Annual Financial Report

For the year ended 30 June 2020

Contents

Directors' Report

For the year ended 30 June 2020

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 2020 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 AO
BComm, FCPA, MAICD
Non-Executive Director
Chair (retiring at 2020 AGM)

Director since 30 August 2010

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

Other current directorships

Mr Robertson is Chair of Goodstart Early Learning, Trustees of St Vincent's Hospital Sydney, Tonic Health Media and Kinela, Founder and Director of Financial Markets Foundation for Children and Director of Dementia Australia, Telco Together Foundation, Grace Papers Pty Limited and Sydney Theatre Company Foundation.

Former directorships in last 3 years

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

Tanya Gilerman
BEc, FCA
Non-Executive Director
Chair of Finance, Audit & Risk Committee

Director since 30 April 2012

Ms Gilerman is the Chief Risk Officer for KPMG Australia. She is responsible for risk and regulatory matters as well as broader commercial and business risks associated with KPMG's strategy. She was admitted to the partnership in 2000, specialising in the financial services sector in audit and risk advisory. Ms Gilerman has extensive experience in auditing of ASX listed companies, funds management businesses and working with Boards and senior management during times of change and restructuring. Ms Gilerman is passionate about supporting diversity and inclusion and encourages senior women to develop and enhance their opportunities by leveraging themselves, their teams and the business. She is a member of Chief Executive Women and a graduate of the 2006 Sydney Leadership Program.

Adrian Appo OAM
BTeach
Non-Executive Director
Member of People & Culture Committee

Director since 22 October 2012 until 11 August 2020

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

Other current directorships

Mr Appo is CEO of Equity Health Solutions, director of Australian Advisory Board on Impact Investing, Chair of First Australians Capital Limited, member of the Salvation Army Australia Territory Board and member of the Salvation Army Australia Territory Audit and Risk Committee.

Former directorships in last 3 years

Australian Centre for Rural Entrepreneurs, Children's Ground and Goulburn Catchment Management Authority.

Lisa Paul AO PSM

BA (Hons) FACEL FAICD FIPAA FAIM FANZSOG

Non-Executive Director

Member of Finance, Audit & Risk Committee

Director since 21 August 2013

Ms Paul was a Chief Executive in the Australian federal government between 2004 and 2016. She held national responsibility for all aspects of education from childhood to post graduate and international education, research, science, employment, workforce and workplace relations. Ms Paul was made an Officer of the Order of Australia for distinguished service to public sector leadership and has been the recipient of a Public Service Medal and the Australian Chartered Accountants' Federal Government Leader of the Year Award.

Other current directorships

Ms Paul is currently the Coordinator of the Business Council of Australia's Community Rebuilding Initiative helping fire affected communities get back on their feet. She is also Chair of Headspace, the National Youth Mental Health Foundation, Chair of the Audit Committee of the Australian Academy of Science and a Director of Australian Schools Plus, the Future Battery Industry Cooperative Research Centre, High Resolves and Australia American Education Leadership Foundation. She sits on the Council of Bond University and is a member of the National Shipbuilding Advisory Board and the Advisory Board Australian Volunteer Support Trust.

Former directorships in the last 3 years

Navitas Australia, Programmed Group and APM International.

Daisy Mallett

BA LLB

Non-Executive Director

Member of People & Culture Committee

Member of Impact Investing Committee

Director since 23 February 2016

Ms Mallett is a risk management and dispute resolution Partner at King & Wood Mallesons, where she specialises in international arbitration. Her clients include Australian and global companies as well as governments and range across many sectors, including in the energy and resources, financial services, construction, water, insurance, transport, telecommunications and manufacturing industries. She is passionate about youth and education initiatives playing a key role in reducing disadvantage in Australia.

Other current directorships

Ms Mallett is also a director of the Australian Centre for International Commercial Arbitration.

Directors' Report

For the year ended 30 June 2020

Chris Harrop
BComm (Hons), MBA (Hons)
Non-Executive Director
Member of People & Culture Committee

Director since 19 September 2016
Mr Harrop is a Director in the Melbourne office of Bain & Company, a global strategy consulting firm. He joined Bain in 1993 and became a Partner in 2000. He led Bain's telecommunications practice in Asia Pacific for 7 years and served for 6 years on the firm's global committee responsible for partner promotion and remuneration. Mr Harrop has worked with clients in many different industries, and has specialised in projects addressing corporate strategy, growth strategy, customer experience improvement and broad-based transformational change. Prior to joining Bain, Mr Harrop held sales and marketing roles in the computer and consumer products industries, with IBM, NCR and Adidas.

Other current directorships
Mr Harrop is a member of Bain's global board of directors and a director of Goodstart Early Learning.

Robert Fitzgerald AM
BCom, LLB
Non-Executive Director
Member of Impact Investing Committee

Director since 1 October 2017
Mr Fitzgerald is the NSW Ageing and Disability Commissioner and is a director of Caritas Australia Limited. Most recently he has been a Commissioner with the Productivity Commissioner and the Royal Commission into Institutional Responses to Child Sex Abuse. A commercial lawyer for more than 20 years, including with top-tier firm Clayton Utz, he has also held a number of policy-related roles including as a member of the National Competition Council. Prior to joining the Productivity Commission, Mr Fitzgerald was Community and Disability Services Commissioner and Deputy Ombudsman in New South Wales. His considerable experience with the not-for-profit sector includes serving as Chair of the Australian Charities and Not-For Profits Commission Advisory Board, President of the Australian Council of Social Services, and over 30 years of volunteering with numerous community services.

Suzie Riddell
BAcc, MPhil, GAICD
Executive Director
Member of Impact Investing Committee

Director since 22 November 2018

Ms Riddell is CEO at SVA. She previously held the role of Chief Strategy Officer, leading the Strategy & Advocacy team. She draws on extensive experience in the social purpose and commercial sectors to lead SVA's systems change agenda. Ms Riddell led the development of innovative education and employment ventures, securing philanthropic seed capital and demonstrating impact to win scale funding from government. Prior to joining SVA, she was a consultant at Bain & Company. She is a member of the Advisory Council for Melior Investment Management.

Other current directorships
Ms Riddell is also a director of the Observership Program and Community Council for Australia.

Former directorships in the last 3 years

She previously served as a director of Holdsworth Community Centre and Services and YWCA NSW.

Directors' Report

For the year ended 30 June 2020

Robert Koczkar *BEng (Hons)* Non-Executive Director and Incoming Chair Member of Impact Investing Committee	**Director since 11 August 2020** Mr Koczkar is the Managing Director of Adamantem Capital and a former CEO of Social Ventures Australia. He has extensive experience in social impact and private equity investing along with a deep understanding of the social purpose sector. He was previously a Managing Director of Pacific Equity Partners, Principal at Texas Pacific Group in Europe and started his career as a strategic consultant with Bain & Company. Mr Koczkar is a member of the Australian Government's Cities Reference Group to support delivery of the Smart Cities Plan and is a non-executive director of Goodstart Early Learning. **Other current directorships** Mr Koczkar also serves on the boards of Melior Investment Management, Hygain, Zenitas and Servian. **Former directorships in last 3 years** He previously served on the board of Energy Developments Limited.
Adam Davids *BComm* Non-Executive Director	**Director since 11 August 2020** Mr Davids is the Director of Learning at CareerTrackers Indigenous Internship Program and was previously a Director of CareerSeekers New Australian Internship Program. He is a proud Aboriginal Australian and descendant of the Wiradjuri people. He is a Fulbright Scholar and for more than 12 years has worked in the non-profit sector to address the barriers facing Indigenous students in higher education and professional careers. He is driven to increase the representation of Indigenous professionals and executives in corporate Australia and as the Director of Learning at CareerTrackers, he has helped thousands of students build upward career mobility. **Former directorships in last 3 years** He previously served on the boards of Clovelly Community Bank and CareerSeekers and as Co-Chair of the GHD Indigenous Advisory Board.

2 Company Secretary

The company secretary is Ms Justine Isemonger BEc LLB (Syd), BCL (Oxf). Ms Isemonger is also the head of Legal for SVA, and previously worked as a corporate and commercial lawyer in an ASX-listed company and law firms in Australia and England. Ms Isemonger was appointed company secretary on 19 September 2016.

Directors' Report

For the year ended 30 June 2020

3 Governance

The Board of SVA has overall responsibility for the effective governance and successful performance of SVA. The Board is constituted and operates under the SVA Constitution that sets out the major parameters of governance of the organisation, including membership, election of directors, board composition and proceedings of directors. The Board Charter further outlines the roles and responsibilities of the Board and directors, and the membership, structure and administration of the Board. As a charity registered with the Australian Charities and Not-for-profits Commission, SVA also applies the ACNC Governance Standards.

