

Social Ventures Australia Limited

ABN 94 100 487 572

Annual Financial Report
for the year ended 30 June 2013

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Directors' report

For the year ended 30 June 2013

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 2013 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.

Former directorships in last 3 years

Mr Robertson was previously Director of Money Market and Debt Exchange Pty Ltd (financial markets company), 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.

Arsenio Alegre

CPA, BBus, MBA
Non-Executive Director
Chairman of Finance, Audit
& Risk Committee

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.

Social Ventures Australia Limited

Directors' report (continued)

For the year ended 30 June 2013

C. Alison Deans

MA, MBA

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

Experience and expertise

Director since 21 September 2007 (resigned 3 April 2013)

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 a director of IAG.

Former directorships in last 3 years

The Video Network, Allure Marketing, 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 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.

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.

Social Ventures Australia Limited

Directors' report (continued)

For the year ended 30 June 2013

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

During the last 17 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.

Robert Koczkar

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

Experience and expertise

Director since 3 April 2013

Mr Koczkar is a Managing Director of Pacific Equity Partners, a leading Australian private equity investment firm. He has worked in private equity since 1998, for Pacific Equity Partners in Australia and Texas Pacific Group in Europe. During that time he has 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, Hoyts Group, GoodStart Early Learning Limited and Spotless Group. He is also on the Corporate Advisory Council of Mission Australia.

Former directorships in the last 3 years

Mr Koczkar was formerly a director at Collins Foods Group.

Social Ventures Australia Limited

Directors' report (continued)

For the year ended 30 June 2013

Lisa Paul

AO PSM
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 nine years and has more than 20 years public sector experience, including three Deputy CEO roles. 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.

Other current directorships

Ms Paul is also a non-Executive Director of the Australian Research Alliance for Children and Youth, the Australian National Institute of Public Policy, 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, the Education Investment Fund, and the Advisory Group for the Centre for Workplace Leadership.

Former directorships in the last 3 years

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.

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	8	8	-	-
Arsenio Alegre	1	1	-	-
Adrian Appo	6	6	-	-
C. Alison Deans	5	6	5	5
Richard Spencer	8	8	6	6
Lisa O'Brien	5	8	-	-
Tanya Gilerman	8	8	6	6
Robert Koczkar	2	2	1	1

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.

Social Ventures Australia Limited

Directors' report (continued)

For the year ended 30 June 2013

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 (resigned 3 April 2013)

Richard Spencer LLB MProfEthics - Non-Executive Director

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

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 six 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.

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 for purpose sector, and by working with partners to strategically invest capital and expertise. SVA Consulting shares evidence and knowledge to build for 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 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 the Newpin Social Benefit Bond, Australia's first social benefit bond.

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.

Social Ventures Australia Limited

Directors' report (continued)

For the year ended 30 June 2013

7 Review of performance

Review of operations

The operating surplus of the Group for the year ended 30 June 2013 was \$218,764 (2012 surplus of \$1,182,569).

The operating surplus of the Company for the year ended 30 June 2013 was \$44,727 (2012 surplus of \$569,002).

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 establishment of Newpin SBB Pty Ltd and the Newpin SBB Trust. Newpin SBB Pty Ltd has been consolidated within these results, Newpin SBB Trust is not consolidated as control is maintained by external note holders. The Company obtained an Australian Financial Services Licence (AFSL) during the year to conduct financial services activities associated with Social Benefit Bonds and the SVA Social Impact Fund. The Australian Philanthropic Service Foundation is not included in the consolidated result as it is no longer a controlled entity. To align current and prior period presentation, some prior period balances have been reclassified to conform with current year presentation.

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 2013 the total of these guarantees was \$26 (2012: \$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. 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 2013.

12 Bankers

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

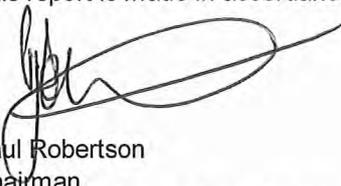
13 Events subsequent to balance date

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 Brisbane this 18th day of October 2013.



