Social Ventures Australia Limited

Annual Financial Report

for the year ended 30 June 2018

Contents

Directors' Report

For the year ended 30 June 2018

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 2018 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
Chairman
Non-Executive Director
Chair of Remuneration Committee
Chair of Property Committee
Member of the Finance, Audit & Risk Committee

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.

Other current directorships
Mr Robertson is Chair of St Vincent's Health Australia, Trustees of St Vincent's Hospital Sydney and Tonic Health Media, 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 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.

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

Experience and expertise

Director since 20 October 2004; Retired 21 November 2017
Mr Spencer is a Commissioner (Social Policy) with the Australian Government's Productivity Commission. He was formerly Chief Executive Officer of The Benevolent Society and spent many years working as a CEO and board member in the non-profit sector. Previous roles have included CEO of Cerebral Palsy Alliance and President of AFS Intercultural Programs in New York. Earlier in his career he worked as a corporate lawyer with Clayton Utz and held senior management positions with Rio Tinto.

Other current directorships
Mr Spencer is Chair of Coordinare, a Primary Health Network in NSW and a member of the Sydney Advisory Council of the Centre for Social Impact.

Former directorships in last 3 years
Mr Spencer was previously Chair of Bonnyrigg Management Pty Ltd and Newleaf Community Renewal, and a Director of Women's Community Shelters and the China Committee for Intercultural Education in Beijing.

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

Experience and expertise

Director since 30 April 2012
Ms Gilerman is the Chief Risk Officer for KPMG Australia. 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 very passionate about supporting diversity and inclusion and leads females in partnership forums at KPMG so that senior women can develop and enhance their opportunities and leverage 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

Experience and expertise

Director since 22 October 2012
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 and Centenary Medals.

Other current directorships
Mr Appo is a director of Australian Centre for Rural Entrepreneurship, Children's Ground, Goulburn Broken Catchment Management Authority, and Australian Advisory Board on Impact Investing and Chair of First Australians Capital Limited.

Former directorships in last 3 years
Hume Region Regional Development Australia Committee; VicHealth Indigenous Advisory Committee; Indigenous Social Enterprise Fund; Advisory Indigenous Leadership Network Victoria

Robert Koczkar
BEng (Hons)
Executive Director
Member of Property Committee

Experience and expertise

Director since 3 April 2013
Mr Koczkar is the CEO of Social Ventures Australia Limited and Managing Director of Adamantem Capital. He has extensive experience in investing and management consulting along with a deep understanding of the social purpose sector. Mr Koczkar was previously a Managing Director of Pacific Equity Partners for 10 years. Prior to that he was a Principal at Texas Pacific Group in Europe, and 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 is a director of Adamantem Capital, HYG Holdco Pty Ltd (Hygain) and Servian.

Former directorships in last 3 years
He previously served on the boards of Spotless Group Holdings Limited and Energy Developments Limited.

Lisa Paul AO PSM
BA (Hons) FACEL FAICD FIPAA FAIM FANZSOG
Non-Executive Director

Experience and expertise

Director since 21 August 2013
Ms Paul is a prominent Australian policymaker. As a Chief Executive in the Australian federal government until 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, and was the principal adviser to government on these matters. She has a long-standing interest in how to build and strengthen our social fabric, including the development of a stronger philanthropic focus on social services and policy, as well as developing further the relationship between education, leadership and productivity. Ms Paul is a Melbourne University Enterprise Professor and Bond University Councillor. She was made an Officer of the Order of Australia for distinguished service to public sector leadership. Ms Paul has been awarded a Public Service Medal for leading the domestic response to the Bali bombings, and also received the Australian Chartered Accountants' Federal Government Leader of the Year Award.

Other current directorships
Ms Paul is also a Director of Navitas Australia, Australian Schools Plus, High Resolves and Australia American Education Leadership Foundation and a member of the National Shipbuilding Advisory Board.

Former directorships in the last 3 years
The Australian National Institute of Public Policy Advisory Board, the Advisory Council of the Australian National University Crawford School of Public Policy, the National Security College Advisory Board, and the Advisory Group for the Centre for Workplace Leadership, the Education Investment Fund, Programmed Group and APM International.

Daisy Mallett
BA LLB
Non-Executive Director
Member of Remuneration Committee

Experience and expertise

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. Ms Mallett is a member of the Law Council of Australia's Transnational Litigation Committee, Asian Representative for the London Court of International Arbitration Young International Arbitration Group and a fellow of the Australian Centre for International Commercial Arbitration. She is passionate about youth and education initiatives playing a key role in reducing disadvantage in Australia.

Other current directorships
Ms Mallett is also the Chair of the Crawford Foundation.

Chris Harrop
BComm (Hons), MBA (Hons)
Non-Executive Director

Experience and expertise

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 serves on the Brandenburg Foundation Board.

Robert Fitzgerald
BCom, LLB
Non-Executive Director

Experience and expertise

Director since 1 October 2017
Mr Fitzgerald is a Commissioner with the Productivity Commission, where he has served since 2004. Most recently he has been a Commissioner on 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.

