

Social Ventures Australia Limited

ABN 94 100 487 572

Annual Report

30 June 2011

Social Ventures Australia Limited

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Social Ventures Australia Limited

Directors' report

For the year ended 30 June 2011

The directors present their report together with the consolidated financial statements of Social Ventures Australia Limited (the Company or SVA) comprising the Company and its subsidiaries together referred to as (the Group) for the financial year ended 30 June 2011 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

*BComm (UNSW), FCPA,
MAICD*

Chairman

Non-Executive Director

Experience and expertise

Director since 30 August 2010

Mr Robertson is an experienced leader who has spent his career in banking and finance, initially with the Commonwealth Bank of Australia and subsequently with Hill Samuel/Macquarie Bank for over 25 years. He was also a Director of Macquarie Risk Advisory Services, chaired the Macquarie Awards Committee and chaired Macquarie Bank Sports.

Other current directorships

Mr Robertson is a Director of St Vincents Health Australia Group, Chair of St Ignatius College (Riverview), Founder and Director of Financial Markets Foundation for Children, Director of Cheviot Bridge (wine company) and Chair of RV Sports (sports management and sponsorship company).

Former directorships in last 3 years

Mr Robertson was previously Director of Austraclear, Director of Sydney Futures Exchange Clearing House, Co-founder and Chair of Australian Financial Markets Association and Director of National Basketball League.

Arsenio Alegre

CPA, BBus, MBA

Non-Executive Director

Chairman of Finance, Audit & Risk Committee

Experience and expertise

Director since 16 June 2008

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

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

Other current directorships

SVA Nominees Pty Ltd (Trustee for SVA Future Trust) and Social Enterprises Ltd.

Directors' report (continued)

For the year ended 30 June 2011

1 Directors (continued)

Alison Deans

MA, MBA

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

Experience and expertise

Director since 21 September 2007

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

Other current directorships

Ms Deans is also a director of Downstream Marketing, The Video Network and Allure Media.

Former directorships in last 3 years

Griffin Theatre Company, The Starlight Children's Foundation, Livewire, ReachLocal Australia and OurDeal.

Richard Spencer

LLB MProfEthics

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

Experience and expertise

Director since 20 October 2004

Mr Spencer recently retired as Chief Executive Officer of The Benevolent Society. He has spent many years working at the CEO level in the non profit sector. Previous roles have included CEO of The Cerebral Palsy Alliance and President of AFS Intercultural Programs in New York. He also served as Executive Director of UNICEF Australia in the late 1980s. Prior to that, he worked as a corporate lawyer for Clayton Utz and held senior management positions with Rio Tinto and Pioneer International.

Other current directorships

Mr Spencer is on the Board of the NSW Government's Commission of Audit. He is also a member the Sydney Advisory Council of the Centre for Social Impact.

Former directorships in last 3 years

Mr Spencer was a founding director of GoodStart Childcare Limited and a Director of Community Council of Australia.

Dr Lisa O'Brien

MBBS (Hons), MBA,

MHR&C, FRACMA

Non-Executive Director

Experience and expertise

Director since 17 October 2011

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

Other current directorships

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

Former directorships in last 3 years

Previously a director of the Australian Private Hospitals Association.

Social Ventures Australia Limited

Directors' report (continued)

For the year ended 30 June 2011

1 Directors (continued)

Robert John McLean

*BECON STATS (HONS),
MBA*

Chairman

Non-Executive Director

Experience and expertise

Director since 9 May 2002 - Retired as a Director on 22 November 2010

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

Other current directorships

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

Former directorships in last 3 years

Mr McLean was Chair of Elders Rural Services and Greenway Capital.

Elaine Henry

OAM BSc(Hons), DLitt (h.c)

Non-Executive Director

Experience and expertise

Director since 9 May 2002 - Resigned as a Director on 31 August 2011

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

Other current directorships

Ms Henry is on the Australian Government Financial Literacy Board; the Australian Statistics Advisory Council; the Australian Business School Advisory Council, University of NSW; the Dean's Advisory Board, Faculty of Education & Social Work, University of Sydney; the Sydney Advisory Council of the Centre for Social Impact; the Vice Chancellor's Advisory Board, University of Wollongong; the Board of Governors of CEDA (Committee for Economic Development of Australia); the Australian Research Alliance for Children and Youth; and is a Trustee of the National Breast Cancer Foundation.

2 Company secretary

The company secretary is Ms Frances Deegan BA LLB (NSW), LLM (Lond.). Ms Deegan has previously worked in legal publishing, particularly in the field of corporate law.

