Social Ventures Australia Limited

ABN 94 100 487 572

Annual Report

30 June 2010

Contents

Directors' report

For the year ended 30 June 2010

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 2010 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:

Robert John McLean
BECON STATS (HONS), MBA
Chairman
Non-Executive Director

Experience and expertise
Director since 9 May 2002
Mr McLean is a founder of SVA and is Chairman of the Board. He has extensive experience as a company director. Previously he served as Managing Director of McKinsey & Co. Australia from 1989-1997. He was also a member and President of The Benevolent Society Board from 1997 to 2003.

Other current directorships
Mr McLean is a director of the Centre for Independent Studies, Imagination Entertainment and LJ Hooker. He is a director of the Public Fund of the Nature Conservancy in Australia and Chairman of its Advisory Council. He is also a member of the Reserve Bank of Australia Payment Systems Board.

Former directorships in last 3 years
Mr McLean was Chair of Elders Rural Services and Greenway Capital.

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

Experience and expertise
Director since 16 June 2008
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
SVA Nominees Pty. Ltd. (Trustee for SVA Future Trust).

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

Experience and expertise
Director since 21 September 2007
Ms Deans is an Executive Director 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 Downstream Marketing, Allure Media and OurDeal.

Former directorships in last 3 years
Griffin Theatre Company, The Starlight Children's Foundation, Livewire, ReachLocal Australia.

1 Directors (continued)

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

Experience and expertise
Director since 9 May 2002
Ms Henry is a founding director of SVA and has been on the Board since its inception. She has extensive experience in non profit leadership, in health, education and the social sectors and is currently 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 on the Australian Government Financial Literacy Board; the Australian Statistics Advisory Council; the Australian Business School Advisory Council, University of NSW; the Dean's Advisory Board, Faculty of Education & Social Work, University of Sydney; the Sydney Advisory Council of the Centre for Social Impact; the Vice Chancellor's Advisory Board, University of Wollongong; the Board of Governors of CEDA (Committee for Economic Development of Australia); the Australian Research Alliance for Children and Youth; and is a Trustee of the National Breast Cancer Foundation.

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

Experience and expertise
Director since 20 October 2004
Mr Spencer is the 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 Spastic Centre and CEO 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 a member of the Advisory Council of the Social Policy Research Centre at the University of NSW. He is also a member the Sydney Advisory Council of the Centre for Social Impact.

Former directorships in last 3 years
Mr Spencer was a founding director of GoodStart Childcare Limited.

1 Directors (continued)

Paul Robertson
BComm (UNSW), FCPA, MAICD
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 a Director of St Vincents Health Australia Group, Chair of St Ignatius College (Riverview), Founder and Director of Financial Markets Foundation for Children, Director of Cheviot Bridge (wine 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.

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 Attended	Board meetings Entitled	Finance, Audit & Risk Committee Meetings Attended	Finance, Audit & Risk Committee Meetings Entitled
Robert John McLean	8	8	-	-
Arsenio Alegre	8	8	2	2
Alison Deans	7	8	2	2
Elaine Henry	8	8	-	-
Richard Spencer	7	8	2	2

4 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.

Directors' report (continued)
For the year ended 30 June 2010

4 Company objectives, strategies and principal activities (continued)

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; and
- developing social sector partnerships.

5 Review of performance

Review of operations

The operating surplus of the Group for the year ended 30 June 2010 was $3,883,292 (2009: $562,014 deficit).

The operating surplus of the Company for the year ended 30 June 2010 was $3,514,580 (2009: $560,974 deficit).

Operating statement

The operating statement in Note 7 of this report details the Group's operational income and expenses, reconciled to the consolidated statement of comprehensive income prepared under Australian Accounting Standards.