Committees

The Board has delegated certain of its functions and powers to Committees to assist the Board in dealing with specialised matters more effectively and to use directors' time more efficiently.

- Finance, Audit & Risk Committee – Assists the Board in fulfilling its responsibilities in relation to financial management and reporting, audit, accounting systems and controls, risk management, investments and compliance with regulatory and legal responsibilities.
- People & Culture Committee – Assists and advises the Board in relation oversight of people and culture strategies, including staff remuneration and benefits, performance management, diversity, succession planning and people-related risks.
- Impact Investing Committee – Reviews and approves social impact bond (SIB) opportunities, reviews and endorses the establishment of other impact investing funds and products, and monitors the performance of SIBs and impact investing funds and other impact investing related governance and operational risks.

Remuneration of Directors

SVA's Constitution provides for directors to be paid reasonable remuneration for their services as directors as approved by the Members. To date, no proposal to remunerate directors has been put to the Members for approval.

Appointment and retirement of Directors and Committee members

Paul Robertson, Lisa Paul, Daisy Mallett and Chris Harrop retired as directors in accordance with the SVA Constitution at the 2019 Annual General Meeting and were reappointed.

Rob Koczkar was appointed as a director and Incoming Chair on 11 August 2020 and Adam Davids was appointed as a director. Adrian Appo retired as a director on 11 August 2020.

4 Board and Committee meetings

The number of directors' meetings and meetings of standing Board Committees, and the number of those meetings attended by each of the directors, during the financial year are set out in the table below.

Due to the unprecedented circumstances and challenges presented by the COVID-19 pandemic, additional directors' meetings were held during the financial year.

Lisa Paul was on leave of absence from the Board from January to May 2020, and Adrian Appo was on leave of absence from May to June 2020.

	Board Meetings		**FAR Committee Meetings**		**People & Culture Committee Meetings**		**Impact Investing Committee meetings**	
Director	Attended	Entitled	Attended	Entitled	Attended	Entitled	Attended	Entitled
Paul Robertson	12	12	-	-	-	-	-	-
Adrian Appo*	3	12	-	-	-	1	-	-
Tanya Gilerman	8	12	6	6	-	-	-	-
Lisa Paul*	4	12	3	6	-	-	-	-
Daisy Mallett	9	12	-	-	1	1	3	5
Chris Harrop	11	12	-	-	1	1	-	-
Robert Fitzgerald	12	12	-	-	-	-	5	5
Suzie Riddell	12	12	-	-	-	-	4	5
Independent members of Board Committees								
Rob Koczkar	-	-	-	-	-	-	5	5
Diana Radcliffe	-	-	6	6	-	-	-	-

* on approved leave of absence

5 Strategy and strategic priorities

SVA is a leading not-for-profit intermediary organisation in Australia. Our vision is for an Australia where all people and communities thrive. We influence systems to deliver better social outcomes for people by learning about what works in communities, helping organisations be more effective, sharing our perspectives and advocating for change.

SVA developed a new strategy during the financial year. This strategy emphasised SVA's broad focus on issues that affect the 1 in 4 people in Australia who experience some form of social disadvantage. SVA will continue to pursue a portfolio of activities that include consulting services, impact investing activities and innovative programs of work. SVA will engage with government and convene networks to influence policy and practice and amplify the work. SVA will continue to build its innovation capability. SVA will choose specific social challenges where we are able to create deeper, more longer term targeted responses and will continue to evolve its understanding of what drives vulnerability and work across public community and corporate sectors to influence a broad range of actors.

While this strategy still holds over the long term, SVA has adjusted the strategy for the short to medium term in light of the effects of COVID-19 by concentrating on financial viability, influencing and responding to government, activating SVA's capabilities for sector resilience and recovery and enhancing learning and connection. This is underpinned by engaging respectfully with the SVA team through ongoing change.

Directors' Report

For the year ended 30 June 2020

6 Principal activities

During the financial year, SVA continued to work towards its vision by engaging in a range of activities that contribute towards more effective systems for a better society whilst adapting to the challenges and opportunities presented by COVID-19. The principal activities of the Group were:

- Continuing to support high-potential ventures with donations sourced from high net worth individuals, foundations, corporations and government grants and with expertise and access to networks from SVA.
- Delivering 230 consulting engagements, helping social purpose organisations, government, funders and corporates strengthen their ability to alleviate disadvantage and respond to the COVID-19 challenges.
- Sourcing high impact investments for the Social Impact Investment Trust and the SVA Diversified Impact Fund, with total commitments made across both trusts at the end of the 2020 financial year reaching $71m ($33.7m in prior year). SVA also entered into a joint venture to manage Synergis Fund, a new disability housing fund.
- Continuing to enable and support evidence-informed education practice in Australian schools through Evidence for Learning, including developing guidance for educators and parents on home-supported learning and supporting the Commonwealth Government with its plan to create a new national education evidence institute.
- Continuing to strengthen a network of high-performing school leaders across Australia through the Bright Spots Schools Connection, delivering exceptional results within communities experiencing disadvantage and building education system capacity, rapidly pivoting to engage in these activities remotely.
- Continuing to help social enterprises leverage social procurement opportunities and create jobs for people experiencing disadvantage through the Upscaler program. including delivering six COVID-19 response projects for social enterprises in crisis.
- Continuing to promote coalitions and improved services that support young jobseekers experiencing barriers to identify and pursue career pathways.
- Initiating new activities and partnerships that improve health, education and well-being outcomes for young children experiencing vulnerability, so all kids have a chance to reach their potential.
- Leading policy and advocacy initiatives to influence government policy and funding decisions that would improve the financial viability of the charities sector and improve outcomes for people and communities experiencing social disadvantage, with recent focus on supporting charities to be partners in post-COVID economic recovery.
- Continuing to build the financial sustainability of SVA through more efficient administration practices including adapting to new ways of remote working and investment in a new knowledge management system.

7 Review of operations and performance

The directors report that SVA's consolidated group activity has delivered a net loss for the year attributable to members of $147k compared with a net loss of $1,061k in the prior year.

A key driver of the current year result is the receipt of Federal Government subsidies under the JobKeeper scheme and the cash flow boost, totalling $892k of revenue. The result also reflects a 10% increase in consulting revenue. Some volatility was felt in consulting although a good pipeline prior to COVID-19 did allow for an overall revenue increase.

The impact of COVID-19 was felt in relation to the existing programmes which suffered a reduction in philanthropic income of more than 12%. This was partially offset by lower travel and marketing costs also a result of COVID-19.

The consolidated Group operational performance is made up as follows:

	2020	2019
	$'000	$'000
Social Ventures Australia Limited (the Parent)	(147)	(1,061)
SVA Nominees Pty Ltd	-	-
SVA Nominees No.2 Pty Ltd	-	-
Newpin SBB Pty Ltd	-	-
Social Ventures Australia Limited (Consolidated)	(147)	(1,061)

Net assets for the Group as at 30 June 2020 were $14.43m (2019: $14.47m).

8 Significant changes in the state of affairs

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

9 Events subsequent to balance date

In August 2020, the Chair Paul Robertson announced that, after 10 years as Chair, he would be stepping down at the 2020 AGM in November and that the Board has appointed Rob Koczkar as a director and Incoming Chair. The Board also appointed Adam Davids as a director and Adrian Appo retired as a director after 8 years on the SVA Board.

In the opinion of the directors, there were no other matters or circumstances that have arisen since the end of the financial year which significantly affect or may significantly affect the operations of SVA, the results of those operations, or the state of affairs of SVA in future financial years.

10 Likely developments

In the opinion of the directors, there are no changes in the operations of SVA that will adversely or significantly affect the results of SVA in subsequent financial years.

11 Liability of Members

The Company 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 2020, the total of these guarantees was $28 (2019: $28).

12 Authority to fundraise

SVA has been granted authority to raise funds in NSW under the provisions of the *Charitable Fundraising Act 1991*, in Victoria under the provisions of the *Fundraising Act 1998*, in South

Australia under the *Collections for Charitable Purposes Act 1939*, in Tasmania under the provisions of the *Collections for Charities Act 2001*, in Western Australia under the provisions for the *Charitable Collections Act 1946*, in Queensland under the provisions of the *Collections Act 1966* and in the Australian Capital Territory under the provisions of the *Charitable Collections Act 2003*.