Ms Deegan was appointed company secretary on 21 September 2007.

3 Directors' meetings

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

Director	Board meetings		Finance, Audit & Risk Committee Meetings	
	Attended	Entitled	Attended	Entitled
Paul Robertson	6	6	-	-
Arsenio Alegre	7	8	7	7
Alison Deans	8	8	7	7
Elaine Henry	7	8	-	-
Richard Spencer	7	8	7	7
Robert John McLean	3	3	-	-

Social Ventures Australia Limited

Directors' report (continued)

For the year ended 30 June 2011

4 Role of Board

The Board of SVA operates under a constitution that sets out major parameters of governance including membership, election of chairman, board size and meeting frequency. The number of directors must be not less than three nor more than fifteen. Under the Corporations Act the board is ultimately responsible for all matters relating to the running of the company and its controlled entities.

The Board has a documented Board Charter which includes the statement that the Board is responsible for and has the authority to determine all matters relating to the policies, practices, management and operation of the Company. The Board is required to do all things necessary to achieve the objectives of the Company and serve the interests of its stakeholders. The Board has the responsibility for the effective governance and successful operation of the Company.

5 Finance, Audit and Risk Committee

The Finance, Audit and Risk (FAR) Committee has documented Terms of Reference approved by the Board. The Committee is to be composed of up to five but not less than three independent, non-executive directors. The members of the Committee shall be appointed by the Board of Directors to serve a term of one year and are permitted to serve an unlimited number of consecutive terms. The Committee shall have an independent chairperson, who is not chairperson of the Board.

The members of the FAR Committee during the year were:

- Arsenio Alegre CPA, BBus, MBA – Chairman, Non-Executive Director
- Alison Deans MA, MBA - Non-Executive Director
- Richard Spencer LLB MProfEthics - Non-Executive Director

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

Although the primary responsibility for SVA's financial reporting, accounting systems, internal controls, risk management, management plans & budgets, business policies & practices, protection of assets and compliance with laws, regulations, standards & best practice guidelines is entrusted to the SVA Management and overseen by the SVA Board of Directors; the FAR Committee is a standing committee of the Board established to assist the Board in fulfilling its responsibilities in this regard.

The FAR Committee reviews the performance of the auditors on an annual basis and meets with them during the year to discuss the audit plan; review the annual financial report and recommend Board approval of the report; and review the results and findings of the auditor.

6 Company objectives, strategies and principal activities

Short term and long term objectives and strategies

Social Ventures Australia (SVA) is a non-profit organisation investing in social change, by helping increase the impact and build the sustainability of organisations in the social sector. The Group's objectives are to provide funding and strategic support to carefully selected non-profit partners, as well as offering consulting services to the social sector more broadly.

Principal activities

During the financial year the Group continued working with innovative non-profit organisations to increase their growth and impact to drive transformational social change. The principal activities of the Group during the financial year were:

- supporting a portfolio of non-profit organisations;
- consulting to the broader non-profit sector; and
- developing social sector partnerships.

Our investments have a bias to education and employment, as we believe these to be critical areas of focus if all Australians are to have the opportunity to realise their full potential.

As a not-for-profit organisation at the forefront of sector development and innovation, SVA works in collaboration with sector partners, as well as Government, business and some of Australia's leading philanthropists.

Social Ventures Australia Limited

Directors' report (continued)

For the year ended 30 June 2011

7 Review of performance

Review of operations

The operating surplus of the Group for the year ended 30 June 2011 was \$816,219 (2010: \$3,444,578).

The operating surplus of the Company for the year ended 30 June 2011 was \$45,241 (2010: \$3,075,866).

Operating statement

The operating statement in Note 9 of this report details the Group's operational income and expenses, reconciled to the consolidated statement of comprehensive income prepared under Australian Accounting Standards.

The revenue shown in the consolidated statement of comprehensive income includes donations of \$2,274,051 (2010: \$3,687,108) for the Ventures that we support, \$20,000 (2010: \$406,000) for the SVA Future Trust and funding for social enterprises of \$2,724,775 (2010: \$200,000). In the prior year the Group received a one off transaction service fee of \$2,500,000 for the significant contribution the Group made to the establishment of GoodStart Childcare Limited. These funds are not used in the Group's operations, therefore the revenue for the Group's operations during the year was \$6,987,475 (2010: \$6,634,313).

The expenses shown in the consolidated statement of comprehensive income include donations and grants which are a pass through of donations received for Ventures that we support. By excluding donations and grants paid, the expenses of the Group's operations were \$7,381,106 (2010: \$6,833,982) .