The revenue shown in the consolidated statement of comprehensive income includes donations of $3,687,108 (2009: $3,189,275) for the Ventures that we support and $406,000 (2009: $212,270) for the SVA Future Trust. It also includes a transaction service fee of $2,500,000 (2009: $nil) for the significant contribution the Group made to the establishment of GoodStart Childcare Limited and $438,714 (2009: $nil) being the Group's share of GoodStart's surplus. These funds are not used in the Group's operations, therefore the revenue for the Group's operations during the year was $6,834,313 (2009: $4,824,232).

The expenses shown in the consolidated statement of comprehensive income include donations and grants which are a pass through of donations received for Ventures that we support. By excluding donations and grants paid, the expenses of the Group's operations were $6,833,982 (2009: $4,876,817) .

The surplus for the Group's operations, excluding income quarantined for specific purposes and non-operational expenses was $331 (2009: $52,585 deficit).

Measurement of 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.

6 Significant changes in the state of affairs

During the year the Group was part of the syndicate of non profit organisations that formed GoodStart Childcare Limited, the entity that won the bid to take over 650 ABC Learning Centres from the receivers. Operating as a non profit organisation itself, GoodStart Childcare ensures all surplus funds are reinvested to improve early childhood learning and care at the childcare centres.

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

Directors' report (continued)

For the year ended 30 June 2010

7 Operating statement

In AUD	**2010**	**2009**
Revenue		
Revenue per consolidated statement of comprehensive income	13,427,421	8,225,777
Donations quarantined for the Ventures	(3,687,108)	(3,189,275)
Donations quarantined for SVA Future Trust	(406,000)	(212,270)
Transaction service fee on establishment of GoodStart Childcare Limited	(2,500,000)	-
Revenue from operations	6,834,313	4,824,232
Expenses		
Personnel expenses	(4,469,620)	(3,236,621)
Programs and consultancy	(320,912)	(581,845)
Administration	(794,792)	(387,770)
Travel	(428,752)	(285,924)
Depreciation and amortisation	(152,606)	(171,735)
Communications	(64,536)	(83,128)
Events and activities	(529,231)	(79,804)
Marketing	(73,533)	(49,990)
Total expense	(6,833,982)	(4,876,817)
Surplus/(deficit) from operations	331	(52,585)
Reconciliation to the statement of comprehensive income		
Surplus/(deficit) from operations	331	(52,585)
Donations quarantined for the Ventures	3,687,108	3,189,275
Donations quarantined for SVA Future Trust	406,000	212,270
Transaction service fee on establishment of GoodStart Childcare Limited	2,500,000	-
Donations and grants	(3,355,522)	(3,433,693)
Surplus/(deficit) from operating activities per the consolidated statement of comprehensive income	3,237,917	(84,733)

8 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 2010 the total of these guarantees was $26 (2009: $8).

9 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.

10 Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 7 and forms part of the directors' report for financial year ended 30 June 2010.

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

RJ McLean

Robert John McLean

Chairman

Dated at Sydney this 28th day of October 2010.

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Social Ventures Australia Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2010 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

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

KPMG

KPMG

Chris Hollis
Partner

Sydney

28 October 2010

Social Ventures Australia Limited

Consolidated statement of comprehensive income

For the year ended 30 June 2010

In AUD	***Note***	**2010**	**2009**
Revenue	*4*	13,427,421	8,225,777
Donations and grants		(3,355,522)	(3,433,693)
Personnel expenses	*5*	(4,469,620)	(3,236,621)
Programmes and consultancy		(320,912)	(581,845)
Administration		(794,792)	(387,770)
Travel		(428,752)	(285,924)
Depreciation and amortisation		(152,606)	(171,735)
Communications		(64,536)	(83,128)
Events and activities		(529,231)	(79,804)
Marketing		(73,533)	(49,990)
Surplus/(deficit) from operating activities		3,237,917	(84,733)
Finance income		206,661	111,677
Finance costs		-	(588,958)
Net finance income/(costs)	*6*	206,661	(477,281)
Share of surplus in equity accounted investees	*10*	438,714	-
Profit before income tax		3,883,292	(562,014)
Surplus/(deficit) for the year attributable to members		3,883,292	(562,014)
Other comprehensive income			
Net change in fair value of available-for-sale financial assets		71,867	161,669
Total comprehensive income/(loss) for the year attributable to members		3,955,159	(400,345)

The notes on pages 13 to 27 are an integral part of these consolidated financial statements.