13 Indemnification and insurance

SVA has directors' and officers' liability insurance covering each of the Group's directors and officers for liabilities incurred in the performance of their duties. The premiums in respect of the policy are paid by the Company.

14 Reporting regulations

In accordance with the *Workplace Gender Equality Act 2012* (Cth), SVA has lodged its 2019-20 public report with the Workplace Gender Equality Agency. Members may obtain a copy of the report from the Company Secretary.

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

15 Auditor's independence declaration

The Auditor's independence declaration is set out on page 12 and forms part of the directors' report for financial year ended 30 June 2020.

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

Paul Robertson

Chairman

Dated at Sydney this 6 October 2020

Auditor's Independence Declaration

As lead auditor for the audit of Social Ventures Australia Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

This declaration is in respect of Social Ventures Australia Limited and the entities it controlled during the period.

Elizabeth O'Brien

Elizabeth O'Brien	Sydney
Partner	6 October 2020
PricewaterhouseCoopers	

Statement of Comprehensive Income

For the year ended 30 June 2020

		Consolidated		Parent	
		2020	**2019**	**2020**	**2019**
	Note	**$'000**	**$'000**	**$'000**	**$'000**
Revenue	**2b**	**16,838**	**16,481**	**16,838**	**16,481**
Less: operating expenses					
Distributions to venture partners		(625)	(858)	(625)	(858)
Personnel expenses	3	(13,047)	(12,983)	(13,047)	(12,983)
Professional fees	4b	(1,273)	(1,617)	(1,273)	(1,617)
Administration		(764)	(1,496)	(764)	(1,496)
Travel		(407)	(683)	(407)	(683)
Depreciation and amortisation		(1,007)	(337)	(1,007)	(337)
Communications		(30)	(30)	(30)	(30)
Events and activities		(155)	(186)	(155)	(186)
Marketing		(205)	(324)	(205)	(324)
Total operating expenditure		**(17,513)**	**(18,514)**	**(17,513)**	**(18,514)**
Surplus/(deficit) from operating activities		**(675)**	**(2,033)**	**(675)**	**(2,033)**
Net finance income	5b	528	972	528	972
Surplus/(deficit) for the year attributable to members		**(147)**	**(1,061)**	**(147)**	**(1,061)**
Other comprehensive income		-	-	-	-
Total comprehensive income for the year attributable to members		**(147)**	**(1,061)**	**(147)**	**(1,061)**

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2020

	Note	Consolidated 2020	Consolidated 2019	Parent 2020	Parent 2019
		$'000	**$'000**	**$'000**	**$'000**
Assets					
Cash	6a	7,181	5,226	7,181	5,226
Trade and other receivables	7d	1,448	2,814	1,448	2,814
Contract assets		595	369	595	369
Prepayments		172	214	172	214
Other financial assets	7e	4,378	4,338	4,378	4,338
Total current assets		**13,774**	**12,961**	**13,774**	**12,961**
Other financial assets	7e	127	197	127	197
Other receivables	7d	3,705	3,738	3,705	3,738
Property, Plant, and Equipment	9b	565	914	565	914
Right-of-use assets	12b	2,033	-	2,033	-
Intangible assets	10b	110	147	110	147
Total non-current assets		**6,540**	**4,996**	**6,540**	**4,996**
Total assets		**20,314**	**17,957**	**20,314**	**17,957**
Liabilities					
Trade and other payables	11b	667	1,142	667	1,142
Deferred revenue		2,008	1,459	2,008	1,459
Provisions	13c	895	611	895	611
Lease liabilities	12b	547	-	547	-
Total current liabilities		**4,117**	**3,212**	**4,117**	**3,212**
Provisions	13c	267	273	267	273
Lease liabilities	12b	1,497	-	1,497	-
Total non-current liabilities		**1,764**	**273**	**1,764**	**273**
Total liabilities		**5,881**	**3,485**	**5,881**	**3,485**
Net assets		**14,433**	**14,472**	**14,433**	**14,472**
Accumulated funds					
Current Year P&L		(147)	(1,061)	(147)	(1,061)
Prior Period - Retained Earnings		14,472	15,573	14,472	15,573
Adjustment to opening balance of Retained Earnings		108	(40)	108	(40)
Members' funds		14,433	14,472	14,433	14,472
Total funds		**14,433**	**14,472**	**14,433**	**14,472**

The accompanying notes form part of these financial statements.

Statement of Changes in Member's Funds

For the year ended 30 June 2020

Consolidated group	Member's funds $'000	Fair value reserve $'000	Total $'000
Balance at 1 July 2018	15,099	474	15,573
Deficit for the year	(1,061)	-	(1,061)
Other comprehensive income			
Net change in fair value of available-for-sale financial assets*	434	-	434
Net change in fair value of financial assets at FVOCI*	-	(474)	(474)
Total comprehensive income for the year	(627)	(474)	(1,101)
Balance at 30 June 2019	14,472	-	14,472
Deficit for the year	(147)	-	(147)
Other comprehensive income			
Adjustment to opening balance of Retained Earnings	108	-	108
Total comprehensive income for the year	(39)	-	(39)
Balance at 30 June 2020	**14,433**	**-**	**14,433**

Parent entity			
Balance at 1 July 2018	15,099	474	15,573
Deficit for the year	(1,061)	-	(1,061)
Other comprehensive income			
Net change in fair value of available-for-sale financial assets	434	-	434
Net change in fair value of financial assets at FVOCI	-	(474)	(474)
Total comprehensive income for the year	(627)	(474)	(1,101)
Balance at 30 June 2019	14,472	-	14,472
Deficit for the year	(147)	-	(147)
Other comprehensive income			
Adjustment to opening balance of Retained Earnings	108	-	108
Total comprehensive income for the year	(39)	-	(39)
Balance at 30 June 2020	**14,433**	**-**	**14,433**

The accompanying notes form part of these financial statements.

*These movements in the fair value reserve and the members' funds arose from adopting the changes in *AASB 9 Financial Instruments* on 1 July 2019 and reclassifying assets previously held as available for sale to fair value through profit or loss.

Statement of Cash flow

As at 30 June 2020

		Consolidated		Parent	
		2020	**2019**	**2020**	**2019**
	Note	**$'000**	**$'000**	**$'000**	**$'000**
Cash flows from operating activities					
Cash receipts from customers and funders		17,790	16,433	17,790	16,433
Receipts from granting bodies		363	651	363	651
Receipts from government subsidy		892	-	892	-
Interest received on operating accounts		5	21	5	21
Cash paid to suppliers and employees		(17,063)	(18,674)	(17,063)	(18,674)
Term deposits increases		-	(3)	-	(3)
Net cash from/(used in) operating activities	**6b**	**1,987**	**(1,572)**	**1,987**	**(1,572)**
Cash flows from investing activities					
Acquisition of plant and equipment		(37)	(96)	(37)	(96)
Acquisition of intangibles		-	(60)	-	(60)
Interest and dividends received		688	564	688	564
Acquisition of other financial assets		-	(6)	-	(6)
Proceeds from sale of financial assets		3	-	3	-
Investment in joint venture		(110)		(110)	
Net cash from/(used in) investing activities		**544**	**402**	**544**	**402**
Cash flows from financing activities		(576)	-	(576)	-
Net cash from financing activities		**(576)**	**-**	**(576)**	**-**
Net increase/(decrease) in cash and cash equivalents		1,955	(1,170)	1,955	(1,170)
Cash and cash equivalents at beginning of year		5,226	6,396	5,226	6,396
Cash and cash equivalents at end of year	**6a**	**7,181**	**5,226**	**7,181**	**5,226**

The accompanying notes form part of these financial statements

Notes to and forming part of the Financial Statements

For the year ended 30 June 2020

1. Summary of Significant Accounting Policies

a) Reporting entity

Social Ventures Australia Limited (SVA, the Company or the Parent) is a public company limited by guarantee, incorporated and domiciled in Australia. SVA is a not-for-profit (NFP) entity. The address of the Company's registered office and principal place of business is Level 7, 1 Chifley Square, Sydney NSW 2000.The consolidated financial statements of the Company as at and for the year ended 30 June 2020 comprise the Company and its subsidiaries (together referred to as the Group and individually as Group entities). The reporting entity has applied ASIC Class Order 10/654 (Inclusion of parent entity financial statements in financial reports). The consolidated financial statements were authorised for issue by the Board of Directors on 6 October 2020.

b) Basis of preparation

The financial statements are Tier 2 general-purpose financial statements, which have been prepared on an accrual basis and in accordance with the requirements of the Corporations Act 2001, applicable Australian Accounting Standards - Reduced Disclosure Requirements (AASBs) adopted by the Australian Accounting Standards Board (AASB), and the Australian Charities and Not-for-Profit Commission Act 2012.