The deficit for the Group's operations, excluding income quarantined for specific purposes and non-operational expenses was \$393,631 (2010: \$199,669).

Measurement of performance

The Group monitors the progress of all of the organisations that we invest in by tracking KPI's as described in their strategic plans. All of the Group's funding commitments were met with funds successfully raised and acquitted as planned. All of the SVA Consulting client engagements are evaluated on completion. All of the Government contracts are tracking in line with the Agreements.

8 Significant changes in the state of affairs

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

9 Operating statement

In AUD

	2011	2010
Revenue		
Revenue per consolidated statement of comprehensive income	12,006,301	13,427,421
Donations quarantined for the Ventures	(2,274,051)	(3,687,108)
Donations quarantined for SVA Future Trust	(20,000)	(406,000)
Funding for social enterprises	(2,724,775)	(200,000)
Transaction service fee on establishment of GoodStart Childcare Limited	-	(2,500,000)
Revenue from operations	<u>6,987,475</u>	<u>6,634,313</u>
Expenses		
Personnel expenses	(4,947,795)	(4,469,620)
Programs and consultancy	(504,320)	(320,912)
Administration	(846,668)	(794,792)
Travel	(394,067)	(428,752)
Depreciation and amortisation	(180,254)	(152,606)
Communications	(68,550)	(64,536)
Events and activities	(302,445)	(529,231)
Marketing	(137,007)	(73,533)
Total expense	<u>(7,381,106)</u>	<u>(6,833,982)</u>
Deficit from operations	<u>(393,631)</u>	<u>(199,669)</u>

Social Ventures Australia Limited

Directors' report (continued)

For the year ended 30 June 2011

9 Operating statement (continued)

In AUD

	2011	2010
Reconciliation to the statement of comprehensive income		
Deficit from operations	(393,631)	(199,669)
Donations quarantined for the Ventures	2,274,051	3,687,108
Donations quarantined for SVA Future Trust	20,000	406,000
Funding for social enterprises	2,724,775	200,000
Transaction service fee on establishment of GoodStart Childcare Limited	-	2,500,000
Donations and grants	<u>(4,398,070)</u>	<u>(3,355,522)</u>
Surplus from operating activities per the consolidated statement of comprehensive income	<u>227,125</u>	<u>3,237,917</u>

10 Members' liabilities

Social Ventures Australia Limited is a Company limited by guarantee. Pursuant to the constitution of the Company, every member has undertaken in the event of a deficiency on winding up, to contribute an amount not exceeding \$2. At 30 June 2011 the total of these guarantees was \$28 (2010: \$26).

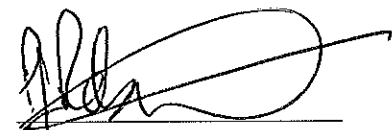
11 Authority to fundraise

Social Ventures Australia Limited has been granted authority to raise funds in NSW under the provisions of the Charitable Fundraising Act 1991. Social Ventures Australia Limited has also been granted authority to raise funds in Victoria under the provisions of the Fundraising Appeals Act 1998.

12 Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 8 and forms part of the directors' report for financial year ended 30 June 2011.

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



Paul Robertson
Chairman

Dated at Sydney this 17th day of October 2011.



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

To: the directors of Social Ventures Australia Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2011 there has been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Louise Hendry

Louise Hendry
Partner

Sydney

17 October 2011

Social Ventures Australia Limited

Consolidated statement of comprehensive income

For the year ended 30 June 2011

<i>In AUD</i>	Note	2011	2010 Restated*
Revenue	4	12,006,301	13,427,421
Donations and grants		(4,398,070)	(3,355,522)
Personnel expenses	5	(4,947,795)	(4,469,620)
Programmes and consultancy		(504,320)	(320,912)
Administration		(846,668)	(794,792)
Travel		(394,067)	(428,752)
Depreciation and amortisation		(180,254)	(152,606)
Communications		(68,550)	(64,536)
Events and activities		(302,445)	(529,231)
Marketing		(137,007)	(73,533)
Surplus from operating activities		<u>227,125</u>	<u>3,237,917</u>
Finance income		626,796	206,661
Finance costs		(37,702)	-
Net finance income	6	<u>589,094</u>	<u>206,661</u>
Profit before income tax		816,219	3,444,578
Income tax expense		-	-
Surplus for the year attributable to members		<u>816,219</u>	<u>3,444,578</u>
Other comprehensive income			
Net change in fair value of available-for-sale financial assets		247,153	71,867
Total comprehensive income for the year attributable to members		<u>1,063,372</u>	<u>3,516,445</u>

* See changes in accounting policy note 2(e).