Social Ventures Australia Limited

Consolidated statement of financial position

As at 30 June 2010

In AUD	***Note***	**2010**	**2009**
Assets			
Cash and cash equivalents	*7*	4,832,441	3,257,917
Trade and other receivables	*8*	1,021,351	349,212
Total current assets		5,853,792	3,607,129
Available-for-sale financial assets	*9*	2,121,734	1,486,152
Loan receivable	*10*	2,500,000	-
Investment in equity accounted investees	*10*	438,714	-
Property, plant and equipment	*11*	271,586	350,325
Intangible assets	*12*	36,497	-
Total non-current assets		5,368,531	1,836,477
Total assets		11,222,323	5,443,606
Liabilities			
Trade and other payables	*13*	2,422,690	704,531
Employee benefits	*14*	191,580	99,599
Total current liabilities		2,614,270	804,130
Employee benefits	*14*	52,162	38,744
Provisions	*15*	40,000	40,000
Total non-current liabilities		92,162	78,744
Total liabilities		2,706,432	882,874
Net assets		8,515,891	4,560,732
Accumulated funds			
Members' funds		8,371,326	4,488,034
Fair value reserve	*16*	144,565	72,698
Total funds		8,515,891	4,560,732

The notes on pages 13 to 27 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 2010

In AUD	**Members' funds**	**Fair value reserve**	**Total**
Balance at 1 July 2008	5,050,048	(88,971)	4,961,077
Deficit for the year	(562,014)	-	(562,014)
Other comprehensive income			
Change in fair value of available-for-sale financial assets	-	161,669	161,669
Total comprehensive loss for the year	(562,014)	161,669	(400,345)
Balance at 30 June 2009	4,488,034	72,698	4,560,732
Balance at 1 July 2009	4,488,034	72,698	4,560,732
Surplus for the year	3,883,292	-	3,883,292
Other comprehensive income			
Change in fair value of available-for-sale financial assets	-	71,867	71,867
Total comprehensive income for the year	3,883,292	71,867	3,955,159
Balance at 30 June 2010	8,371,326	144,565	8,515,891

The notes on pages 13 to 27 are an integral part of these consolidated financial statements.

Social Ventures Australia Limited

Consolidated statement of cash flows

For the year ended 30 June 2010

In AUD	***Note***	**2010**	**2009**
Cash flows from operating activities			
Cash receipts from customers and funders		9,364,888	8,028,498
Receipts from granting bodies		2,482,087	202,125
Cash paid to suppliers and employees		(10,114,594)	(8,179,360)
Dividends received		279,518	189,250
Net cash from operating activities		2,011,899	240,513
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		1,266	-
Acquisition of property, plant and equipment and intangible assets		(111,719)	(11,350)
Interest received		94,841	111,677
Acquisition of available-for-sale assets		(3,333,733)	(754,816)
Proceeds from sale of available-for-sale assets		2,911,970	375,900
Net cash used in investing activities		(437,375)	(278,589)
Net cash from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		1,574,524	(38,076)
Cash and cash equivalents at beginning of year		3,257,917	3,295,993
Cash and cash equivalents at end of year	*7*	4,832,441	3,257,917

The notes on pages 13 to 27 are an integral part of these consolidated financial statements.

Index to notes to the consolidated financial statements

1 Reporting entity

Social Ventures Australia Limited (the 'Company') is a company limited by Guarantee, incorporated and domiciled in Australia. The address of the Company's registered office and principal place of business is Suite 1, 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 2010 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.