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. This takes into account management’s assessment of the impact of COVID-19 on the Group’s key activities, assets and income streams.

The financial report has been prepared on a historical cost basis except for financial assets and liabilities at fair value through profit or loss which are measured at fair value. The methods used for measuring fair value are discussed further below.

Judgments, key assumptions and estimations that management has made are disclosed in the relevant notes to the financial statements.

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

c) Functional, presentation currency and foreign exchange translation

Figures shown in the financial statements have been rounded to the nearest $1,000 and expressed in Australian currency, unless indicated otherwise. The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 and therefore the amounts contained in the financial report have been rounded to the nearest thousand dollars, unless otherwise indicated.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the spot rate of exchange ruling at the reporting date. Non-monetary assets and liabilities are translated at their historic rates of exchange at their respective transaction dates.

Notes to and forming part of the Financial Statements (continued)

For the year ended 30 June 2020

1. Summary of Significant Accounting Policies (continued)

d) Statement of compliance

The financial statements and notes comply with Australian Accounting Standards that include Australian Accounting Interpretations.

New and amended standards adopted as at 1 July 2019

AASB 16 *Leases* - introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Lessor accounting under AASB 16 is substantially unchanged and therefore does not have an impact for leases where the Group is a lessor.

The Group adopted AASB16 *Leases* using the modified retrospective (cumulative catch-up) method from 1 July 2019 and therefore the comparative information for the year ended 30 June 2019 is not restated. The Group applied the new standard to all contracts in existence as at 1 July 2019. The group elected to apply transition practical expedients of using a single discount rate for all leases with similar characteristics and to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less. The Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition. The Group has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases.

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating lease' under the principle of AASB 117 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 3.2%.

The change in accounting policy affected the following items in the balance sheet on 1 July 2019:

- Right-of-use assets – increase by $2,717,000
- Lease liabilities – increase by $2,620,000
- Property, Plant and Equipment – decrease by $97,000
- Trade and other payables – decrease by $108,000

The net impact on retained earnings on 1 July 2019 was an increase of $108,000.

"Right-of-use assets" were recognised and presented separately in the statement of financial position. The corresponding assets associated with the make-good provision were derecognised under "property, plant and equipment" and recognised in "Right-of-use assets".

"Lease liabilities" were recognised and presented separately in the statement of financial position.

"Lease incentives" previously included in "Trade and other payables" were derecognised. Opening "Retained earnings" increased as a result.

Depreciation of the right-of-use assets were included in "Depreciation and Amortisation", and interest expense on lease liabilities were recognised under "Net finance income".

Notes to and forming part of the Financial Statements (continued)

For the year ended 30 June 2020

1. Summary of Significant Accounting Policies (continued)

d) Statement of compliance (continued)

The following is a reconciliation of total operating lease commitment at 30 June 2019 (as disclosed in the financial statements to 30 June 2019) to the lease liabilities recognised at 1 July 2019:

	$'000
Total operating lease commitments disclosed at 30 June 2019	**2,747**
(Less): Leases with remaining lease term of less than 12 months	(16)
Add: Melbourne office lease extension	48
Add: Printer lease payments not disclosed	32
(Less): Discounted using incremental borrowing rate	(191)
Lease liabilities recognised as at 1 July 2019	**2,620**

AASB 15 *Revenue from Contracts with Customers* – establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principles explained in five-step approach in the standard.

AASB 1058 *Income of Not-for-Profit Entities* – supersedes all the income recognition requirements relating to private sector NFP entities previously in AASB 1004 Contributions. The standard establishes principles for not-for-profit entities that apply to: (a) transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a not-for-profit entity to further its objectives; and (b) the receipt of volunteer services. It aims to more closely recognise NFP income transactions that are not contracts with customers in accordance with their economy reality. AASB 1058 should be applied in the same reporting period as AASB 15.

The new income model requires that an NFP must first determine whether each transaction, or part of that transaction, falls in the scope of AASB 15. Only where AASB 15 does not apply, AASB 1058 is considered. In some circumstances a contract with a customer may include both non-donation and donation components. The contract should then be allocated between the two standards to ensure appropriate income recognition.

The Group applied AASB 15 and AASB 1058 on 1 July 2019 and adopted the modified retrospective method for both standards. Under this method, the cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings at 1 July 2019, and comparatives are not restated. The application of the new standards can change the amount of revenue recognised or deferred across financial years. SVA has elected to apply a practical expedient available to not-for-profit entities where, if all revenue associated with a specific contract or transaction has already been recognised in full in accordance with AASB 1004 at the end of the previous financial year, there is no requirement to restate under the new standards. As a result, no adjustment will be made to opening retained earnings as at 1 July 2019.

Notes to and forming part of the Financial Statements (continued)

For the year ended 30 June 2020

1. Summary of Significant Accounting Policies (continued)

d) Statement of compliance (continued)

The adoption of AASB 15 has primarily affected the Group's revenue recognition of some grant income. Under AASB 1004, grant income was considered a non-reciprocal transfer and no deferral was allowed. Revenue was recognised on receipt of consideration. Under AASB 15, the Group is required to assess each contract at inception to determine whether it is an enforceable contract, has sufficiently specific performance obligations and there is a promised transfer of goods and services. Grant contracts that meet all three conditions fall under the scope of AASB 15, otherwise AASB 1058 applies.

AASB 15 and AASB 1058 did not have a significant impact on the Group's accounting policies with respect to other revenue streams (Note 2).

The Group also assessed principal versus agent consideration and considered itself as a principal based on the fact the Group is primarily responsible for fulfilling the contract promise if something goes wrong. Gross revenue is therefore recognised. This is consistent with the Group's current treatment and no adjustment has been recognised.

The impact of the new revenue standards compared with the previous revenue standards on the current reporting period is as follows:

	Previous revenue standards $'000	**New revenue standards $'000**	**Difference $'000**
Contract assets	493	595	102
Deferred revenue	1,700	2,008	308
Revenue	17,044	16,838	(206)

e) Changes to the Group's statement of financial position

In previous years, work in progress and billing in advance were presented together as a combined "Work in progress/billing in advance" balance. The balance moved between a net asset or liability balance, driven by the rate of project billing relative to the status of project work performed at a point in time. In 2020, the Group moved to a gross approach presenting assets and liabilities separately. As a result, work in progress assets and deferred revenue liabilities have both increased by $369k in 2019 statement of financial position for comparative purposes.

f) Basis of consolidation

Subsidiaries are entities controlled by the Group as at 30 June 2020. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Transactions eliminated on consolidation include 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.

Notes to and forming part of the Financial Statements (continued)

For the year ended 30 June 2020

1. Summary of Significant Accounting Policies (continued)

g) Accounting for goods and services tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except:

- the amount of GST incurred by the Group as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of the cost of acquisition of an asset or as part of an item of expense; and
- receivables and payables are stated with the amount of GST included.

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

h) Income tax

As a charitable institution, the Company is exempt from income tax under Subdivision 50-B of the *Income Tax Assessment Act 1997.*

i) Equity

The asset revaluation surplus is used to record increments and decrements on the revaluation of current and non-current assets. This accords with the entity's policy on the revaluation of available for sale assets.

The category "Accumulated Funds" includes all current and prior period retained funds.

Separate reserve accounts are recognised in the financial statements only if specific legislation or Australian Accounting Standards require such accounts.

2. Revenue

a) Recognition and measurement

Revenue from contracts with clients

(i) Consulting and professional services

The Group recognises revenue from contracts with clients for the provision of consulting and professional services. Revenue is recognised when the service is provided or by reference to the stage of completion, which is based on labour hours incurred to date as a percentage of total estimated labour hours for each contract. When the contract outcome cannot be measured reliably, revenue is recognised as the services are provided. Customers are invoiced and payment is due in 14 days. Revenues relating to future activities is transferred to deferred income and recognised in the year the service is provided. The Group also provide training sessions and the revenue is recognised at a point of time when training is delivered. Payments are received in advance from online enrolment.

Contract balances

A fee receivable is recognised if an amount of consideration that is unconditional is due from the customer. A contract asset represents the estimated value of performance obligations delivered up to the balance sheet date that have yet to be billed to customers. Amounts recognised as contract assets are reclassified to fee receivables at the point at which they are invoiced to customers. Both fees receivables and contract assets are subject to impairment assessment.