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Sydney NSW 2000 Australia
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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 2013, 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.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that reads 'C. M. Hosking' in a cursive style.

Colleen Hosking
Partner
18 October 2013

Social Ventures Australia Limited

Consolidated & Parent statement of comprehensive income

For the year ended 30 June 2013

	Note	Consolidated		Parent	
		2013 \$	2012 \$	2013 \$	2012 \$
Revenue	4	9,717,906	10,498,905	9,675,111	10,305,498
Donations & grants		(1,493,573)	(2,792,164)	(1,493,573)	(2,792,164)
Personnel expenses	5	(5,697,452)	(5,108,045)	(5,697,452)	(5,108,045)
Programmes and consultancy		(1,120,380)	(782,194)	(1,118,648)	(909,783)
Administration		(703,203)	(766,960)	(695,238)	(776,051)
Travel		(411,698)	(361,975)	(411,698)	(361,975)
Depreciation & amortisation		(99,274)	(193,758)	(99,274)	(193,758)
Communications		(223,906)	(52,736)	(223,906)	(52,736)
Events & activities		(244,374)	(38,648)	(244,374)	(38,648)
Marketing		(208,039)	(52,027)	(208,039)	(52,027)
Total operating expenditure		(10,201,899)	(10,148,507)	(10,192,202)	(10,285,187)
Surplus/(Deficit) from operating activities		(483,993)	350,398	(517,091)	20,311
Finance income		808,923	903,645	561,818	548,691
Finance costs		-	(142,867)	-	-
Net finance income	6	808,923	760,778	561,818	548,691
Surplus before income tax		324,930	1,111,176	44,727	569,002
Income tax expense		-	-	-	-
Surplus for the year attributable to members		324,930	1,111,176	44,727	569,002
Other comprehensive income					
Net change in fair value of available for sale financial assets		(106,166)	71,393	-	-
Total comprehensive income for the year attributable to members		218,764	1,182,569	44,727	569,002

The notes on pages 14 to 28 are an integral part of these consolidated financial statements.

Social Ventures Australia Limited

Consolidated & parent statement of financial position

As at 30 June 2013

	Note	Consolidated		Parent	
		2013 \$	2012 \$	2013 \$	2012 \$
Assets					
Cash and cash equivalents	7	4,417,987	5,196,511	4,189,049	3,193,900
Trade and other receivables	8	791,510	1,098,685	774,461	1,059,256
Available-for-sale financial assets	9	3,150,873	1,241,944	-	-
Total current assets		8,360,370	7,537,140	4,963,510	4,253,156
Available-for-sale financial assets	9	-	-	1,986,028	1,986,028
Loan, other receivables and security deposits	8	3,615,360	3,634,110	3,615,360	3,634,110
Plant and equipment	10	163,160	223,140	163,160	223,140
Intangible assets	11	-	-	-	-
Total non-current assets		3,778,520	3,857,250	5,764,548	5,843,278
Total assets		12,138,890	11,394,390	10,728,058	10,096,434
Liabilities					
Trade and other payables	12	1,528,886	1,084,463	1,503,497	997,913
Employee benefits	14	292,027	203,201	292,027	203,201
Total current liabilities		1,820,913	1,287,664	1,795,524	1,201,114
Employee benefits	14	79,674	87,187	79,674	87,187
Provisions	13	80,000	80,000	80,000	80,000
Total non-current liabilities		159,674	167,187	159,674	167,187
Total liabilities		1,980,587	1,454,851	1,955,198	1,368,301
Net assets		10,158,303	9,939,539	8,772,860	8,728,133
Accumulated funds					
Members' funds		10,158,303	9,833,373	8,772,860	8,728,133
Fair value reserve	15	-	106,166	-	-
Total funds		10,158,303	9,939,539	8,772,860	8,728,133

The notes on pages 14 to 28 are an integral part of these consolidated financial statements.