2 Company Secretary

The company secretary is Ms Justine Isemonger BEc LLB (Syd), BCL (Oxf). Ms Isemonger is also the SVA Director, Legal, 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.

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 (updated in December 2017) 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, financial reporting and audit, accounting systems and controls, risk management, investments and compliance with regulatory and legal responsibilities.

- Remuneration Committee – Assists the Board in reviewing and approving staff compensation as part of the budget and planning process in the context of SVA's strategic people and culture activities, such as performance management.
- Property Committee – A committee with both management and Board representative formed for the purpose of reviewing and approving the terms and arrangements for the proposed new premises for SVA's Sydney office.
- SIB Review Committee – A committee with both management and Board representative formed to review and approve social impact bond (SIB) opportunities pre-tender, review and endorse SIB transaction terms, and monitor the performance of SIBs.

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.

Continuation, election and retirement of Directors

Adrian Appo returned from a 12-month leave of absence from the Board in September 2017. Robert Fitzgerald was appointed as a director on 1 October 2017 and Richard Spencer retired as a director and member of the FAR Committee on 21 November 2017. Paul Robertson was appointed as a member of the FAR Committee on 8 March 2018.

4 Directors' 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:

	Board Meetings		**Finance, Audit & Risk Committee Meetings**		**Remuneration Committee Meetings**	
Director	Attended	Entitled	Attended	Entitled	Attended	Entitled
Paul Robertson	4	4	-	1	1	1
Adrian Appo	2	4	-	-	-	-
Richard Spencer	2	2	2	2	-	-
Tanya Gilerman	4	4	4	4	-	-
Robert Koczkar	4	4	-	-	-	-
Lisa Paul	3	4	-	-	-	-
Daisy Mallett	4	4	-	-	1	1
Chris Harrop	3	4	-	-	-	-
Robert Fitzgerald	3	3	-	-	-	-
Independent member of the FAR Committee						
Shannon Wolfers *BEc (Hons)*	-	-	3	4	-	-

5 Strategy and strategic priorities

SVA is a not-for-profit organisation that works with partners to alleviate disadvantage – towards an Australia where all people and communities thrive. We seek to influence social systems by learning about what works in communities, helping organisations be more effective, sharing our perspectives and advocating for change.

Since 2016, we have been working within the framework of our 2020 Strategy which describes four high-level outputs (strategic pillars) that will enable the achievement of our objectives. Consistent with our 2020 strategic pillars, our FY19 priorities are:

- *Trusted Partnerships:* delivering high quality engagements and activities with our partners and clients
- *Practical Knowledge*:
  - establishing community-led system change programs with 2-3 communities or cohorts to develop our approach to service system improvements for the benefit of people experiencing disadvantage
  - extending our ability to collaborate by capturing, codifying and sharing our practical knowledge of how to reduce disadvantage
- *Outstanding team and Financial Sustainability*: completing our investments in organisational capacity to build the collaborative culture to which we aspire.

6 Principal activities

During the financial year, SVA continued to work towards its objectives by providing funding, investment and advice to support partners across sectors, underpinned by our advocacy activities and supported by our Connect team. 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
- Increasing the potential impact of SVA's Consulting practice by recruiting additional highly qualified and experienced staff, thereby increasing our capacity to help the social sector be more efficient and effective
- Securing an increase in the mandate for the Social Impact Investment Trust by $40m to $71m, and launching the SVA Diversified Impact Fund at its maximum fund size of $15m
- Continuing our work through the Bright Spots Schools Connection and its STEM Learning Hub to support schools in low SES communities
- Making significant impact through Evidence for Learning, with the inclusion of an evidence intermediary in the Gonski Review recommendations
- Evolving our thinking about how we achieve impact and can be more effective using the *SVA Fundamentals for Impact*, prioritising connection with end beneficiaries, knowledge of the wider evidence environment and building connection with ecosystems as the most important areas for further development
- Developing a more nuanced view of our Theory of Change and how our inputs and activities can help us achieve our vision of an Australia where all people and communities thrive
- Continuing to build financial sustainability for SVA through philanthropic income
- Moving Sydney premises, with system implementation and improvements and improved policies and processes to support the organisation.

7 Review of operations and performance

The Directors report that SVA's consolidated group activity has produced a net surplus for the year attributable to members of $1,306k as compared with a surplus of $1,831k in the prior year.

The company has delivered a net surplus for the year of $1,306k as compared to a surplus of $1,831k in the prior year.

The current year result reflects an increase in staffing to support a broader activity base consistent with our strategy, donations received towards the end of the 2017-18 financial year representing multi-year commitments and the one-off receipt of $1.777m from the SVA Social Impact Fund as a result of the fund's termination.

The consolidated Group operational performance is made up as follows:

	2018	2017
	$'000	$'000
Social Ventures Australia Limited (the Parent)	1,306	1,831
SVA Nominees Pty Ltd	-	-
Deconsolidated entities		
Australian Philanthropic Services Limited *	-	633
SSE Australia Limited	-	-
Social Ventures Australia Limited (Consolidated)	1,306	2,464

*Australian Philanthropic Services (APS) previously operated in both the Australian Philanthropic Services Ltd subsidiary and the Company and resulted in a net surplus of $633k in 2017. APS was separated from SVA as of 1 July 2017. The surplus for the Company in 2017 also includes a deficit for School for Social Entrepreneurs (SSE) of $29k which previously operated from within the Company. SSE ceased operations in late 2016.