2 Basis of preparation

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

The consolidated financial statements were approved by the Board of Directors on 28 October 2010.

(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 and 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.

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 15 – Measurement of provisions

2 Basis of preparation (continued)

(e) Changes in accounting policies

Starting as of 1 July 2009, the Group has changed its accounting policies in the following areas:

(i) Presentation of Financial Statements

The Group applies revised AASB 101 *Presentation of Financial Statements (2007)* and AASB 2007-8 *Amendments to Australian Accounting Standards resulting from AASB 101*, which are applicable for reporting periods beginning on or after 1 January 2009. This presentation has been applied within these consolidated financial statements as of and for the year ended 30 June 2010. Since the application only affects presentation aspects of the primary consolidated financial statements, there is no impact on the financial position or financial performance of the Group.

(ii) Reduced Disclosure Requirements

The Group has elected to early adopt AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements,* which establish a differential financial reporting framework consisting of two tiers of reporting requirements for entities preparing general purpose financial statements;

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards - Reduced Disclosure Requirements.

As the Group is a not-for-profit company and does not have public accountability, the Group is eligible to early adopt Tier 2: Australian Accounting Standards - Reduced Disclosure Requirements. Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements.

Since the application only affects presentation aspects of the consolidated financial statements and notes, there is no impact on the financial position or financial performance of the Group.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, except as explained in note 2(e) which addresses changes in accounting policies.

3 Significant accounting policies (continued)

(a) Basis of consolidation

(i) 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.

Investments in subsidiaries are accounted for at fair value in the individual statement of financial position of the Company.

(ii) Investments in associates (equity accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Investments in associates are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses.

The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence ceases. The Group's share of surpluses will be initially recognised as part of the net investment in equity accounted investee. If GoodStart subsequently reports losses, the Group's share will be offset against the balance in the investment in equity accounted investee first and then against the loan receivable. The Group recognises its share of "net" losses (excess of losses over surpluses) only up to the amount of its recorded interest in the associate (for the Group initially $2.5 million). When this is reduced to nil, no further recognition of loss is made except to the extent that the Group has an obligation or has made payments on behalf of the investee. If GoodStart subsequently reports surpluses, recognition starts only after its share of surpluses equals its share of losses not previously recognised.

(iii) 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 gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Gains and losses are recognised when the contributed assets are consumed or sold by the equity accounted investees or, if not consumed or sold by the equity accounted investee, when the Group's interest in such entities is disposed of.

(b) Financial instruments

(i) Non-derivative financial assets

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

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

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 and the Company's investments in subsidiaries 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 cashflows expected to be derived from the asset.

(ii) 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 rate 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.

3 Significant accounting policies (continued)

(c) Property, plant and equipment (continued)

(ii) Subsequent costs

The cost of replacing part 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 part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part 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.

(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 part 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 is calculated on a straight-line basis over the expected useful life of the lease being 20 months.

(d) Intangible assets

(i) Web site assets

Costs in relation to the web site controlled by the Group are charged as expenses in the year in which they are incurred unless they are incurred in building additional functionality or enhancing the web site. To the extent that these costs represent probable future economic benefits controlled by the Group that can be reliably measured, these costs are capitalised as an asset and amortised over the period of the expected benefit of no more than three years. Generally, costs in relation to feasibility studies during the planning phase of the web site, and ongoing costs of maintenance during the operating phase, are considered to be expenses.

(ii) Intellectual property

Intellectual property assets represent acquired intellectual property associated with training and mentoring and are recorded at the lower of cost and recoverable amount. Intellectual property assets are amortised over their useful life, which does not exceed five years.

(iii) 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.

3 Significant accounting policies (continued)

(e) Impairment

(i) Financial assets (including receivables)

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. 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.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

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.

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

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

3 Significant accounting policies (continued)

(e) Impairment (continued)

(ii) Non-financial assets

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").