Social Ventures Australia Limited

Consolidated statement of changes in funds

For the year ended 30 June 2013

	Member's funds	Fair value reserve	Total
	\$	\$	\$
Balance at 1 July 2011	8,722,197	34,773	8,756,970
Surplus for the year	1,111,176	-	1,111,176
<i>Other comprehensive income</i>			
Net change in fair value of available-for-sale financial assets	-	71,393	71,393
Total comprehensive income for the year	1,111,176	71,393	1,182,569
Balance at 30 June 2012	9,833,373	106,166	9,939,539
Balance at 1 July 2012	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
Balance at 30 June 2013	10,158,303	-	10,158,303

The notes on pages 14 to 28 are an integral part of these consolidated financial statements.

Social Ventures Australia Limited

Parent statement of changes in funds

For the year ended 30 June 2013

	Member's funds \$	Fair value reserve \$	Total \$
Balance at 1 July 2011	8,159,131	-	8,159,131
Surplus for the year	569,002	-	569,002
<i>Other comprehensive income</i>			
Net change in fair value of available-for-sale financial assets	-	-	-
Total comprehensive income for the year	569,002	-	569,002
Balance at 30 June 2012	8,728,133	-	8,728,133
Balance at 1 July 2012	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
Balance at 30 June 2013	8,772,860	-	8,772,860

The notes on pages 14 to 28 are an integral part of these consolidated financial statements.

Social Ventures Australia Limited

Consolidated & parent statement of cash flows

For the year ended 30 June 2013

Note	Consolidated		Parent		
	2013 \$	2012 \$	2013 \$	2012 \$	
Cash flows from operating activities					
Cash receipts from customers and funders	9,158,160	8,052,031	9,117,738	8,297,585	
Receipts from granting bodies	1,428,188	2,147,188	1,428,188	1,649,263	
Cash paid to suppliers and employees	(10,007,664)	(8,677,691)	(9,943,287)	(10,059,539)	
Dividends received	24,753	318,704	-	-	
Net cash from/(used in) operating activities	603,437	1,840,232	602,639	(112,691)	
Cash flows from investing activities					
Proceeds from sale of plant and equipment	-	-	-	-	
Acquisition of plant and equipment	(39,294)	(41,847)	(39,294)	(41,847)	
Interest received	485,916	561,910	431,804	127,228	
Acquisition of available-for-sale financial assets	(3,886,799)	(3,002,782)	-	-	
Proceeds from sale of available-for-sale financial assets	2,058,216	2,996,019	-	-	
Net cash from/(used in) investing activities	(1,381,961)	513,300	392,510	85,381	
Cash flows from financing activities					
Net cash from financing activities	-	-	-	-	
Net increase/(decrease) in cash and cash equivalents	(778,524)	2,353,532	995,149	(27,310)	
Cash and cash equivalents at beginning of year	5,196,511	2,842,979	3,193,900	3,221,210	
Cash and cash equivalents at end of year	7	4,417,987	5,196,511	4,189,049	3,193,900

The notes on pages 14 to 28 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 2013

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Social Ventures Australia Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2013

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 2013 comprise the Company ('Parent') and its subsidiaries (together referred to as the Group and individually as Group entities).

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 for purpose sector, and by working with partners to strategically invest capital and expertise. SVA Consulting shares evidence and knowledge to build for purpose sector capacity. SVA Impact Investing introduces new capital and innovative financial models to help solve entrenched problems.

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.
- launch of the Newpin Social Benefit Bond.

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 18th October 2013.

(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 and assumptions

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.

Social Ventures Australia Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2013

2 Basis of preparation (continued)

(d) Use of estimates, judgements and assumptions (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) – Restatement of comparative information
- 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) in 2010, 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 2013 has a balance of \$3,365,608 (2012: \$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.