Net assets for the Group as at 30 June 2018 was $15.57m (2017: $14.72m).

8 Significant changes in the state of affairs

As planned, APS separated from SVA from 1 July 2017 and continues to operate as a separate legal entity, Australian Philanthropic Services Ltd.

With the lease for SVA's Sydney premises at the end of 2017, SVA entered into a lease agreement for a new Sydney office, signed on 31 August 2017, for a minimum lease term of 6 years. Staff moved to the new premises in December 2017.

The SVA Impact Investing team successfully launched and secured funding for the SVA Diversified Impact Fund with final close of the fund at its maximum size of $15m occurring in June 2018, and the mandate for the Social Impact Investment Trust (managed on behalf of HESTA) was increased from $31m to $71m in June 2018.

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

On 8 August the Board announced a search for the next CEO as Rob Koczkar has decided to step down from his role as CEO of SVA. The Board has completed its executive search and appointed Suzie Riddell as the new CEO. Mr Koczkar will remain in the role until the 2018 Annual General Meeting.

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 2018, the total of these guarantees was $26 (2017: $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 Appeals 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 Environmental regulations

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 2018.

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

Paul Robertson
Chairman

Dated at Sydney this 27 September 2018

Building a better working world

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

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

Auditor's Independence Declaration to the Directors of Social Ventures Australia Limited

In relation to our audit of the financial report of Social Ventures Australia Limited for the financial year ended 30 June 2018, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, 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 the auditor independence requirements of any applicable code of professional conduct.

Ernst & Young

Damien Jones
Partner
27 September 2018

Statement of Comprehensive Income

For the year ended 30 June 2018

	Note	Consolidated 2018 $'000	Consolidated 2017 $'000	Parent 2018 $'000	Parent 2017 $'000
Revenue	**2b**	**18,444**	**19,393**	**18,444**	**19,393**
Less: operating expenses					
Distributions to venture partners		(1,074)	(1,315)	(1,074)	(1,315)
Personnel expenses	3	(11,731)	(11,328)	(11,731)	(11,328)
Professional fees	4b	(2,181)	(3,108)	(2,181)	(3,108)
Administration		(1,324)	(1,129)	(1,324)	(1,129)
Travel		(770)	(630)	(770)	(630)
Depreciation and amortisation		(233)	(100)	(233)	(100)
Loss on disposal of assets		-	(49)	-	(49)
Communications		(43)	(57)	(43)	(57)
Events and activities		(169)	(218)	(169)	(218)
Marketing		(346)	(255)	(346)	(255)
Total operating expenditure		**(17,871)**	**(18,189)**	**(17,871)**	**(18,189)**
Surplus from operating activities		**573**	**1,204**	**573**	**1,204**
Net finance income	5b	733	627	733	627
Surplus before income tax		**1,306**	**1,831**	**1,306**	**1,831**
Income tax expense		-	-	-	-
Surplus after tax for the year from discontinued operations	17	-	633	-	-
Surplus for the year attributable to members		**1,306**	**2,464**	**1,306**	**1,831**
Other comprehensive income					
Net change in fair value of available for sale financial assets		249	126	249	126
Total comprehensive income for the year attributable to members		**1,555**	**2,590**	**1,555**	**1,957**

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2018

	Note	Consolidated 2018 $'000	Consolidated 2017 $'000	Parent 2018 $'000	Parent 2017 $'000
Assets					
Cash	6a	6,396	6,455	6,396	6,455
Trade and other receivables	7b	2,947	2,489	2,947	2,489
Work in progress	8	-	322	-	322
Prepayments		263	137	263	137
Available-for-sale financial assets	9b	3,957	4,773	3,957	4,773
Assets directly associated with the assets held for sale	17	-	1,201	-	-
Total current assets		**13,563**	**15,377**	**13,563**	**14,176**
Investment in subsidiaries		-	-	-	-
Available-for-sale financial assets	9b	195	281	195	281
Other non-current receivables	7b	3,840	3,435	3,840	3,435
Office fit-out and equipment	10b	1,191	231	1,191	231
Intangible assets	11b	72	26	72	26
Total non-current assets		**5,298**	**3,973**	**5,298**	**3,973**
Total assets		**18,861**	**19,350**	**18,861**	**18,149**
Liabilities					
Trade and other payables	12b	885	1,434	885	1,433
Deferred revenue	8	1,534	1,923	1,534	1,923
Provisions and employee benefits	13c	576	687	576	687
Liabilities directly associated with the assets held for sale	17	-	498	-	-
Total current liabilities		**2,995**	**4,542**	**2,995**	**4,043**
Provisions and employee benefits	13c	293	88	293	88
Total non-current liabilities		**293**	**88**	**293**	**88**
Total liabilities		**3,288**	**4,630**	**3,288**	**4,131**
Net assets		**15,573**	**14,720**	**15,573**	**14,018**
Accumulated funds					
Members' funds		15,099	14,495	15,099	13,793
Fair value reserve	9c	474	225	474	225
Total funds		**15,573**	**14,720**	**15,573**	**14,018**

The accompanying notes form part of these financial statements.

