Commonwealth Bank require these to be in place as a condition of the bank guarantee being provided for the leased premises.

9 Available-for-sale financial assets

	2012 $	2011 $
Non-current listed securities	1,241,943	2,883,061

The total value of investments within the SVA Future Trust at 30 June 2012 was $3,164,736, (2011 $2,883,061). Due to a transition in investment managers, $1,922,793 was held in cash at 30 June 2012, this amount has been recognised as cash and cash equivalents *(see note 7.)*

10 Property, plant and equipment

	Office equipment	Computer equipment	Leasehold improvements & furniture & fittings	Total
Costs				
Balance at 1 July 2011	16,972	254,316	549,816	821,104
Additions	-	9,333	218,335	227,668
Balance at 30 June 2012	16,972	263,649	768,151	1,048,772
Depreciation & impairment losses				
Balance at 1 July 2011	12,900	203,205	423,946	640,051
Additions	2,142	23,029	161,690	186,861
Adjustment	-	-	(1,280)	(1,280)
Balance at 30 June 2012	15,042	226,234	584,356	825,632
Carrying amounts				
Balance at 1 July 2011	4,072	51,111	125,870	181,053
Balance at 30 June 2012	1,930	37,415	183,795	223,140

11 Intangibles

	2012 $	2011 $
Cost	70,254	70,254
Accumulated Amortisation	(70,254)	(63,359)
Total	-	6,895

12 Trade and other payables

	2012 $	2011 $
Current		
Trade payables	124,113	57,975
Deferred income	510,164	374,080
Accrued expenses	184,940	234,323
Other payables	265,186	97,394
Total	1,084,404	763,772

13 Provisions

	2012 $	2011 $
Non-current		
Provision for property make good	80,000	40,000

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

	2012 $	2011 $
Current		
Liability for annual leave	203,201	171,183
	203,201	171,183
Non-current		
Liability for long service leave	87,187	48,049
	87,187	48,049

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.

16 Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2012 $	2011 $
Less than one year	344,639	432,679
Between one and five years	509,269	1,004,452
Total	853,908	1,437,131

The Group leases the Sydney and Melbourne offices under non-cancellable operating leases expiring up to 4 years. The leases have varying terms, escalation clauses and renewal rights. The current Sydney lease expires on 31 December 2014.

During the year ended 30 June 2012 $476,990 (2011: $308,074) was recognised as an expense in respect of the operating leases.

17 Contingent liability

Per the GoodStart constitution, upon winding up of the organisation any assets remaining (after the satisfaction of debts) will not be distributed among the members, however the members are responsible for the transfer of assets/liabilities to another organisation with similar objectives to those of GoodStart. A present obligation only exists for the members upon winding up or dissolution of GoodStart. As there is no present obligation until this point, no provision is recognised until such an event occurs. However, the obligation to transfer assets meets the definition of a contingent liability and has been disclosed as such in the financial statements.

18 Related parties

Key management personnel compensation

The key management personnel compensation included in 'personnel expenses' (see note 5) was $325,126 for the year ended 30 June 2012 (2011: $390,420).

The directors of the Company do not receive any remuneration for their role.

Key management personnel and director transactions

A number of 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 favourable 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.

Transactions with related entities

	2012	2011
	$	$
Interest from Goodstart loan receivable	421,463	444,145
Other	-	205,001

There were no amounts outstanding as at 30 June 2012 (2011: $nil).

19 Parent entity disclosures

As at, and throughout, the financial year ending 30 June 2012 the parent entity of the Group was Social Ventures Australia Limited.

Result of the parent entity	2012	2011
	$	$
Surplus for the year attributable to members	569,002	45,241
Total comprehensive income for the year	569,002	45,241
Financial position of parent entity at year end		
Current assets	4,501,101	4,017,926
Total assets	10,096,445	8,696,302
Current liabilities	710,952	999,212
Total liabilities	1,368,311	1,103,680
Total accumulated funds of the parent entity comprising of:		
Members' funds	8,728,134	7,592,622
Total funds	8,728,134	7,592,622

20 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 2012.

21 Results from fundraising

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

Core Individual philanthropists	30-40%
Philanthropic Foundations	10-20%
Consulting	10-20%
Government	10-20%
Investments–including interest	5-10%

	2012 $	2011 $
Total Income received during the year from the following sources:		
Funding and sponsorships	7,338,047	6,403,160
Consultancy	2,064,974	1,278,628
Government Funding	1,513,179	4,065,343
Dividends and distributions	354,602	259,170
Total operating revenue	11,270,802	12,006,301
Finance income	907,842	852,949
Total Income	12,178,644	12,859,250
From above:		
Gross proceeds from fundraising and sponsorships	7,338,047	6,403,160
Costs associated with fundraising and sponsorships	501,592	273,903
Net surplus obtained from fundraising	6,836,455	6,129,257

The costs associated with Fundraising are comprised of an allocation of key staff time in maintaining stakeholder relationships and the stewardship of investors. It includes an allocation of direct costs associated with events, which typically cover 4-6 strategic investor functions held throughout the year. There is also included an allocation of underlying indirect costs that support the provision of the direct services. Due to a review in internal processes these costs for 2012 can be identified as follows

Breakup of these costs for FY12:	
Total cost of staff time involved in fundraising	360,800
Direct costs	60,000
Indirect costs	80,792
Total costs associated with Fundraising	501,592

Total fundraising costs as a % of fundraising revenue 6.8% (2011 4%)

Declaration by Chief Executive Officer in respect of fundraising activities

I. Michael Traill, Chief Executive Officer, of Social Ventures Australia Limited, declare in my 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 2012;

(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 2012;

(c) the provisions of the Charitable Fundraising Act 1991 and Regulations and the conditions attached to the authority have been compiled with for the financial year ended 30 June 2012; and

(c) 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.

Signed.

Michael Traill
Chief Executive Officer

Dated at Sydney this 24th day of October 2012.

Social Ventures Australia Limited

Director's 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 28, 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 2012 and of its performance for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Regulations 2001; 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 24th day of October 2012.

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

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

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

We have audited the accompanying financial report of Social Ventures Australia Limited, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the 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 Charitable Fundraising Act 1991* 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*. We have given to the directors of the company a written Auditor's Independence Declaration.

Opinion pursuant to the Corporations Act 2001

In our opinion the financial report of Social Ventures Australia Limited is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the financial position of the consolidated entity at 30 June 2012 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Opinion pursuant to the Charitable Fundraising (NSW) Act 1991

In accordance with the requirements of the *Charitable Fundraising Act 1991*, we hereby report that in our opinion:

(a) the financial report gives a true and fair view of the financial result of fundraising appeal activities for the financial year ended 30 June 2012;

(b) the financial report and associated records of Social Ventures Australia Limited have been properly kept during the year ended 30 June 2012 in accordance with the Charitable Fundraising Act 1991;

(c) money received as a result of fundraising appeals conducted during the year ended 30 June 2012, has been properly accounted for and applied in accordance with the Charitable Fundraising Act 1991; and

(d) there are reasonable grounds to believe that Social Ventures Australia Limited will be able to pay its debts as and when they fall due.

Ernst & Young

Ernst & Young

C. M. Hosking

Colleen Hosking
Partner
Sydney
24 October 2012