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

Social Ventures Australia Limited

Consolidated statement of financial position

As at 30 June 2011

In AUD

	Note	2011	2010 Restated*
Assets			
Cash and cash equivalents	7	3,226,657	4,832,441
Trade and other receivables	8	921,742	1,021,351
Total current assets		<u>4,148,399</u>	<u>5,853,792</u>
Available-for-sale financial assets	9	2,883,061	2,121,734
Loan receivable	2(e)	2,944,145	2,500,000
Property, plant and equipment	10	181,053	271,586
Intangible assets	11	6,895	36,497
Total non-current assets		<u>6,015,154</u>	<u>4,929,817</u>
Total assets		<u>10,163,553</u>	<u>10,783,609</u>
Liabilities			
Trade and other payables	12	763,772	2,422,690
Employee benefits	13	171,183	191,580
Total current liabilities		<u>934,955</u>	<u>2,614,270</u>
Employee benefits	13	48,049	52,162
Provisions	14	40,000	40,000
Total non-current liabilities		<u>88,049</u>	<u>92,162</u>
Total liabilities		<u>1,023,004</u>	<u>2,706,432</u>
Net assets		<u>9,140,549</u>	<u>8,077,177</u>
Accumulated funds			
Members' funds		8,748,831	7,932,612
Fair value reserve	15	391,718	144,565
Total funds		<u>9,140,549</u>	<u>8,077,177</u>

* See changes in accounting policy note 2(e).

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

Social Ventures Australia Limited

Consolidated statement of changes in funds For the year ended 30 June 2011

In AUD

	Members' funds	Fair value reserve	Total
Balance at 1 July 2009	4,488,034	72,698	4,560,732
Surplus for the year - restated (see note 2(e))	3,444,578	-	3,444,578
<i>Other comprehensive income</i>			
Net change in fair value of available-for-sale financial assets	-	71,867	71,867
Total comprehensive income for the year	3,444,578	71,867	3,516,445
Balance at 30 June 2010 (Restated)	7,932,612	144,565	8,077,177
Balance at 1 July 2010	7,932,612	144,565	8,077,177
Surplus for the year	816,219	-	816,219
<i>Other comprehensive income</i>			
Net change in fair value of available-for-sale financial assets	-	247,153	247,153
Total comprehensive income for the year	816,219	247,153	1,063,372
Balance at 30 June 2011	8,748,831	391,718	9,140,549

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

Social Ventures Australia Limited

Consolidated statement of cash flows

For the year ended 30 June 2011

In AUD

	Note	2011	2010
Cash flows from operating activities			
Cash receipts from customers and funders		8,315,794	9,364,888
Receipts from granting bodies		2,622,187	2,482,087
Cash paid to suppliers and employees		(12,373,591)	(10,114,594)
Dividends received		259,170	279,518
Net cash (used in)/from operating activities		<u>(1,176,440)</u>	<u>2,011,899</u>
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		322	1,266
Acquisition of property, plant and equipment and intangible assets		(60,441)	(111,719)
Interest received		161,163	94,841
Acquisition of available-for-sale financial assets		(4,772,043)	(3,333,733)
Proceeds from sale of available-for-sale financial assets		4,241,655	2,911,970
Net cash used in investing activities		<u>(429,344)</u>	<u>(437,375)</u>
Cash flows from financing activities			
Net cash from financing activities		<u>-</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents		(1,605,784)	1,574,524
Cash and cash equivalents at beginning of year		4,832,441	3,257,917
Cash and cash equivalents at end of year	7	<u>3,226,657</u>	<u>4,832,441</u>

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

Social Ventures Australia Limited

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Social Ventures Australia Limited

Notes to the consolidated financial statements

For the year ended 30 June 2011

1 Reporting entity

Social Ventures Australia Limited (the Company) is a public company limited by guarantee, incorporated and domiciled in Australia. The address of the Company's registered office and principal place of business is Level 6, 6-10 O'Connell Street, Sydney NSW 2000. The consolidated financial statements of the Company as at and for the year ended 30 June 2011 comprise the Company and its subsidiaries (together referred to as the Group and individually as Group entities).

During the financial year the Group continued working with innovative non-profit organisations to increase their growth and impact to drive transformational social change. The principal activities of the Group during the financial year were:

- supporting a portfolio of non-profit organisations;
- consulting to the broader non-profit sector; and
- developing social sector partnerships.

Our investments have a bias to education and employment, as we believe these to be critical areas of focus if all Australians are to have the opportunity to realise their full potential.