Statement of Changes in Member's Funds

For the year ended 30 June 2018

Consolidated group	Member's funds $'000	Fair value reserve $'000	Total $'000
Balance at 1 July 2016	12,031	99	12,130
Surplus for the year	2,464	-	2,464
Other comprehensive income			
Net change in fair value of available-for-sale financial assets	-	126	126
Total comprehensive income for the year	2,464	126	2,590
Balance at 30 June 2017	14,495	225	14,720
Surplus for the year	1,306	-	1,306
Net change directly associated with the assets held for sale	(702)	-	(702)
Other comprehensive income			
Net change in fair value of available-for-sale financial assets	-	249	249
Total comprehensive income for the year	604	249	853
Balance at 30 June 2018	15,099	474	15,573

Parent entity			
Balance at 1 July 2016	11,962	99	12,061
Surplus for the year	1,831	-	1,831
Other comprehensive income			
Net change in fair value of available-for-sale financial assets	-	126	126
Total comprehensive income for the year	1,831	126	1,957
Balance at 30 June 2017	13,793	225	14,018
Surplus for the year	1,306	-	1,306
Other comprehensive income			
Net change in fair value of available-for-sale financial assets	-	249	249
Total comprehensive income for the year	1,306	249	1,555
Balance at 30 June 2018	15,099	474	15,573

The accompanying notes form part of these financial statements.

Statement of Cash flow

As at 30 June 2018

	Note	Consolidated 2018 $'000	Consolidated 2017 $'000	Parent 2018 $'000	Parent 2017 $'000
Cash flows from operating activities					
Cash receipts from customers and funders		16,011	17,827	16,011	17,059
Receipts from granting bodies		2,868	2,118	2,868	2,118
Interest received on operating accounts		21	40	21	35
Cash paid to suppliers and employees		(19,215)	(18,063)	(19,215)	(18,110)
Term deposits increases		(165)	-	(165)	-
GST payments to ATO relating to operating activities		(405)	(329)	(405)	(330)
Net cash (used in)/from operating activities	**6c**	**(885)**	**1,593**	**(885)**	**772**
Cash flows from investing activities					
Acquisition of plant and equipment		(1,074)	(159)	(1,074)	(159)
Acquisition of intangibles		(83)	(29)	(83)	(29)
GST receipts to ATO relating to investing activities		104	17	104	17
Interest and dividends received		633	642	633	641
Acquisition/disposal of available-for-sale financial assets		64	(1,252)	64	(1,046)
Proceeds from sale of available-for-sale financial assets		1,182	57	1,182	-
Net cash from/(used in) investing activities		**826**	**(724)**	**826**	**(576)**
Cash flows from financing activities		-	-	-	-
Net cash from financing activities		**-**	**-**	**-**	**-**
Net increase/(decrease) in cash and cash equivalents		(59)	869	(59)	196
Cash and cash equivalents at beginning of year		7,199	6,330	6,455	6,259
Cash in discontinued operations		(744)	-	-	-
Cash and cash equivalents at end of year	**6a**	**6,396**	**7,199**	**6,396**	**6,455**

The accompanying notes form part of these financial statements

Notes to and forming part of the Financial Statements

For the year ended 30 June 2018

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 2018 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 27 September 2018.

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 an historical cost basis except for financial assets and liabilities at “fair value through profit or loss” are measured at fair value. The methods used for measuring fair value are discussed further below.

Judgments, key assumptions and estimations 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.

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 and interpretations

The new and amended Australian Accounting Standards and AASB Interpretations that apply for the first time in 2018 do not materially impact the financial statements of the Group.

Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective. The Group's interpretations of these new standards and their impact is set out below:

- *AASB 9 Financial Instruments* – redefines the classifications of financial assets into those to be carried at amortised cost and those to be carried at fair value. The new standard also:
  - simplifies requirements for embedded derivatives.
  - removes the tainting rules associated with held-to-maturity assets.
  - provides an opportunity to fair value investments in equity instruments to other comprehensive income, with no separate impairment test, whilst taking dividends to income.
  - requires entities to reclassify their financial assets when there is a change in the entity's business model.

  For financial liabilities, where the fair value option is used, changes in fair value attributable to the issuer's own credit risk are presented in other comprehensive income, removing the volatility in profit or loss. A new impairment model is also included which requires more timely recognition of expected credit losses from when financial instruments are first recognised, and recognition of full lifetime expected losses on a more timely basis.

  The changes to AASB 9 apply to annual reporting periods beginning on or after 1 January 2018. The Group has assessed the impact of the new standard on the classification and measurement of each relevant financial asset and financial liability. In addition, the Group has assessed the impact on the new impairment and hedging requirements, noting that the Group does not currently apply hedge accounting.