A contract liability is recognised if a payment is received or a payment is due from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract and the control of goods or services are transferred to the customer.

(ii) Management and establishment fees

The Company earns management and establishment fees in its role as manager of its related Trust entities.

Management fee revenue is earned on holding, investing and managing assets on behalf of Social Impact Benefit Trusts, in accordance with the terms of the management agreements. Management fee revenue is recognised over the period in which the services are performed.

Establishment fees arise on the establishment of new Funds and are only recognised as revenue at a point in time when it becomes certain that the Funds will be successfully established. This usually occurs when Trust funding has been secured, such as when irreversible subscription notices have been received.

The Trusts and other customers are invoiced and payment is due in 14 days from the date of the invoice.

(iii) Sponsorship

Sponsorship revenue is recognised over the time by the Group in accordance with the terms and conditions of the signed sponsorship contracts, which specify the timing, form and value of the sponsorship benefits. Customers are invoiced and payment is due in 14 days from the date of the invoice. Sponsorship funds may be applied to expenditure in the current or future financial years.

(iv) Government grants and income

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be met. When the grant relates to an expense item, or funds a program of work, it is recognised as income on a systematic basis over the periods that the related costs are expensed.

Other government income is earned on the rendering of services and is recognised over the time as performance obligations are satisfied. Customers are invoiced and payment is due in 14 days.

Notes to and forming part of the Financial Statements (continued)

For the year ended 30 June 2020

2. Revenue (continued)

a) Recognition and measurement (continued)

Other Revenue

(i) Donations

Revenue that does not meet the criteria of AASB 15 is recognised under AASB 1058, where:

- the consideration to acquire an asset is significantly less than fair value, principally to enable an NFP to further its objectives, or
- the receipt of volunteer services.

The Group receives donations in the form of cash or services.

The Group records cash donations as revenue when received. Other liabilities or obligations do not typically arise from the receipt of donations.

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, function rooms and catering. Contributions of services are recognised when and only when a fair value of those services can be reliably determined, and the services would be purchased if not donated.

(ii) Government Subsidy

In response to the COVID-19 pandemic, governments are providing a range of financial support including JobKeeper. The government support does not involve the transfer of goods or services and accordingly, the revenue is accounted for under AASB 1058. The Group recognises as an asset when the eligibility criteria for the subsidy are met.

For the year ended 30 June 2020

2. Revenue (continued)

b) Revenue

	Consolidated			Parent
	2020	2019	2020	2019
Revenue	**$'000**	**$'000**	**$'000**	**$'000**
Revenue from contracts with customers	10,948	10,774	10,948	10,774
Donations	4,998	5,707	4,998	5,707
Government subsidy	892	-	892	-
Total revenue	**16,838**	**16,481**	**16,838**	**16,481**

c) Disaggregation of Revenue from contracts with clients

	Consolidated			Parent
	2020	2019	2020	2019
Revenue from contracts with customers	**$'000**	**$'000**	**$'000**	**$'000**
Consulting and professional services	7,962	7,259	7,962	7,259
Management and establishment fees	1,613	1,536	1,613	1,536
Sponsorship, grants and other income	1,373	1,979	1,373	1,979
Total revenue from contracts with customers	**10,948**	**10,774**	**10,948**	**10,774**
Timing of revenue recognition				
At a point in time	43	133	43	133
Over time	10,905	10,641	10,905	10,641
Total revenue from contracts with customers	**10,948**	**10,774**	**10,948**	**10,774**

For the year ended 30 June 2020

3. Personnel Expenses

	Consolidated 2020 $'000	Consolidated 2019 $'000	Parent 2020 $'000	Parent 2019 $'000
Wages and salaries	(12,746)	(12,526)	(12,746)	(12,526)
Contractors	(156)	(111)	(156)	(111)
Other associated personnel expenses	(145)	(346)	(145)	(346)
Total personnel expenses	**(13,047)**	**(12,983)**	**(13,047)**	**(12,983)**

4. Professional and Sub-Contractor Fees

a) Recognition and measurement

(i) Payments to service providers

The Company engages third-party service providers to help deliver specialist project or program-based work. The cost of these services is expensed as they are incurred.

(ii) Audit fees

Audit fees include the audit of the consolidated statutory accounts of the Group, the audit of the Australian Financial Services Licence (“AFSL”) for the Company, as well as the audits of some of the managed Trust entities.

PwC provides the services to the Group on a pro bono basis, accordingly the fees payable for 2020 audit services is $nil.

b) Professional and sub-contractor fees

	Consolidated 2020 $'000	Consolidated 2019 $'000	Parent 2020 $'000	Parent 2019 $'000
Payments to service providers	(785)	(995)	(785)	(995)
Professional fees	(446)	(338)	(446)	(338)
Licence fees	(57)	(117)	(57)	(117)
Audit fees	15	(167)	15	(167)
Total professional and sub-contractor fees	**(1,273)**	**(1,617)**	**(1,273)**	**(1,617)**

Notes to and forming part of the Financial Statements (continued)

For the year ended 30 June 2020

5. Net Finance Income

a) Recognition and measurement

(i) Interest income and expenses

Interest income and expense is only recognised when the Group's right to receive payment is established or expense incurred.

Interest income recognised in the Statement of Comprehensive Income using a method that approximates the effective interest method. The effective interest method measures the amortised cost of a financial asset and allocates the interest income over the relevant period using the effective interest which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the carrying amount of the financial asset.

(ii) Investment income

Dividend income is recognised in the Statement of Comprehensive Income 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.

b) Net finance income

	Consolidated		Parent	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Interest income	547	580	547	580
Interest expense on lease liabilities (Note 12)	(75)	-	(75)	-
Dividend income on financial assets classified as FVTPL	289	184	289	184
Net foreign exchange gains and losses	(5)	(10)	(5)	(10)
Net gain/(loss) on financial assets classified as FVTPL	(139)	218	(139)	218
Net gain/(loss) on joint venture (Note 15b)	(89)	-	(89)	-
Total net finance income	**528**	**972**	**528**	**972**

Notes to and forming part of the Financial Statements (continued)

For the year ended 30 June 2020

6. Cash and Cash Equivalents

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

a) Cash and cash equivalents

	Consolidated		Parent	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Cash at bank and on hand	4,367	2,433	4,367	2,433
Cash in managed fund accounts	2,814	2,793	2,814	2,793
Total cash and cash equivalents	**7,181**	**5,226**	**7,181**	**5,226**

b) Reconciliation of the net result to net cash flows from operating activities

	Consolidated		Parent	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Surplus/(deficit) for the year	**(147)**	**(1,061)**	**(147)**	**(1,061)**
Adjustments for:				
Depreciation and amortisation	1,006	337	1,006	337
Disposal of fixed assets	1	-	1	-
Dividend and interest received on investments	(830)	(743)	(830)	(743)
Lease incentives	-	31	-	31
Impairment on financial assets classified as amortised cost	30	40	30	40
Net Profit/(loss) on investment assets	251	(196)	251	(196)
Decrease in receivables & prepayments	496	445	496	445
(Increase) in term deposits	-	(3)	-	(3)
(Decrease)/ Increase in payables	(366)	240	(366)	240
Increase/(decrease) in deferred & unearned income	1,268	(675)	1,268	(675)
Increase in employee provisions	278	14	278	14
Net cash (used in)/from operating activities	**1,987**	**(1,572)**	**1,987**	**(1,572)**

Notes to and forming part of the Financial Statements (continued)

For the year ended 30 June 2020

7. Financial Assets

a) Recognition and measurement

The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised costs
- Financial assets at fair value through profit or loss (FVTPL)
- Financial assets at fair value through OCI (FVOCI)

The classification of financial assets depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Financial assets at amortised cost

The Group measures financial assets at amortised cost if the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value.

Financial assets at amortised costs are subsequently measured using the effective interest rate (EIR) method and are subject to impairment (Note 7b). Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes fees receivables, other receivables, security deposits, shareholder loan and loan to Goodstart Early Learning Limited.

(i) Fees receivables

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(ii) Other receivables

Other receivables include employee reimbursements, costs to be recovered from customers, accrued income and rent deposits.

(iii) Security deposits

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

(iv) Loan - Goodstart Early Learning Limited

The Group is part of the syndicate of not-for-profit organisations that formed Goodstart Early Learning Limited (Goodstart) in 2010, the entity that won the bid to take over 650 ABC Learning Centres from the receivers. Operating as a not-for-profit organisation itself, Goodstart ensures all surplus funds are reinvested to improve early childhood learning and care at the Early Learning centres.