As a not-for-profit organisation at the forefront of sector development and innovation, SVA works in collaboration with sector partners, as well as Government, business and some of Australia's leading philanthropists.

2 Basis of preparation

(a) Statement of compliance

The Company early adopted AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-02 Amendments to Australian Standards arising from Reduced Disclosure Requirements for the financial year beginning on 1 July 2010 to prepare Tier 2 general purpose financial statements.

The consolidated financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

The consolidated financial statements were authorised for issue by the Board of Directors on 17 October 2011.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for available-for-sale financial assets which are measured at fair value.

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2 Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

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

- note 2(e) – Accounting for investment in GoodStart Childcare Limited
- note 9 – Valuation of available-for-sale financial assets
- note 14 – Measurement of provisions

(e) Change in accounting policy

Loan receivable – Interest in GoodStart

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

To fund the acquisition, GoodStart worked with a number of funders providing innovative funding solutions for the acquisition. The Group's participation in the syndicate does not draw on any of the Group's funds. With the three other founding non profit members, the Group has an entitlement to a \$2.5m deeply subordinated loan with a coupon of 15 per cent that has the long-term potential to provide an important funding stream for the Group.

The repayment term of this facility is a bullet payment at 20 years from the date of acquisition (being 28 May 2010). The loan is disclosed as a non-current receivable and as at 30 June 2011 has a balance of \$2,944,145 (2010: \$2,500,000) comprising of \$2,500,000 principal and \$444,145 interest. This loan reflects a capitalisation of the significant contribution the Group and others have made to the establishment of GoodStart.

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

On 1 July 2010 the Group changed its accounting policy with respect to the investment in GoodStart from an equity accounted investee under AASB 128 *Investment in Associate* which treated the loan receivable as part of the investment in GoodStart and recognised a share of the surplus of GoodStart, to a loan receivable financial asset under AASB 139 *Financial Instruments: Recognition and Measurement*.

Given the company limited by guarantee status of GoodStart and the difficulty of applying the significant influence concept to such an entity and the disparity between the Group's economic interest in GoodStart and its voting interest, the directors have determined to discontinue the use of the equity method. The directors believe that this change in accounting policy to account only for the loan receivable, will provide more reliable and more relevant information about the performance of the Group.

Social Ventures Australia Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2011

2 Basis of preparation (continued)

(e) Change in accounting policy (continued)

The change in accounting policy was applied retrospectively and had a negative impact on the Group's consolidated profit of \$438,714 for the year ended 30 June 2010 which was the first year in which the investment was equity accounted. As the interest in GoodStart was acquired on 28 May 2010 there is no impact on the opening balance position as at 1 July 2009 and accordingly no third consolidated statement of financial position has been presented.

The financial statement line items affected by the change in accounting policy are:

In AUD

	Previously reported	2010 Adjustments	Restated
Statement of comprehensive income			
Share of surplus in equity accounted investees	438,714	(438,714)	-
Surplus for the year attributable to members	3,883,292	(438,714)	3,444,578
Statement of financial position			
Investment in equity accounted investees	438,714	(438,714)	-
Total assets	11,222,323	(438,714)	10,783,609
Statement of changes in funds			
Members' funds	8,371,326	(438,714)	7,932,612

3 Significant accounting policies

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

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

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

The above has not resulted in any change to the statement of financial position or statement of comprehensive income of the Company.

(ii) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Social Ventures Australia Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2011

3 Significant accounting policies (continued)

(b) Financial instruments

(i) Non-derivative financial assets

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

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

Trade and other receivables

Trade and other receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method, less any impairment losses (see note 3(e)).

Cash and cash equivalents

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

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale. The Group's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3(e)), are recognised in other comprehensive income and presented within accumulated funds in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in accumulated funds is transferred to the surplus or deficit for the year.

The fair value of available-for-sale financial assets is determined by reference to their quoted bid price at the reporting date.

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

(ii) Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group's non-derivative financial liabilities are trade and other payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Social Ventures Australia Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2011

3 Significant accounting policies (continued)

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income in the surplus or deficit for the year.

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in the surplus or deficit for the year on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

- | | |
|--|---------|
| • Office equipment | 5 years |
| • Computer equipment | 3 years |
| • Leasehold improvements, furniture and fittings | 5 years |

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

(iv) Property make good asset

Property make good asset is stated at historical cost less amortisation. Amortisation was calculated on a straight-line basis over the expected useful life of the lease being 20 months.

(d) Intangible assets

Computer software

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

3 Significant accounting policies (continued)

(e) Impairment

(i) Non-derivative financial assets (e.g. trade receivables)

A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the surplus or deficit for the year and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the surplus or deficit for the year.