  If applied to the 2018 financial accounts the impact would include:

  (i) Classification and measurement

  The Group expects that there will be some change to the classification and measurement of financial instruments, including reclassifying certain items currently held as available-for-sale to fair value through profit or loss. However there is not expected to be a material impact on accumulated funds upon transition.

  (ii) Impairment

  AASB 9 requires the Group to record expected credit losses on all of its debt securities and loans either on a 12-month or lifetime basis. The Group will apply the simplified approach and record lifetime expected losses on all trade receivables. The general approach will be used for amortised cost financial assets greater than 12 months in maturity. The Group has estimated an impact of the application of the expected credit loss requirements, and anticipates an increase in impairment allowances of less than $100,000 upon transition.

1. Summary of Significant Accounting Policies (continued)

d) Statement of compliance (continued)

- *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 a step by step approach in the standard. AASB 15 applies to annual reporting periods on or after 1 January 2018, with an option available under *AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities* to defer the effective date of the standard to periods beginning on or after 1 January 2019. The Group has elected to take the deferral option, such that the changes to AASB 15 will take effect from the financial year ended 30 June 2020. The Group is currently assessing the impact of the new requirements.

  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. AASB 1058 applies to annual reporting periods beginning on or after 1 January 2019, and should be applied in the same reporting period as AASB 15. The Group is currently assessing the impact of the standard.

- *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. For lessors, enhanced disclosures are required to improve information about the lessor's risk exposure, particularly to low value risk. AASB 16 applies to annual reporting periods beginning on or after 1 January 2019. The first reporting period under the amended standard is the year ended 30 June 2020. The impact of AASB 16 is being assessed by the Group.

e) Basis of consolidation

Subsidiaries are entities controlled by the Group as at 30 June 2018. 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 2018

1. Summary of Significant Accounting Policies (continued)

f) 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.

g) Income tax

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

h) 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 is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

(i) Donations, sponsorship and other grants

Revenue arising from donations is recognised when all of the following conditions are satisfied:

- the Group has obtained control of the donation or the right to receive the donation;
- it is probable that economic benefits comprising the donation will flow to the Group; and
- the amount of the donation can be measured reliably.

These conditions are typically satisfied on receipt.

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.

Sponsorship revenue is recognised as income 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 that the Group is entitled to. Sponsorship benefits may be received by way of cash, or of non-cash benefits. The respective goods and services related to this income are reflected in the appropriate expense or asset accounts.

Sponsorship funds may be applied to expenditure in the current or future financial years.

(ii) Consulting 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.

Revenues relating to future activities is transferred to deferred income and recognised in the year the service is provided.

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.

(iii) Government grants and income

Other government income is earned on the rendering of services and is recognised over the period in which services are provided.

(iv) 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/Funds, in accordance with the terms of the management agreements. Management fee revenue is recognised over the period in which the services are performed.

2. Revenue (continued)

a) Recognition and measurement (continued)

Establishment fees arise on the establishment of new Funds and are only recognised as revenue 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.

(v) Other income

In previous financial years, the Company earned management income from formerly auspiced entity Australian Philanthropic Services Limited, which was disclosed as other income. On 30 June 2017, the Company resigned as a Member of Australian Philanthropic Services Limited and ceased to earn management fees from them. For more information refer to note 17.

b) Revenue

	Consolidated			Parent
	2018	**2017**	**2018**	**2017**
Revenue	**$'000**	**$'000**	**$'000**	**$'000**
Donations and sponsorship	7,955	8,777	7,955	8,777
Consultancy services	6,456	6,011	6,456	6,011
Management and establishment fees	1,224	1,281	1,224	1,281
Government grants and income	2,809	1,923	2,809	1,923
Other income	-	1,401	-	1,401
Total revenue	**18,444**	**19,393**	**18,444**	**19,393**

Government grants and income includes $1,777k received from SVA Social Impact Fund upon its termination. This classification reflects that SVA is bound by the terms of the initial government grant.

3. Personnel Expenses

	Consolidated		Parent	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Wages and salaries	(11,297)	(10,441)	(11,297)	(10,441)
Contractors	(275)	(641)	(275)	(641)
Other associated personnel expenses	(159)	(246)	(159)	(246)
Total personnel expenses	**(11,731)**	**(11,328)**	**(11,731)**	**(11,328)**

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 are 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 the managed Trust entities.

The audit fee is an arm’s length transaction. A donation equivalent to the value of the audit fees was received from the Ernst and Young Foundation and recognised as donations revenue.

b) Professional and sub-contractor fees

	Consolidated		Parent	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Payments to service providers	(1,291)	(1,431)	(1,291)	(1,431)
Professional fees	(567)	(1,152)	(567)	(1,152)
Licence fees	(164)	(349)	(164)	(349)
Audit fees	(159)	(176)	(159)	(176)
Total professional and sub-contractor fees	**(2,181)**	**(3,108)**	**(2,181)**	**(3,108)**

5. Net Finance Income

a) Recognition and measurement

(i) Interest income and expenses

Interest income and expense is only recognised on 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	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Interest income	555	552	555	552
Dividend income on available-for-sale financial assets	98	124	98	124
Net foreign exchange gains/(losses)	22	(42)	22	(42)
Net gain/(loss) on available-for-sale financial assets (1)	58	(7)	58	(7)
Total net finance income	**733**	**627**	**733**	**627**

(1) Net gain/(loss) on available-for-sale financial assets includes $109k relating to available-for-sale investments considered impaired.