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) Long service leave

The Group's net obligation in respect of long-term employee benefits other than defined contribution plans 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 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.

3 Significant accounting policies (continued)

(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 conferences 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.

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.

(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 and losses realised on the disposal of available-for-sale financial assets.

(k) Income tax

The Group is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997.*

3 Significant accounting policies (continued)

(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.

4 Revenue

In AUD	2010	2009
Funding and sponsorship	8,193,852	7,434,116
Programme revenue	8,249	112,128
Government grants	856,281	10,696
Consultancy services	994,326	479,587
Conferences and events income	595,195	-
Dividend income on available-for-sale financial assets	279,518	189,250
Transaction service fee on establishment of GoodStart Childcare Limited	2,500,000	-
	13,427,421	8,225,777

5 Personnel expenses

In AUD	2010	2009
Wages and salaries	4,380,622	3,168,890
Other associated personnel expenses	88,998	67,731
	4,469,620	3,236,621

Superannuation expense for the year was $443,149 (2009: $395,691).

6 Finance income and finance costs

In AUD	2010	2009
Interest income	94,841	111,677
Gain on disposal of available-for-sale financial assets	111,820	-
Finance income	206,661	111,677
Loss on disposal of available-for-sale financial assets	-	(188,811)
Impairment loss on available-for-sale financial assets	-	(400,147)
Finance costs	-	(588,958)
Net finance income/(cost) recognised in surplus/(deficit) for the year	206,661	(477,281)

7 Cash and cash equivalents

In AUD	2010	2009
Cash at bank and on hand	4,832,441	3,257,917
Cash and cash equivalents in the statement of cash flows	4,832,441	3,257,917

8 Trade and other receivables

In AUD	2010	2009
Current		
Trade receivables	860,793	146,457
Deposits at call	146,494	138,432
Other receivables	14,064	64,323
	1,021,351	349,212

The deposits at call 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

In AUD	2010	2009
Non-current		
Listed securities	2,121,734	1,486,152

10 Investment in equity accounted investees

Loan receivable

During the year the Group was part of the syndicate of non profit organisations that formed GoodStart Childcare 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 childcare 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 loan with a coupon of 15 per cent that has the long term potential to provide an important funding stream for the Group. This loan reflects a capitalisation of the significant contribution the Group and others have made to the establishment of GoodStart.

Equity accounted investees

As part of the syndicate, the Group has significant influence in GoodStart and has 14% share of GoodStart's surplus or loss. The Group’s share of surplus in its equity accounted investees for the year was $438,714 (2009: $nil).

11 Property, plant and equipment

In AUD	Office equipment	Computer equipment	Leasehold improvements, furniture and equipment	Property make good asset	Total
Cost or deemed cost					
Balance at 1 July 2008	12,395	160,471	488,821	40,000	701,687
Additions	2,950	8,400	-	-	11,350
Balance at 30 June 2009	15,345	168,871	488,821	40,000	713,037
Balance at 1 July 2009	15,345	168,871	488,821	40,000	713,037
Additions	1,627	50,892	-	-	52,519
Disposals	-	(2,621)	-	-	(2,621)
Balance at 30 June 2010	16,972	217,142	488,821	40,000	762,935
Depreciation and impairment losses					
Balance at 1 July 2008	3,419	75,116	89,368	28,000	195,903
Depreciation for the year	2,696	54,343	97,770	12,000	166,809
Balance at 30 June 2009	6,115	129,459	187,138	40,000	362,712
Balance at 1 July 2009	6,115	129,459	187,138	40,000	362,712
Depreciation for the year	3,068	29,071	97,764	-	129,903
Disposals	-	(1,266)	-	-	(1,266)
Balance at 30 June 2010	9,183	157,264	284,902	40,000	491,349
Carrying amounts					
At 1 July 2008	8,976	85,355	399,453	12,000	505,784
At 30 June 2009	9,230	39,412	301,683	-	350,325
At 1 July 2009	9,230	39,412	301,683	-	350,325
At 30 June 2010	7,789	59,878	203,919	-	271,586