Available-for-sale financial assets

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

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

Social Ventures Australia Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2011

3 Significant accounting policies (continued)

(e) Impairment (continued)

(ii) Non-financial assets (e.g. property, plant and equipment)

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its fair value less costs to sell and value in use, being the depreciated replacement cost of the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit (CGU)).

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the surplus or deficit for the year. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(f) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the surplus or deficit for the year in the periods during which services are rendered by employees.

(ii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(g) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Make good provision

A make good provision is recognised when the Group enters into a lease contract that requires the property to be returned to the lessor in its original condition. The provision is based on the expected future cost of the refurbishment discounted to reflect current market assessments.

Social Ventures Australia Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2011

3 Significant accounting policies (continued)

(h) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised for the major operating activities as follows:

(i) *Funding and sponsorship*

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

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

Program revenue, consultancy services and conferences and events income are recognised when the services are provided. Revenues relating to future accounting periods are transferred to deferred income. They are recognised in the surplus or deficit for the year once the service has been provided.

(iii) *Government grants*

An unconditional government grant is recognised when the Group obtains control of the grant or the right to receive the grant; it is probable that the economic benefits comprising the grant will flow to the Group; and the amount of grant can be measured reliably. That is, where there are no conditions attached to a government grant, revenue is recognised once received.

Other government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in the surplus or deficit for the year as revenue on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in the surplus or deficit for the year on a systematic basis over the useful life of the asset.

(iv) *Dividends*

Dividend income is recognised in the surplus or deficit for the year on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(i) Lease payments

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

(j) Finance income and finance costs

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

Finance costs comprises impairment losses recognised on financial assets.

(k) Income tax

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

(l) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Social Ventures Australia Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2011

3 Significant accounting policies (continued)

(l) Goods and services tax (continued)

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

(m) Gifts in kind

The Group receives various forms of in-kind support from organisations for professional services such as legal advice, consulting, training and audit, and services such as printing, functions rooms and catering. Services provided to the Group are disclosed upon receipt when their fair value can be reliably measured. Pro-bono audit fees of \$82,000 and printing services of \$25,000 could be reliably measured and have been disclosed in the accounts.

4 Revenue

In AUD

	2011	2010
Funding and sponsorship	6,403,160	8,193,852
Programme revenue	-	8,249
Government grants	4,065,343	856,281
Consultancy services	1,278,628	994,326
Conferences and events income	-	595,195
Dividend income on available-for-sale financial assets	259,170	279,518
Transaction service fee on establishment of GoodStart Childcare Limited	-	2,500,000
	<u>12,006,301</u>	<u>13,427,421</u>

5 Personnel expenses

In AUD

	2011	2010
Wages and salaries	4,851,313	4,380,622
Other associated personnel expenses	96,482	88,998
	<u>4,947,795</u>	<u>4,469,620</u>

Superannuation expense for the year was \$524,126 (2010: \$443,149).

6 Finance income and finance costs

In AUD

	2011	2010
Interest income	605,308	94,841
Gain on disposal of available-for-sale financial assets	21,488	111,820
Finance income	<u>626,796</u>	<u>206,661</u>
Impairment loss on available-for-sale financial assets	(37,702)	-
Finance costs	<u>(37,702)</u>	-
Finance income recognised in surplus for the year	<u>589,094</u>	<u>206,661</u>

7 Cash and cash equivalents

In AUD

	2011	2010
Cash at bank and on hand	<u>3,226,657</u>	<u>4,832,441</u>
Cash and cash equivalents in the statement of cash flows	<u>3,226,657</u>	<u>4,832,441</u>

Social Ventures Australia Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2011

8 Trade and other receivables

<i>In AUD</i>	2011	2010
Current		
Trade receivables	617,009	860,793
Deposits at call	193,502	146,494
Other receivables	111,231	14,064
	<u>921,742</u>	<u>1,021,351</u>

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

9 Available-for-sale financial assets

<i>In AUD</i>	2011	2010
Non-current		
Listed securities	2,883,061	2,121,734
	<u>2,883,061</u>	<u>2,121,734</u>