To fund the acquisition, Goodstart worked with a number of funders providing innovative funding solutions for the acquisition. The Group's participation in the syndicate does not draw on any of the Group's funds. The Group has an entitlement to a coupon of 15 per cent per annum. The Group holds 25% of the voting powers of the Goodstart members. Members voting powers are limited to the terms of the Goodstart constitution. The loan is unsecured without collateral.

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, upon which interest has been either received or accrued and reported in current interest receivable.

Notes to and forming part of the Financial Statements (continued)

For the year ended 30 June 2020

7. Financial Assets (continued)

a) Recognition and measurement (continued)

(v) Shareholder loan – Social Infrastructure Investment Partners

In September 2019, SVA and Federation Asset Management (FAM) established a joint venture Social Infrastructure Investment Partners Pty Ltd (SIIP) as a specialist investment management company to manage the Synergis Fund. SVA and FAM entered into a Shareholder Loan Agreement to advance funds to SIIP upon receipt of a request from SIIP for costs and expenses arising from its establishment and operation. The amount of $200,000 is to be provided by each Lender to the Borrower. Amounts repaid or prepaid may not be redrawn. The loan is unsecured and repayable in full on 30 June 2022 with voluntary prepayment option. Interest is charged at 10%.

Financial assets at FVTPL

Financial assets classified as FVTPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. These financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

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

After initial measurement, financial assets classified as FVTPL are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of profit or loss.

This category includes listed debt and equity investments and unlisted investments which the Group did not make the irrevocable election to account for them at FVOCI.

Financial assets at FVOCI

The Group elected not to irrevocably classify its non-listed equity investments under this category.

b) Derecognition

Financial assets are derecognised when the rights to receive cash flow from the assets have expired or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the receive cash flows in full without material delay to a third party under a “pass-through” arrangement; and either the Group has transferred substantially all the risks and rewards of the assets, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

c) Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Notes to and forming part of the Financial Statements (continued)

For the year ended 30 June 2020

7. Financial Assets (continued)

c) Impairment of financial assets (continued)

ECL are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). If a loan is considered to have low risk using all reasonable and supportable information, 12-month ECL is applied.

Where applicable, the Group has applied the simplified approach to calculate ECL for fees receivables where a loss allowance is recognised based on lifetime ECL at each reporting date. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. by customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic condition.

The Group has assessed the ECL for other receivables and deposit securities and determined the ECL is nil for these assets.

d) Financial assets at amortised cost

	Consolidated		Parent	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Current – Trade and other receivables				
Fees receivable	1,038	2,534	1,038	2,534
Allowance for ECL - Fees Receivable	(18)	(48)	(18)	(48)
Other receivables	356	256	356	256
Security deposits	72	72	72	72
Total current	**1,448**	**2,814**	**1,448**	**2,814**
Other non-current receivables				
Security deposits	404	404	404	404
Loan to joint venture	115	-	115	-
Allowance for loan to joint venture	(115)	-	(115)	-
Loan to Goodstart Early Learning Limited	3,366	3,366	3,366	3,366
Allowance for ECL - Goodstart	(65)	(32)	(65)	(32)
Total non-current	**3,705**	**3,738**	**3,705**	**3,738**

Allowance for loan to joint venture includes $26k ECL provision and $89k share of loss in the long-term interest of the joint venture.

For the year ended 30 June 2020

7. Financial Assets (continued)

d) Financial assets at amortised cost (continued)

The impact of COVID-19 on the global economy and how governments, businesses and consumers respond is uncertain. This uncertainty is reflected in the Group's assessment of expected credit losses from its receivables portfolio which are subject to a number of management judgements and estimates. The judgements and associated assumptions have been made within the context of the impact of COVID-19, and reflect historical experience and other factors that are considered to be relevant, including expectations of future events that are believed to be reasonable under the circumstances. In relation to COVID-19, judgements and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy. Accordingly, the Group's expected credit losses estimates are inherently uncertain and, as a result, actual results may differ from these estimates.

e) Financial assets at FVTPL

	Consolidated		Parent	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Other Current financial assets				
Financial assets classified as FVTPL	4,378	4,338	4,378	4,338
Listed securities	2,591	2,624	2,591	2,624
Unlisted investments	1,787	1,714	1,787	1,714
Total current	**4,378**	**4,338**	**4,378**	**4,338**
Other non-current financial assets				
Financial assets classified as FVTPL – NC	127	197	127	197
Listed securities				
Unlisted investments	127	197	127	197
Total non-current	**127**	**197**	**127**	**197**

For the year ended 30 June 2020

8. Fair Value Hierarchy

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under *AASB 13 Fair Value Measurement*, the Group categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

– Level 1 quoted prices in active markets for identical assets / liabilities that Group can access at the measurement date.

– Level 2 inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.

– Level 3 inputs that are not based on observable market data (unobservable inputs).

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Balance as at 30 June 2019				
Listed securities	2,624	-	-	2,624
Unlisted investments	-	1,714	197	1,911
Total carrying value available-for-sale financial assets	**2,624**	**1,714**	**197**	**4,535**
Balance as at 30 June 2020				
Listed securities	2,591	-	-	2,591
Unlisted investments	-	1,750	164	1,914
Total carrying value financial assets classified as FVTPL	**2,591**	**1,750**	**164**	**4,505**

Reconciliation of level 3 fair value measurements

	Consolidated and Parent	
	2020 $'000	**2019 $'000**
Fair value as at 1 July	197	195
Additions	-	2
Revaluation	(33)	-
Disposals	-	-
Fair value as at 30 June	**164**	**197**

For the year ended 30 June 2020

9. Property, Plant and Equipment

a) Recognition and measurement

(i) Initial Recognition

Property, plant and equipment assets acquired are initially recognised at cost. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction. Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

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.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and its cost can be measured reliably. An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss for the year as incurred.

(iii) Impairment of 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.

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.

Management has assessed the leasehold property, plant and equipment assets for impairment at balance date and determined that it is not impaired.

(iv) Depreciation and amortisation

Depreciation is provided on property, plant and equipment. Depreciation is calculated on a straight-line basis to write off the depreciable amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period. All material identifiable components of assets are depreciated separately over their useful lives. The depreciation expense has been included in Statement of comprehensive income as part of the depreciation and amortisation expense.

Assets not yet deployed do not attract depreciation. Once a capital work is completed and in operation, the associated WIP balance is recognised as an asset and subsequently depreciated.

For the year ended 30 June 2020

9. Property, Plant and Equipment (continued)

a) Recognition and measurement (continued)

(iv) Depreciation and amortisation (continued)

The estimated useful lives for current and comparative periods are:

- Office equipment 5 years
- Computer equipment 1-5 years
- Leasehold improvements, furniture and fittings 5-6 years

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

(v) Disposal of fixed assets

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 the property, plant and equipment and are recognised net within other income in the surplus or deficit for the year.

b) Carrying amount of property, plant and equipment

	Consolidated		Parent	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Office equipment				
Gross carrying amount	7	6	7	6
Less: accumulated depreciation	(4)	(2)	(4)	(2)
Office equipment – at carrying value	**3**	**4**	**3**	**4**
Computer equipment				
Gross carrying amount	436	407	436	407
Less: accumulated depreciation	(307)	(199)	(307)	(199)
Computer equipment – at carrying value	**129**	**208**	**129**	**208**
Leasehold improvements, furniture and fittings				
Gross carrying amount	991	1,128	991	1,128
Less: accumulated depreciation	(558)	(426)	(558)	(426)
Leasehold, furniture and fittings – at carrying value	**433**	**702**	**433**	**702**
Total property, plant and equipment at carrying value	**565**	**914**	**565**	**914**

Notes to and forming part of the Financial Statements (continued)

For the year ended 30 June 2020

9. Property, Plant and Equipment (continued)

c) Carrying amount of property, plant and equipment (continued)

Reconciliation of the fair value of property, plant and equipment is set out below.

	Office equipment	**Computer equipment**	**Leasehold, furniture & fittings**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Gross carrying amount				
Balance at 1 July 2019	6	407	1,128	1,541
Additions	1	30	3	34
Reclassification			(140)	(140)
Disposals and write-offs	-	(1)	-	(1)
Balance at 30 June 2020	**7**	**436**	**991**	**1,434**
Depreciation and Impairment				
Balance at 1 July 2019	(2)	(199)	(426)	(627)
Depreciation charge for the year	(2)	(108)	(175)	(285)
Reclassification	-	-	43	43
Disposals and write-offs	-		-	-
Balance at 30 June 2020	**(4)**	**(307)**	**(558)**	**(869)**
Net book value				
Balance at 1 July 2019	**4**	**208**	**702**	**914**
Balance at 30 June 2020	**3**	**129**	**433**	**565**

Previously held property make good assets were derecognised from property, plant and equipment and recognised under right-of-use assets upon adoption of AASB 16 *Leases* (Note 1d). The right-of-use assets will continue to be amortised on a straight-line basis over the expected useful life of the leases.