(f) Restatement of comparative information

The Australian Philanthropic Service Foundation is not included in the consolidated result as it is no longer a controlled entity. To align current and prior period presentation, some prior period balances have been reclassified to conform with current year presentation.

Social Ventures Australia Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2013

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

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 shareholdings in several 100% held subsidiaries, including:

- SVA Nominees Pty. Ltd., trustee of the SVA Future Trust, which provides annuity stream income to support the Company's core infrastructure and long term sustainability (the Company is the sole unit holder in the trust).
- School for Social Entrepreneurs Australia Ltd., a company limited by guarantee. This entity did not trade during the period, however the 'School for Social Entrepreneurs' was an active trading name of the Company.
- Australian Philanthropic Services Ltd. (APS Ltd.), a company limited by guarantee continued to provide management and investment advice to the Private Ancillary Fund industry. APS Ltd. is the sole shareholder of Australian Philanthropic Services Foundation Pty Ltd which is the trustee of the Australian Philanthropic Services Foundation public ancillary fund.
- Newpin SBB Pty. Ltd. (trustee) and Newpin SBB Trust (Australia's first social benefit bond), were established during the year. Newpin SBB Pty. Ltd. is consolidated in the Company's results, Newpin SBB Trust has numerous external note holders and is not consolidated in the results.

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.

Social Ventures Australia Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2013

3 Significant accounting policies

(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) Plant and equipment

(i) Recognition and measurement

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

Gains and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of 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 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 plant 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 plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Social Ventures Australia Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2013

3 Significant accounting policies

(c) Plant 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 | 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.

(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.

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.

Social Ventures Australia Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2013

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.

Social Ventures Australia Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2013

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 2013

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 \$73,000 (2012 \$50,000), printing services of \$25,000 (2012 \$25,000) could be reliably measured.

4 Revenue

	Consolidated		Parent	
	2013	2012	2013	2012
	\$	\$	\$	\$
Funding & Sponsorship	5,868,195	6,602,047	5,859,991	6,727,344
Consultancy Services	2,639,229	2,064,975	2,639,229	2,064,975
Government Grants	971,973	1,513,179	971,973	1,513,179
Dividend Income on available-for-sale financial assets	24,753	318,704	-	-
Other Income	213,756	-	203,918	-
	9,717,906	10,498,905	9,675,111	10,305,498

Social Ventures Australia Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2013

5 Personnel Expenses

	Consolidated		Parent	
	2013	2012	2013	2012
	\$	\$	\$	\$
Wages and salaries	5,589,368	5,044,180	5,589,368	5,044,180
Other associated personnel expenses	108,084	63,865	108,084	63,865
	5,697,452	5,108,045	5,697,452	5,108,045

6 Finance income and finance costs

	Consolidated		Parent	
	2013	2012	2013	2012
	\$	\$	\$	\$
Interest Income	615,930	561,910	561,818	548,691
Profit on disposal of available for sale financial assets	192,993	341,735	-	-
Finance Income	808,923	903,645	561,818	548,691
(Loss) on disposal of available for sale financial assets	-	(142,867)	-	-
Finance costs	-	(142,867)	-	-
Finance income recognised in surplus for the year	808,923	760,778	561,818	548,691

7 Cash and cash equivalents

	Consolidated		Parent	
	2013	2012	2013	2012
	\$	\$	\$	\$
Cash at bank and on hand	4,197,428	3,273,718	4,189,049	3,193,900
Cash in managed fund accounts	220,559	1,922,793	-	-
Cash and cash equivalents in the statement of cash flows	4,417,987	5,196,511	4,189,049	3,193,900

The 'cash in managed fund accounts' balance was higher in 2012 due a change in investment manager of the SVA Future Trust which occurred during the 2012 year end close off period. Investments were sold down as at 30 June 2012, and kept in cash, and have been reinvested with the new manager as at 30 June 2013, as noted in note 9 as Available-for-sale financial assets.