For the year ended 30 June 2018

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
		2018	**2017**	**2018**	**2017**
	Note	**$'000**	**$'000**	**$'000**	**$'000**
Cash at bank and on hand		3,667	5,878	3,667	5,878
Cash in foreign currency		96	557	96	557
Cash in managed fund accounts		2,633	20	2,633	20
Subtotal		**6,396**	**6,455**	**6,396**	**6,455**
Cash at bank attributable to held-for-sale operations	17	-	744	-	-
Total cash and cash equivalents		**6,396**	**7,199**	**6,396**	**6,455**

b) Reconciliation of cash and cash equivalents to statement of cash flows

Cash and cash equivalents (per Statement of Financial Position)	6,396	7,199	6,396	6,455
Closing cash and cash equivalents (per Statement of Cash Flows)	6,396	7,199	6,396	6,455

6. Cash and Cash Equivalents (continued)

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

	Consolidated		Parent	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Surplus/(deficit) for the year	**1,306**	**2,464**	**1,306**	**1,831**
Adjustments for:				
Depreciation and amortisation	233	100	233	100
Dividend and interest received on investments	(633)	(641)	(633)	(641)
Donations of AFS assets	(38)	-	(38)	-
Lease incentives	(82)	(25)	(82)	(25)
Net Profit /Loss on derecognised investment assets	(58)	56	(58)	56
(Increase)/decrease in receivables & prepayments	(334)	(551)	(334)	(619)
(Increase)/decrease in term deposits	(165)	(1)	(165)	(1)
Increase/(decrease) in payables	(594)	590	(594)	590
Increase/(decrease) in deferred & unearned income	(507)	(594)	(507)	(714)
Increase/(decrease) employee provisions	(13)	195	(13)	195
Net cash (used in)/from operating activities	**(885)**	**1,593**	**(885)**	**772**

7. Trade and Other Receivables

a) Recognition and measurement

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets 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, less an allowance for any impairment of receivables. Any changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

(i) Trade and other receivables

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

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.

(ii) Loans and receivables

This category includes loan assets held at amortised cost which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loan assets are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans assets are subsequently measured at amortised cost using the effective interest method. Where applicable, direct costs to establishment of loan facilities that are yield related are included as part of the cost of the loan assets.

(iii) Security deposits

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

(iv) Impairment

The Group considers evidence of impairment for receivables at both a specific asset and collective level. The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

(v) 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 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 2018

7. Trade and Other Receivables (continued)

a) Recognition and measurement (continued)

Management is of the opinion that the loan has been appropriately valued and serviced and does not warrant further assessment testing of impairment. The Group holds 25% of the voting powers of the Goodstart members. Members voting powers are limited to the terms of the Goodstart constitution.

b) Trade and other receivables

	Consolidated			Parent
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Current				
Fees receivable	2,676	2,092	2,676	2,092
Other receivables	271	158	271	158
Security deposits	-	239	-	239
Total current	**2,947**	**2,489**	**2,947**	**2,489**
Non-current				
Security deposits	474	69	474	69
Loan to Goodstart Early Learning Limited	3,366	3,366	3,366	3,366
Total non-current	**3,840**	**3,435**	**3,840**	**3,435**

8. Work in Progress and Deferred Revenue

	Consolidated			Parent
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Current assets				
Work in progress	-	322	-	322
Total work in progress	**-**	**322**	**-**	**322**
Current liabilities				
Work in progress/billing in advance	119	-	119	-
Deferred revenue	1,415	1,923	1,415	1,923
Total deferred revenue	**1,534**	**1,923**	**1,534**	**1,923**

9. Financial Assets

a) Recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale (AFS) financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All 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 available-for-sale financial assets is based on the discounted cash flows expected to be derived from the asset.

(i) Available-for-sale financial assets

Available-for-sale financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income (OCI) and credited to the AFS reserve until the investment is derecognised, at which time, the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss in finance costs.

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

(ii) Impairment of financial assets

All financial assets, except those measured at fair value through profit or loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due.

For available-for-sale financial assets, a significant or prolonged decline in the fair value of the instrument below its cost. ‘Significant’ is evaluated against the original cost of the investment and ‘prolonged’ against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from OCI and recognised in the statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the net result for the year.