10 Property, plant and equipment

<i>In AUD</i>	Office equipment	Computer equipment	Leasehold improvements, furniture and equipment	Total
Cost or deemed cost				
Balance at 1 July 2010	16,972	217,142	488,821	722,935
Additions	-	39,446	20,995	60,441
Disposals	-	(2,272)	-	(2,272)
Balance at 30 June 2011	<u>16,972</u>	<u>254,316</u>	<u>509,816</u>	<u>781,104</u>
Depreciation and impairment losses				
Balance at 1 July 2010	9,183	157,264	284,902	451,349
Depreciation for the year	3,713	47,214	99,725	150,652
Disposals	-	(1,950)	-	(1,950)
Balance at 30 June 2011	<u>12,896</u>	<u>202,528</u>	<u>384,627</u>	<u>600,051</u>
Carrying amounts				
At 1 July 2010	7,789	59,878	203,919	271,586
At 30 June 2011	<u>4,076</u>	<u>51,788</u>	<u>125,189</u>	<u>181,053</u>

Social Ventures Australia Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2011

11 Intangible assets

In AUD

Cost

Balance at 1 July 2010

Balance at 30 June 2011

Amortisation and impairment losses

Balance at 1 July 2010

Amortisation for the year

Balance at 30 June 2011

Carrying amounts

At 1 July 2010

At 30 June 2011

	Computer software	Total
	70,254	70,254
	<u>70,254</u>	<u>70,254</u>
	33,757	33,757
	<u>29,602</u>	<u>29,602</u>
	<u>63,359</u>	<u>63,359</u>
	36,497	36,497
	<u>6,895</u>	<u>6,895</u>

12 Trade and other payables

In AUD

Current

Trade payables

Accrued expenses

Deferred income

Other payables

	2011	2010
	57,975	21,002
	234,323	233,166
	374,080	1,817,236
	97,394	351,286
	<u>763,772</u>	<u>2,422,690</u>

13 Employee benefits

In AUD

Current

Liability for annual leave

Non-current

Liability for long-service leave

	2011	2010
	171,183	191,580
	<u>48,049</u>	<u>52,162</u>

Social Ventures Australia Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2011

14 Provisions

<i>In AUD</i>	2011	2010
Property make-good provision		
Non-current		
Balance at 1 July	40,000	40,000
Balance at 30 June	<u>40,000</u>	<u>40,000</u>

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

15 Reserves

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investment is derecognised or impaired.

16 Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

<i>In AUD</i>	2011	2010
Less than one year	432,679	212,452
Between one and five years	1,004,452	739,341
	<u>1,437,131</u>	<u>951,793</u>

The Group leases the Sydney and Melbourne offices under non-cancellable operating leases expiring up to 4 years. The leases have varying terms, escalation clauses and renewal rights. On 14 July 2011, SVA commenced a lease of the adjacent suite to their current Sydney office, terminating in conjunction with the current lease on 31 December 2014.

During the year ended 30 June 2011 \$308,074 was recognised as an expense in surplus or deficit in respect of operating leases (2010: \$317,702).

Social Ventures Australia Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2011

17 Contingent liability

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

18 Related parties

Key management personnel compensation

The key management personnel compensation included in 'personnel expenses' (see note 5) was \$390,420 for the year ended 30 June 2011 (2010: \$202,408).

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

Key management personnel and director transactions

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

A number of these entities transacted with the Group in the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available on similar transactions to non-key management personnel related entities on an arm's length basis.

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

<i>In AUD</i>	2011	2010
Revenue from related entities	649,146	700,400
Transaction service fee on establishment of GoodStart Childcare Limited	-	2,500,000

There were no amounts outstanding as at 30 June 2011 (2010: \$nil).

Social Ventures Australia Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2011

19 Parent entity disclosures

As at, and throughout, the financial year ending 30 June 2011 the parent entity of the Group was Social Ventures Australia Limited.

In AUD

	2011	2010
Result of the parent entity		
Surplus for the year attributable to members	45,241	3,075,866
Other comprehensive income	-	-
Total comprehensive income for the year	<u>45,241</u>	<u>3,075,866</u>
Financial position of parent entity at year end		
Current assets	4,017,926	5,251,719
Total assets	<u>8,696,302</u>	<u>9,902,528</u>
Current liabilities	999,212	2,262,984
Total liabilities	<u>1,103,680</u>	<u>2,355,147</u>
Total accumulated funds of the parent entity comprising of:		
Members' funds	<u>7,592,622</u>	<u>7,547,381</u>
Total funds	<u>7,592,622</u>	<u>7,547,381</u>

20 Subsequent events

There have been no events subsequent to balance date which would have a material effect on the Group's consolidated financial statements at 30 June 2011.