12 Intangible assets

In AUD	Computer software	Intellectual property	Website	Total
Cost				
Balance at 1 July 2008	11,054	20,000	41,520	72,574
Balance at 30 June 2009	11,054	20,000	41,520	72,574
Balance at 1 July 2009	11,054	20,000	41,520	72,574
Acquisitions	59,200	-	-	59,200
Balance at 30 June 2010	70,254	20,000	41,520	131,774
Amortisation and impairment losses				
Balance at 1 July 2008	10,128	16,000	41,520	67,648
Amortisation for the year	926	4,000	-	4,926
Balance at 30 June 2009	11,054	20,000	41,520	72,574
Balance at 1 July 2009	11,054	20,000	41,520	72,574
Amortisation for the year	22,703	-	-	22,703
Balance at 30 June 2010	33,757	20,000	41,520	95,277
Carrying amounts				
At 1 July 2008	926	4,000	-	4,926
At 30 June 2009	-	-	-	-
At 1 July 2009	-	-	-	-
At 30 June 2010	36,497	-	-	36,497

13 Trade and other payables

In AUD	2010	2009
Current		
Trade payables	21,002	82,699
Accrued expenses	233,166	274,597
Deferred income	1,817,236	347,235
Other payables	351,286	-
	2,422,690	704,531

14 Employee benefits

In AUD	2010	2009
Current		
Liability for annual leave	191,580	99,599
Non-current		
Liability for long-service leave	52,162	38,744

15 Provisions

In AUD	2010	2009
Property make-good provision		
Non-current		
Balance at 1 July	40,000	40,000
Balance at 30 June	40,000	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 term of the lease or the useful life of the assets.

16 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.

17 Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

In AUD	2010	2009
Less than one year	212,452	291,703
Between one and five years	739,341	841,435
More than five years	-	110,992
	951,793	1,244,130

The Group leases the Sydney and Melbourne offices under non-cancellable operating leases expiring up to 6 years. The leases have varying terms, escalation clauses and renewal rights. On renewal the terms of the leases are renegotiated.

During the year ended 30 June 2010 $317,702 was recognised as an expense in surplus or deficit in respect of operating leases (2009: $302,876).

18 Related parties

Key management personnel compensation

The key management personnel compensation included in ‘personnel expenses’ (see note 5) is as follows:

In AUD	2010	2009
Short-term employee benefits	152,510	150,204
Post-employment benefits	49,898	49,796
	202,408	200,000

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

18 Related parties (continued)

Other transactions with directors and director related entities

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.

Aggregate amount of each other transaction with directors and their director related entities:

In AUD	**2010**	**2009**
Revenue from related entities	700,400	576,555
Share of surplus in equity accounted investees	438,714	-
Transaction service fee on establishment of GoodStart Childcare Limited	2,500,000	-

There were no amounts outstanding as at 30 June 2010 (2009: $nil).

19 Parent entity disclosures

As at, and throughout, the financial year ending 30 June 2010 the parent entity of the Group was Social Ventures Australia Limited.

	Company	
In AUD	**2010**	**2009**
Result of the parent entity		
Surplus/(deficit) for the year attributable to members	3,514,580	(560,974)
Other comprehensive income	-	71,658
Total comprehensive surplus/(deficit) for the year	3,514,580	(489,316)
Financial position of parent entity at year end		
Current assets	5,251,719	3,546,401
Total assets	10,341,242	5,354,635
Current liabilities	2,262,984	804,130
Total liabilities	2,355,147	882,874
Total accumulated funds of the parent entity comprising of:		
Members' funds	7,986,095	4,471,761
Total Funds	7,986,095	4,471,761

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 2010.

21 Results from fundraising appeals

The Group does not run any specific fundraising appeals but received donations.