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence. Reversals of impairment losses of financial assets carried at amortised cost

9. Financial Assets (continued)

a) Recognition and measurement (continued)

cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

(iii) 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.

b) Available-for-sale financial assets

	Consolidated		Parent	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Current				
Social impact bonds	-	1,000	-	1,000
Listed securities	3,957	3,773	3,957	3,773
Total current	**3,957**	**4,773**	**3,957**	**4,773**
Non-current				
Unlisted investments	195	281	195	281
Total non-current	**195**	**281**	**195**	**281**

The social impact bonds held as current assets at 30 June 2017 were sold to SVA Nominees No 2 Pty Ltd ATF Diversified Impact Fund at face value plus accrued coupon interest on 9 March 2018.

c) Available-for-sale fair value reserve

Listed securities	474	226	474	226
Unlisted investments	-	(1)	-	(1)
Total reserve available-for-sale financial assets	**474**	**225**	**474**	**225**

9. Financial Assets (continued)

d) Available-for-sale fair value hierarchy

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Balance as at 30 June 2017				
Social impact bonds	-	-	1,000	1,000
Listed securities	3,773	-	-	3,773
Unlisted investments	-	-	281	281
Total carrying value available-for-sale financial assets	**3,773**	**-**	**1,281**	**5,054**
Balance as at 30 June 2018				
Listed securities	3,957	-	-	3,957
Unlisted investments	-	-	195	195
Total carrying value available-for-sale financial assets	**3,957**	**-**	**195**	**4,152**

10. Office Fit-Out and Equipment

a) Recognition and measurement

(i) Initial Recognition

Office fit-out 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 office fit-out and equipment have different useful lives, they are accounted for as separate items (major components) of office fit-out and equipment.

(ii) Subsequent costs

The cost of replacing a component of an item of office fit-out 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 office fit-out and equipment are recognised in the surplus or deficit for the year as incurred.

(iii) Impairment of office fit-out 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.

10. Office Fit-Out and Equipment (continued)

a) Recognition and measurement (continued)

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 fit-out, office furniture and equipment assets for impairment at balance date and determined that it is not impaired.

(iv) Depreciation and amortisation

Depreciation is provided on office fit-out 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.

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 office fit-out and equipment are determined by comparing the proceeds from disposal with the carrying amount of the office fit-out and equipment and are recognised net within other income in the surplus or deficit for the year.

(vi) Property make good asset

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

10. Office fit-out and Equipment (continued)

b) Carrying amount of property, plant and equipment

	Consolidated			Parent
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Office equipment				
Gross carrying amount	6	21	6	21
Less: accumulated depreciation	(1)	(21)	(1)	(21)
Office equipment – at carrying value	**5**	**-**	**5**	**-**
Computer equipment				
Gross carrying amount	328	416	328	416
Less: accumulated depreciation	(106)	(336)	(106)	(336)
Computer equipment – at carrying value	**222**	**80**	**222**	**80**
Leasehold improvements, furniture and fittings				
Gross carrying amount	1,128	1,016	1,128	1,016
Less: accumulated depreciation	(228)	(865)	(228)	(865)
Leasehold, furniture and fittings – at carrying value	**900**	**151**	**900**	**151**
Assets not yet deployed - at carrying value	**64**	**-**	**64**	**-**
Total office fit-out and equipment at carrying value	**1,191**	**231**	**1,191**	**231**

10. Office fit-out and Equipment (continued)

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

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

	Office equipment $'000	Computer equipment $'000	Leasehold, furniture & fittings $'000	Assets not yet deployed $'000	Total $'000
Gross carrying amount					
Balance at 1 July 2017	21	416	1,016	-	1,453
Additions	6	195	875	64	1,140
Disposals and write-offs	(21)	(283)	(763)	-	(1,067)
Balance at 30 June 2018	**6**	**328**	**1,128**	**64**	**1,526**
Depreciation and Impairment					
Balance at 1 July 2017	(21)	(336)	(865)	-	(1,222)
Depreciation charge for year	(1)	(53)	(126)	-	(180)
Disposals and write-offs	21	283	763	-	1,067
Balance at 30 June 2018	**(1)**	**(106)**	**(228)**	**-**	**(335)**
Net book value					
Balance at 1 July 2017	**-**	**80**	**151**	**-**	**231**
Balance at 30 June 2018	**5**	**222**	**900**	**64**	**1,191**

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

For the year ended 30 June 2018

11. 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
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Computer software				
Gross carrying amount	78	97	78	97
Less: accumulated amortisation	(6)	(71)	(6)	(71)
Total intangibles - fair value	**72**	**26**	**72**	**26**

12. 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	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables	-	371	-	371
Accrued expenses	428	700	428	700
Other payables	457	363	457	362
Total trade and other payables	**885**	**1,434**	**885**	**1,433**

13. Provisions and Employee Benefits

a) Employee Benefits

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 service as follows:

13. Provisions and Employee Benefits (continued)

a) Employee Benefits (continued)

Years of service	2018	2017
9 - 10 years	2.51%	2.28%
8 - 9 years	2.64%	2.51%
7 - 8 years	2.82%	2.76%
6 - 7 years	3.02%	3.00%
5 - 6 years	3.21%	3.22%

No discount is applied where staff have been employed for > 10 years, and no provision is taken up when staff have been employed for < 5 years.