Notes to and forming part of the Financial Statements (continued)

For the year ended 30 June 2020

10. Intangibles (software)

a) Recognition and measurement

The intangible assets held by the Group comprise software held for internal use and recognised initially at cost and are being amortised on a straight-line basis over five years, unless another useful life is subsequently determined to be more appropriate.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Group's intangible assets, the assets are carried at cost less any accumulated amortisation.

Management has assessed the intangible assets for impairment at balance date and determined that it is not impaired.

b) Intangibles

	Consolidated		Parent	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Computer software				
Gross carrying amount	183	183	183	183
Less: accumulated amortisation	(73)	(36)	(73)	(36)
Total intangibles - fair value	**110**	**147**	**110**	**147**

11. Trade and Other Payables

a) Recognition and measurement

These amounts represent liabilities for goods and services provided to the Group and other amounts, including interest, and other income in advance. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

b) Trade and other payables

	Consolidated		Parent	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Trade payables	52	205	52	205
Accrued expenses	185	462	185	462
Other payables	430	475	430	475
Total trade and other payables	**667**	**1,142**	**667**	**1,142**

For the year ended 30 June 2020

12. Leases

a) Recognition and measurement

For any new contracts entered into on or after 1 July 2019, the Group assessed at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group has lease contracts for various items of property and office equipment. Leases of property have lease terms between 1 and 6 years with options to renew, while office equipment have lease terms between 3 and 5 years. With these leases the Group applies a single recognition and measurement approach, recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At lease commencement date, the Group recognises a right-of-use asset at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequent to initial measurement, the Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Subsequent to initial measurement, the lease liability is increased on interest on the liability and reduced by payments made. The lease liability is subject to remeasurement to reflect reassessment or lease modifications. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group also has certain leases with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the "short-term lease" and "lease of low-value asset" recognition exemptions for these leases. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

b) Leases

(i) Right-of-use assets:

	Property	Office equipment	Total
	$'000	**$'000**	**$'000**
Gross carrying amount			
Balance at 30 June 2019	-	-	-
Initial application of AASB 16	2,689	28	2,717
Depreciation expense	(676)	(8)	(684)
Balance at 30 June 2020	**2,013**	**20**	**2,033**

Notes to and forming part of the Financial Statements (continued)

For the year ended 30 June 2020

12. Leases (continued)

b) Leases (continued)

(ii) Lease liabilities:

	Property $'000	Office equipment $'000	Total $'000
Gross carrying amount			
Balance at 30 June 2019	-	-	-
Initial application of AASB 16	2,592	28	2,620
Additions	-	-	-
Accretion of interest	73	2	75
Payments	(642)	(9)	(651)
Balance at 30 June 2020	**2,023**	**21**	**2,044**
Current	539	8	547
Non-current	1,484	13	1,497
Total Lease Liabilities	**2,023**	**21**	**2,044**

(iii) Lease related amounts in statement of comprehensive income:

	Consolidated 2020 $'000	Parent 2020 $'000
Depreciation expense of right-of-use assets	684	684
Interest expense on lease liabilities	75	75
Expense relating to short-term leases (included in administration)	52	52
Total amount recognised in profit or loss	**811**	**811**

(iv) The Group had total cash outflows for leases of $773k in FY2020. The future cash outflows relating to leases that have not yet commenced are disclosed in Note 14.

13. Provisions

a) Employee benefits provision

Recognition and measurement

Employee benefits are recognised in accordance with *AASB 119 Employee Benefits*.

(i) Annual leave and sick leave

Annual leave is not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value.

Unused non-vesting sick leave does not give rise to a liability, as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

(ii) Long service leave

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. Published actuarial rates developed for the purpose of discounting employee benefit liabilities under AASB 119 are used to discount long service leave. The bond rates used at the reporting date vary based on the length of years to entitlement as follows:

Years to entitlement	2020	2019
1 - 2 years	0.67%	1.46%
2 - 3 years	0.77%	1.53%
3 - 4 years	0.95%	1.65%
4 - 5 years	1.16%	1.79%
5 - 6 years	1.40%	1.95%

Amounts expected to be settled wholly within 12 months of reporting date are not discounted.

b) 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.

Notes to and forming part of the Financial Statements (continued)

For the year ended 30 June 2020

13. Provisions (continued)

c) Current and non-current provisions

	Consolidated		Parent	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Current				
Provision for annual leave	680	516	680	516
Provision for long service leave	148	28	148	28
Provision for property make good	67	67	67	67
Total current	**895**	**611**	**895**	**611**
Non-current				
Provision for long service leave	147	153	147	153
Provision for property make good	120	120	120	120
Total non-current	**267**	**273**	**267**	**273**
Total provisions	**1,162**	**884**	**1,162**	**884**

For the year ended 30 June 2020

14. Commitments and Contingencies

a) Operating lease commitments

The Group has commercial property leases on its business premises at

Sydney	Level 7, Chifley Square	The lease expires 31 December 2023 with 3-year renewal options
Melbourne	Level 3, 45 Williams Street	The lease expires 30 September 2020
Perth		12-month commitment of serviced office rental agreement expiring 30 June 2021

On adoption of AASB 16, Sydney and Melbourne property leases have been reclassified and separately disclosed (Note 12), and therefore removed from the commitments. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Future minimum payments under the non-cancellable short-term leases as at 30 June 2020 are as follows:

	Consolidated		Parent	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Within one year	27	634	27	634
After one year but no more than five years	-	2,112	-	2,112
More than five years	-	-	-	-
Total lease commitments	**27**	**2,746**	**27**	**2,746**

b) Contingent assets and liabilities

SVA has a contingent liability to SVA Nominees No 2 Pty Ltd ATF SVA Diversified Impact Fund (DIF) in the form of 10 callable loans. These loans provide downside protection for the Unitholders of DIF if they do not receive their full amount of paid-up capital in combined capital and income distributions, up to the maximum value of $3m.

In this event, the Trustee of DIF will call the loans from SVA, and SVA will call on the back-to-back callable loans with 10 Private Ancillary Funds (PAFs). SVA's obligation to advance the called amounts to DIF will be limited to the extent it has received funding from the PAFs under the PAF-SVA loans.

This guarantee could be called upon at the earliest of either 21 December 2028 or the termination of DIF.

15. Related Parties

a) Subsidiaries

Social Ventures Australia Limited (the Company) has holdings in several subsidiaries. These subsidiaries also act as trustees for a number of trusts managed by SVA.

	% Equity Interest		Investment $	
	2020	**2019**	**2020**	**2019**
Social Ventures Australia Pty Ltd				
SVA Nominees Pty Ltd (Trustee)	100%	100%	20	20
SVA Nominees No. 2 Pty Ltd (Trustee)	100%	100%	20	20
Newpin SBB Pty Ltd (Trustee)	100%	100%	4	4
Total parent investment in subsidiaries			**44**	**44**
Total group investment in subsidiaries			**44**	**44**

Investments in subsidiaries are accounted for at cost in accordance with AASB127 *Consolidated and Separate Financial Statements*.

b) Joint venture

SVA established a joint venture Social Infrastructure Investment Partners Pty Ltd (SIIP) with Federation Asset Management in September 2019.

	% Equity Interest		Investment $	
	2020	**2019**	**2020**	**2019**
Social Ventures Australia Pty Ltd				
Social Infrastructure Investment Partners Pty Ltd	50%	0%	5	-
Total parent investment in joint venture			**5**	**-**
Total group investment in joint venture			**5**	**-**

Investments in joint venture are accounted for using equity method in accordance with AASB 128 *Investments in Associates and Joint Ventures*. SIIP reported a loss of $216k for the year, and SVA has accordingly recorded the share of loss of $89k of interest in the joint venture, which is on top of the ECL provided for the shareholder loan.

SVA also entered into a Shareholder Loan Agreement to advance funds to SIIP for its establishment and operation. The maximum drawdown is $200,000 with interest accrued on daily basis. The loan is unsecured and repayable in full on 30 June 2022 with voluntary prepayment option. Interest is charged at 10%.