Social Ventures Australia Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2013

8 Trade and other receivables

	Consolidated		Parent	
	2013	2012	2013	2012
	\$	\$	\$	\$
Current				
Fees receivable	601,647	759,005	584,598	719,577
Prepayments	17,849	36,808	17,849	36,808
Other receivables	42,000	302,872	42,000	302,871
Interest receivable	130,014	-	130,014	-
	791,510	1,098,685	774,461	1,059,256
Non-current				
Other Receivables	56,250	75,000	56,250	75,000
Security deposits	193,502	193,502	193,502	193,502
Loan to Goodstart Early Learning Limited	3,365,608	3,365,608	3,365,608	3,365,608
	3,615,360	3,634,110	3,615,360	3,634,110

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

	Consolidated		Parent	
	2013	2012	2013	2012
	\$	\$	\$	\$
Current listed securities	3,150,873	1,241,944	-	-
Non-current unlisted securities	-	-	1,986,028	1,986,028

The 'Current listed securities' balance was lower in 2012 due a change in investment manager of the SVA Future Trust which occurred during the 2012 year end close off period. Investments were sold down as at 30 June 2012, and kept in cash, and have been reinvested with the new manager as at 30 June 2013, as noted in note 7 Cash and cash equivalents.

The reported balance of available for sale assets in the SVA Ltd. Parent represents the cost price of units issued by the SVA Future Trust. SVA Ltd holdings of units in the SVA Future Trust are funded by distributions reinvested from the trust and from philanthropists.

Social Ventures Australia Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2013

10 Plant and equipment

All plant 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
Costs				
Balance at 1 July 2012	16,972	263,649	768,151	1,048,772
Additions	645	10,097	28,552	39,294
Balance at 30 June 2013	17,617	273,746	796,703	1,088,066
Depreciation & impairment losses				
Balance at 1 July 2012	15,042	226,234	584,356	825,632
Additions	1,301	23,577	74,396	99,274
Balance at 30 June 2013	16,343	249,811	658,752	924,906
Carrying amounts				
Balance at 1 July 2012	1,930	37,415	183,795	223,140
Balance at 30 June 2013	1,274	23,935	137,951	163,160

11 Intangibles

	Consolidated		Parent	
	2013	2012	2013	2012
	\$	\$	\$	\$
Cost	70,256	70,256	70,256	70,256
Accumulated amortisation	(70,256)	(70,256)	(70,256)	(70,256)
Total	-	-	-	-

12 Trade and other payables

	Consolidated		Parent	
	2013	2012	2013	2012
	\$	\$	\$	\$
Current				
Trade payables	108,463	124,113	108,463	124,113
Deferred income*	966,379	510,164	966,379	510,164
Accrued expenses	75,590	184,940	75,586	179,940
Other payables	378,454	265,246	353,069	183,696
Total	1,528,886	1,084,463	1,503,497	997,913

*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 2013

13 Provisions

	Consolidated		Parent	
	2013	2012	2013	2012
	\$	\$	\$	\$
Non-Current				
Provision for property make good	80,000	80,000	80,000	80,000

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

14 Employee Benefits

	Consolidated		Parent	
	2013	2012	2013	2012
	\$	\$	\$	\$
Current				
Liability for annual leave	244,604	203,201	244,604	203,201
Liability for long service leave	47,423	-	47,423	-
	292,027	203,201	292,027	203,201
Non-Current				
Liability for long service leave	79,674	87,187	79,674	87,187
	79,674	87,187	79,674	87,187

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 prior period was derecognised in the current year following the sale of the underlying assets.

Social Ventures Australia Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2013

16 Operating Leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Consolidated		Parent	
	2013	2012	2013	2012
	\$	\$	\$	\$
Less than one year	369,400	344,639	369,400	344,639
Between one and five years	178,839	509,269	178,839	509,269
Total	548,239	853,908	548,239	853,908

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 2013 \$476,602 (2012: \$476,990) was recognised as an administration expense in respect of the operating leases.