In AUD	**2010**	**2009**
Gross proceeds from fundraising appeals	8,193,852	7,434,116
less: Direct costs of fundraising appeals	(436,839)	(390,767)
Net surplus obtained from fundraising appeals	7,757,013	7,043,349
Application of net surplus obtained from fundraising appeals		
Distributions (expenditures on direct services)	3,999,656	4,195,974
Administration expenses	5,753,009	3,723,334
Operating surplus/(deficit)	3,237,917	(199,111)
	12,990,582	7,720,197
Shortfall from fundraising appeals	(5,233,569)	(676,848)

The shortfall of $5,233,569 (2009: $676,848) between the $7,757,013 (2009: $7,043,349) surplus available from fundraising appeals conducted and total expenditure of $12,990,582 (2009: $7,720,197) was provided from the following sources:

In AUD	**2010**	**2009**
Programme revenue	8,249	112,128
Government grants	856,281	10,696
Consultancy services	994,326	479,587
Conferences and events income	595,195	-
Transaction service fee on establishment of GoodStart Childcare Limited	2,500,000	-
Other income	279,518	74,437
	5,233,569	676,848

Comparisons of certain monetary figures and percentages

	2010	**2009**
Total cost of fundraising / Gross income from fundraising	5%	5%
Net surplus from fundraising / Gross income from fundraising	95%	95%
Total cost of services / Total expenditure	31%	54%
Total costs of services / Total income received	49%	54%

Social Ventures Australia Limited

Declaration by chief executive officer in respect of fundraising appeals

I, Michael Traill, Chief Executive 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 2010;

(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 2010;

(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 2010; 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 in accordance with a resolution of directors.

Michael Traill
Chief Executive

Dated at Sydney this 28th day of October 2010.

Social Ventures Australia Limited

Directors' declaration

1 In the opinion of the directors of Social Ventures Australia Limited:

(a) the consolidated financial statements and notes that are set out on pages 8 to 27, 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 2010 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;

(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.

Robert John McLean
Chairman

Dated at Sydney this 28th day of October 2010.

KPMG

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 the Group comprising Social Ventures Australia Limited (the Company) and the entities it controlled at the year's end or from time to time during the financial year, which comprises the consolidated statement of financial position as at 30 June 2010, and consolidated statement of comprehensive income, consolidated statement of changes in funds and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 21 and the directors' declaration.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 judgement, 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 control 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 control. 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 performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards - Reduced Disclosure Requirements, a view which is consistent with our understanding of the Group's financial position and of its performance.

In addition, our audit report has also been prepared for the members of the Company in accordance with Section 24(2) of the Charitable Fundraising (NSW) Act 1991. Accordingly we have performed additional work beyond that which is performed in our capacity as auditors pursuant to the Corporations Act 2001. These additional 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 Charitable Fundraising (NSW) Act 1991 and Regulations.

It should be noted that the accounting records and data relied upon for reporting on fundraising appeal activities are not continuously audited and do not necessarily reflect after the event accounting adjustments and the normal year end financial adjustments for such matters as accruals, prepayments, provisioning and valuations necessary for year end financial report preparation.

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.*

Auditor's opinion pursuant to the Corporations Act 2001

In our opinion the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2010 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.

Audit opinion pursuant to the Charitable Fundraising (NSW) Act 1991

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 2010;

(b) the financial report has been properly drawn up, and the associated records have been properly kept for the period from 1 July 2009 to 30 June 2010, in accordance with the Charitable Fundraising (NSW) Act 1991 and Regulations;

KPMG

(c) money received as a result of fundraising appeal activities conducted during the period from 1 July 2009 to 30 June 2010, has been properly accounted for and applied in accordance with the Charitable Fundraising (NSW) Act 1991 and Regulations; 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.

KPMG

KPMG

Chris Hollis
Partner

Sydney

28 October 2010