Social Ventures Australia Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2011

21 Results from fundraising appeals

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

<i>In AUD</i>	2011	2010
Gross proceeds from fundraising appeals	6,403,160	8,193,852
Less: Direct costs of fundraising appeals	(273,903)	(436,839)
Net surplus obtained from fundraising appeals	<u>6,129,257</u>	<u>7,757,013</u>
Application of net surplus obtained from fundraising appeals		
Distributions (expenditures on direct services)	5,130,991	3,999,656
Administration expenses	6,374,282	5,753,009
Operating surplus	<u>227,125</u>	<u>3,237,917</u>
	<u>11,732,398</u>	<u>12,990,582</u>
Shortfall from fundraising appeals	<u>(5,603,141)</u>	<u>(5,233,569)</u>

The shortfall of \$5,603,141 (2010: \$5,233,569) between the \$6,129,257 (2010: \$7,757,013) surplus available from fundraising appeals conducted and total expenditure of \$11,732,398 (2010: \$12,990,582) was provided from the following sources:

<i>In AUD</i>	2011	2010
Programme revenue	-	8,249
Government grants	4,065,343	856,281
Consultancy services	1,278,628	994,326
Conferences and events income	-	595,195
Transaction service fee on establishment of GoodStart Childcare Limited	-	2,500,000
Other income	259,170	279,518
	<u>5,603,141</u>	<u>5,233,569</u>

Comparisons of certain monetary figures and percentages

	2011	2010
Total cost of fundraising / Gross income from fundraising	4%	5%
Net surplus from fundraising / Gross income from fundraising	96%	95%
Total cost of services / Total expenditure	44%	31%
Total costs of services / Total income received	80%	49%

The cost of services consist of funds distributed to social enterprises and the costs related to administering these disbursements.

Social Ventures Australia Limited

Declaration by Chief Executive Officer in respect of fundraising appeals

I, Michael Traill, Chief Executive Officer, of Social Ventures Australia Limited, declare in my opinion:

- (a) the financial report gives a true and fair view of all income and expenditure of Social Ventures Australia Limited with respect to fundraising appeals activities for the financial year ended 30 June 2011;
- (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 2011;
- (c) the provisions of the Charitable Fundraising Act 1991 and Regulations and the conditions attached to the authority have been complied with for the financial year ended 30 June 2011; and
- (c) the internal controls exercised by Social Ventures Australia Limited are appropriate and effective in accounting for all income received and applied from any fundraising appeals.

Signed in accordance with a resolution of directors.



Michael Traill
Chief Executive Officer

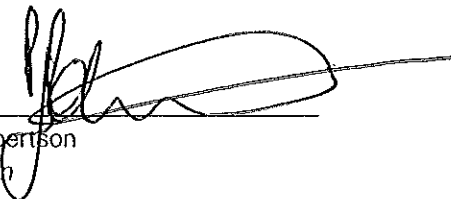
Dated at Sydney this 17th day of October 2011.

Social Ventures Australia Limited

Directors' declaration

- 1 In the opinion of the directors of Social Ventures Australia Limited (the Company):
 - (a) the consolidated financial statements and notes that are set out on pages 9 to 28, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2011 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Regulations 2001; and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors.



Paul Robertson
Chairman

Dated at Sydney this 17th day of October 2011.



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

We have audited the accompanying financial report of Social Ventures Australia Limited (the company) which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 22, comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards - Reduced Disclosure Requirements, a true and fair view which is consistent with our understanding of the Groups's financial position and of its performance.

In addition, our audit report has also been prepared for the members of the company in accordance with Section 24(2) of the Charitable Fundraising (NSW) Act 1991. Accordingly we have performed additional work beyond that which is performed in our capacity as auditors pursuant to the *Corporations Act 2001*. These additional procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination,



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

on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Charitable Fundraising (NSW) Act 1991 and Regulations.

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2011*, which has been given to the directors of Social Ventures Australia Limited on 17 October 2011, would be in the same terms if given to the directors as at the time of this auditor's report.

Auditor's opinion pursuant to the Corporations Act 2001

In our opinion the financial report of the Group is in accordance with:

- a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.

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

In our opinion:

- a) the financial report gives a true and fair view of the financial result of fundraising appeal activities for the financial year ended 30 June 2011;
- b) the financial report has been properly drawn up, and the associated records have been properly kept for the period from 1 July 2010 to 30 June 2011, in accordance with the Charitable Fundraising (NSW) Act 1991 and Regulations;
- c) money received as a result of fundraising appeal activities conducted during the period from 1 July 2010 to 30 June 2011 has been properly accounted for and applied in accordance with the Charitable Fundraising (NSW) Act 1991 and Regulations; and



**Independent auditor's report to the members of Social Ventures Australia Limited
(Continued)**

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

KPMG

KPMG

Louise Hendry

Louise Hendry
Partner

Sydney

20 October 2011