17 Contingent liability

There were no items meeting the definition of a contingent liability as at the end of the period at 30 June 2013. In the prior period a contingent liability was disclosed in relation to the Good Start loan and that based upon the Good Start constitution, in the event of a winding up of the entity assets remaining would not be distributed to members. This disclosure is considered appropriate for the prior year, however it is not required in the current year disclosure based on the improbability of Good Start being wound up, as demonstrated by its commercial viability and the payment of interest income in 2013.

18 Related parties

Key management personnel compensation

The key management personnel compensation included the directors in 'personnel expenses' (see note 5) was \$334,107 for the year ended 30 June 2013 (2012: \$325,126). The directors of the Company do not receive any remuneration for their role.

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 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	Consolidated		Parent	
	2013	2012	2013	2012
	\$	\$	\$	\$
Interest earned on Good Start loan receivable	493,444	421,463	493,444	421,463
SVA Ltd management fee received from SVA Social Impact Fund	258,588	29,452	258,588	29,452
SVA Social Impact Fund holdings by related parties at cost	2,200,000	2,200,000	1,650,000	1,650,000
Newpin Social Benefit Bond holdings by related parties at cost	775,000	0	287,500	0

Social Ventures Australia Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2013

19 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 2013.

20 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 approximate percentage range) from the following sectors:

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

	Consolidated		Parent	
	2013	2012	2013	2012
	\$	\$	\$	\$
Total Income received during the year from the following sources:				
Funding & Sponsorship*	5,868,195	6,602,047	5,859,991	6,727,344
Consultancy Services	2,639,229	2,064,975	2,639,229	2,064,975
Government Grants	971,973	1,513,179	971,973	1,513,179
Dividend Income on available-for-sale financial assets	24,753	318,704	-	-
Other Income	213,756	-	203,918	-
	9,717,906	10,498,905	9,675,111	10,305,498
Total operating revenue	9,717,906	10,498,905	9,675,111	10,305,498
Finance Income	808,923	903,645	561,818	548,691
Total Income	10,526,829	11,402,550	10,236,929	10,854,189
*From above:				
Funding & Sponsorship by funding sector:				
Individuals and private foundations	60-70%	60-70%	60-70%	60-70%
Corporates and corporate foundations	30-40%	30-40%	30-40%	30-40%
Gross proceeds from fundraising and sponsorships	5,868,195	6,602,047	5,859,991	6,727,344
Costs associated with fundraising and sponsorships	(492,628)	(501,592)	(492,628)	(501,592)
Fundraising costs as % of Total funds raised	8%	8%	8%	7%
Net surplus obtained from fundraising	5,375,567	6,100,455	5,367,363	6,225,752

Social Ventures Australia Limited

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 2013;
- (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 2013;
- (c) the provisions of the Charitable Fundraising Act 1991 and Regulations and the conditions attached to the authority have been complied with for the financial year ended 30 June 2013; 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 Brisbane this 18th day of October 2013.

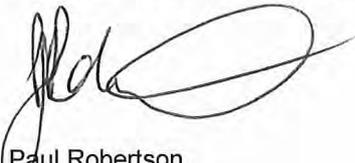
Social Ventures Australia Limited

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 2013 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 Brisbane this 18th day of October 2013.



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

Report on the financial report

We have audited the accompanying financial report of Social Ventures Australia Limited, which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, the statement of changes in equity and the 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 and the *Corporations Act 2001* 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*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the financial report.



Opinion

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

- (i) giving a true and fair view of the company's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

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 2013, in all material respects, in accordance with:
 - (iii) sections 20(1), 22(1-2), 24(1-3) of the *NSW Charitable Fundraising Act 1991*;
 - (iv) 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 2013 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Act and Regulations.

Ernst & Young

Colleen Hosking
Partner
Sydney
18 October 2013