	Shareholder loan$		Interest accrued $	
	2020	**2019**	**2020**	**2019**
Social Infrastructure Investment Partners Pty Ltd	109,964	-	5,082	-
Total parent shareholder loan	**109,964**	**-**	**5,082**	**-**
Total group shareholder loan	**109,964**	**-**	**5,082**	**-**

SVA received $90k fees for professional services from providing middle and back office support in operation of SIIP. SIIP had no other contingent liabilities or commitments as at 30 June 2020.

Notes to and forming part of the Financial Statements (continued)

For the year ended 30 June 2020

15. Related Parties (continued)

c) Social Impact Bonds and Funds

SVA is the investment manager for the following trusts, the trustees of which are wholly-owned subsidiaries of SVA. SVA received $1,608k (2019: $1,536k) management and establishment fees for services provided under the relevant management agreement.

Funds

SVA Nominees No 2 Pty Ltd ATF SVA Diversified Impact Fund

SVA Nominees No 2 Pty Ltd ATF Social Impact Investment Trust

Social Impact Bonds

Newpin SBB Pty Ltd ATF Newpin SBB Trust

SVA Nominees Pty Ltd ATF Aspire SIB Trust

SVA Nominees Pty Ltd ATF Newpin QLD SBB Trust

SVA Nominees Pty Ltd ATF Resolve SIB Trust

SVA Nominees Pty Ltd ATF Sticking Together SIB Trust

SVA also holds 100 units in the Newpin SBB Trust and 37,500 notes, being 0.54% of the total notes on issue.

SVA Nominees No 2 Pty Ltd ATF SVA Diversified Impact Fund (DIF) has a guarantee from SVA in the form of a callable loan, to the maximum value of $3m. SVA in turn has a callable loans with 10 private ancillary funds that guarantee payment in circumstances where the SVA loans are called. This guarantee could be called upon at the earliest of either 21 December 2028 or the termination of the Fund, if the investors have not received a cumulative $1.00 per unit (or the amount of paid capital, whichever is less) in combined capital and income distributions of any form.

For the year ended 30 June 2020

15. Related Parties (continued)

d) Key management personnel

The key management personnel compensation for the consolidated group included in "personnel expenses" (Note 3). The directors of the company do not receive remuneration for their services as directors.

	Consolidated		Parent	
	2020	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
Remuneration	1,524,146	1,612,744	1,524,146	1,612,744

The decrease in remuneration received by key management personnel is driven by a change in the structure of the Leadership Team and voluntary salary reductions taken by the team during COVID-19 pandemic as part of cost reduction efforts.

Other arm's length transactions between the key management personnel or associates of the Group, and SVA or Funds managed by SVA include:

	Consolidated		Parent	
	2020	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
Donations to SVA	334,712	288,725	334,712	288,725
Investments in SIB's/Funds				
Committed value of units held at 30 June	301,000	301,000	301,000	301,000
Distributions received during year	3,966	25,133	3,966	25,133

In addition PAF's associated with key management personnel have entered into callable loan agreements with SVA to support the DIF guarantee to a maximum value of $0.95m.

e) Other related parties

	Consolidated		Parent	
	2020	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
Goodstart Early Learning Limited				
Loan from SVA	3,365,608	3,365,608	3,365,608	3,365,608
Interest received on loan	506,224	504,841	506,224	504,841
Fees received for consulting services	-	-	-	-
Australian Affordable Housing Securities Limited				
SVA holds redeemable preference shares	120,000	120,000	120,000	120,000
Dividends	3,000	3,000	3,000	3,000
Board fees	5,800	2,250	5,800	2,250

Notes to and forming part of the Financial Statements (continued)

For the year ended 30 June 2020

16. Results from Fundraising

The disclosures below apply to both the Consolidated and Parent entities.

	Consolidated and Parent	
	2020	**2019**
	$'000	**$'000**
Total operating revenue	16,838	16,481
Net finance income	528	972
Total income	**17,366**	**17,453**

Total consolidated operating revenue includes donations and sponsorship income of $6,047k (2019: $7,050k).

Philanthropic funding is contributed by the following sectors as a percentage of total funds raised:

	Consolidated and Parent	
	2020	**2019**
	$'000	**$'000**
Individuals and family foundations	35-45%	35-45%
Corporates and corporate foundations	30-40%	30-40%
Institutional/charitable foundations	20-30%	20-30%
Gross proceeds from fundraising and sponsorships	6,047	7,050
Costs associated with fundraising and sponsorships	(1,014)	(1,022)
Fundraising costs as a % of total funds raised	17%	14%
Net surplus obtained from fundraising	5,033	6,028

Fundraising costs as a percentage of total funds raised was 17% (2019: 14%) for the year.

Costs associated with fundraising and sponsorships is based on an allocation of key staff time in maintaining relationships and supporting funder functions held throughout the year. Costs also include an allocation of overheads of the underlying indirect costs.

17. Subsequent Events

In August 2020, the Chair Paul Robertson announced that, after 10 years as Chair, he would be stepping down at the 2020 AGM in November and that the Board has appointed Rob Koczkar as a director and Incoming Chair. The Board also appointed Adam Davids as a director and Adrian Appo retired as a director after 8 years on the SVA Board.

In the opinion of the directors, there were no other matters or circumstances that have arisen since the end of the financial year which significantly affect or may significantly affect the operations of SVA, the results of those operations, or the state of affairs of SVA in future financial years.

Declaration by the Board in respect of fundraising activities

For the year ended 30 June 2020

We, the Board of Directors of Social Ventures Australia Limited, declare in our opinion:

(a) the financial report gives a true and fair view of all income and expenditure of Social Ventures Australia Limited with respect to fundraising appeals activities for the financial year ended 30 June 2020;

(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 2020;

(c) the provisions of the *Charitable Fundraising Act 1991 (NSW)* and Regulations and the conditions attached to the authorities have been compiled with for the financial year ended 30 June 2020; and

(d) the internal controls exercised by Social Ventures Australia Limited are appropriate and effective in accounting for all income received and applied from any fundraising appeals.

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

Paul Robertson

Chairman

Dated at Sydney this 6 October 2020

Directors' Declaration

For the year ended 30 June 2020

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 13 to 45, are in accordance with the *Corporations Act 2001* and the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

 (i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and

 (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements, the Corporations Regulations 2001 and the Australian Charities and Not-for-Profits Commission Regulation 2013; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors.

Paul Robertson

Chairman

Dated at Sydney this 6 October 2020

Independent auditor's report

To the members of Social Ventures Australia Limited

Our opinion

In our opinion:

The accompanying financial report of Social Ventures Australia Limited (the Company) and its controlled entities (together the Group) is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* and the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Company's and Group's financial positions as at 30 June 2020 and of their financial performance for the year then ended

(b) complying with Australian Accounting Standards - Reduced Disclosure Requirements, Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013* and the *Corporations Regulations 2001*.

What we have audited

The Company and Group financial report comprises:

- the Consolidated and Parent statements of financial position as at 30 June 2020
- the Consolidated and Parent statements of comprehensive income for the year then ended
- the Consolidated and Parent statements of changes in equity for the year then ended
- the Consolidated and Parent statements of cash flow for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

We are independent of the Company and the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2020 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Company and the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

Report on the requirements of the Charitable Fundraising Act 1991 (NSW) and the Charitable Fundraising Regulations 2015 (NSW)

We have audited the financial report of Social Ventures Australia Limited (the Company) as required by Section 24(2) of the *Charitable Fundraising Act 1991 (NSW)*. The directors of the Company are responsible for the preparation and presentation of the financial report in accordance with the *Charitable Fundraising Act 1991 (NSW) and Charitable Fundraising Regulations 2015 (NSW)*. Our responsibility is to express an opinion on the financial report based on our audit.

In our opinion, in all material respects:

a) The financial report of the Company represents a true and fair view of the financial result of the fundraising appeals for the financial year ended 30 June 2020 and has been prepared in accordance with section 24(2)(a) of the *Charitable Fundraising Act 1991 (NSW)*.

b) The accounts and associated records have been properly kept during the financial year ended 30 June 2020 in accordance with:
   i. sections 20(1), 22(1-2), 24(1-3) of the Charitable Fundraising Act 1991 (NSW)
   ii. sections 10(6) and 11 of the Charitable Fundraising Regulations 2015 (NSW)

c) The money received as a result of fundraising appeals conducted by the Company during the financial year ended 30 June 2020 has been properly accounted for and applied in accordance with the above mentioned Act and Regulation.

PricewaterhouseCoopers

PricewaterhouseCoopers

Elizabeth O'Brien

Elizabeth O'Brien
Partner

Sydney
6 October 2020