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.

c) Current and non-current provisions

	Consolidated		Parent	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Current				
Provision for annual leave	527	558	527	558
Provision for long service leave	49	49	49	49
Provision for property make good	-	80	-	80
Total current	**576**	**687**	**576**	**687**
Non-current				
Provision for long service leave	106	88	106	88
Provision for property make good	187	-	187	-
Total non-current	**293**	**88**	**293**	**88**
Total provisions	**869**	**775**	**869**	**775**

14. Commitments and Contingencies

a) Operating lease commitments

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to use the asset.

Leases in which the Group retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as lease rental income. Operating lease payments are recognised as an income or expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

Deferred income is recognised as a liability on the Statement of Financial Position on inception of the lease. The deferred lease incentive is then recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease, through rent expense.

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 31 March 2020 with no renewal options
Perth		Rolling 3 month commitment of serviced office rental agreement expiring 31 October 2018

Future minimum payments under these non-cancellable leases as at 30 June 2018 are as follows:

	Consolidated		Parent	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Within one year	629	353	629	353
After one year but no more than five years	2,410	143	2,410	143
More than five years	321	-	321	-
Total lease commitments	**3,360**	**496**	**3,360**	**496**

b) Contingent assets and liabilities arising from provision of DIF guarantee

SVA has a contingent liability to provide a guarantee to SVA Nominees No 2 Pty LTD ATF Diversified Impact Fund (DIF) in the form of a callable loan, to the maximum value of $3m. If required SVA will call on contingent assets, the back-to-back callable loans with 11 PAF's to cover the guarantee.

In the event of the guarantee being called upon, the Trustee of DIF will call the loans from SVA, under the terms of the SVA-DIF loans and SVA will call the PAF-SVA loans. SVA obligations to advance the called amount will be limited to the extent it has received funding from the guarantors under the PAF-SVA loans.

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

For the year ended 30 June 2018

15. Related Parties

a) Subsidiaries

Social Ventures Australia Limited (the Company) has holdings in several subsidiaries, including:

	% Equity Interest		Investment $	
	2018	**2017**	**2018**	**2017**
Social Ventures Australia Pty Limited				
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
Australian Philanthropic Services Ltd	-	100%	-	10
Total parent investment in subsidiaries			**44**	**54**
Australian Philanthropic Services Ltd				
Australian Philanthropic Services Foundation Pty Ltd	-	100%	-	100
Total group investment in subsidiaries			**44**	**154**

Australian Philanthropic Services Ltd and Australian Philanthropic Services Foundation Pty Ltd left the consolidated group effective 1 July 2017.

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

b) Social Impact Bonds and Funds

SVA is the investment manager for the following managed trusts, and received $1,224k (2017: $1,281k) management and establishment fees for services provided under the relevant management agreement.

Funds

SVA Social Impact Fund (wound up 3 April 2018)

SVA Nominees No 2 Pty Ltd ATF 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

15. Related Parties (continued)

b) Social Impact Bonds and Funds (continued)

In addition to the management fees, SVA received $1,777k (refer note 2b) from SVA Social Impact Fund (SIF) upon its termination. These funds arose through a grant received by SIF for the purpose of growing impact investing in Australia. The right to those funds and the obligations on how they were to be used were transferred to SVA upon the wind-up of SIF. The full value of monies received has been recognised as income.

In June 2018 SVA received a donation of 37,500 units in the Newpin SBB Pty Ltd ATF Newpin SBB Trust being 0.54% of total units on issue.

SVA Nominees No 2 Pty LTD ATF 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 loan from PAF's 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.

c) Key management personnel

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

	Consolidated		Parent	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Remuneration	1,392,576	1,265,294	1,392,576	1,265,294

Other key management personnel and associates arms length transactions with SVA and SIB's or Funds managed by SVA include:

	Consolidated		Parent	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Donations to SVA	439,850	94,000	439,850	94,000
Investments in Funds and Social Impact Bonds				
Committed value of units held at 30 June	301,000	587,500	301,000	587,500
Distributions received during year	41,971	67,922	41,971	67,922

In addition PAF's associated with key management personnel have entered into callable loan agreements with SVA to support DIF guarantee to a maximum value of $1m.

For the year ended 30 June 2018

15. Related Parties (continued)

d) Other related parties

	Consolidated			Parent
	2018	2017	2018	2017
	$	$	$	$
Goodstart Early Learning Limited				
Loan from SVA	3,365,608	3,365,608	3,365,608	3,365,608
Interest received on loan	504,841	504,840	504,841	504,840
Fees received for consulting services	-	20,000	-	20,000
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	4,500	5,400	4,500	5,400
Australian Philanthropic Services Ltd				
Fees received for services	-	-	-	1,313,731

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

For the year ended 30 June 2018

16. Results from Fundraising

	Consolidated		Parent	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Total operating revenue	18,444	19,393	18,444	19,393
Net finance income	733	627	733	627
Total income	19,177	20,020	19,177	20,020

Total consolidated operating revenue includes donations, sponsorship and other grants of $7,955k (2017: $8,777k).

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

	Consolidated		Parent	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Individuals and private foundations	50-60%	60-70%	50-60%	60-70%
Corporates and corporate foundations	40-50%	30-40%	40-50%	30-40%
Gross proceeds from fundraising and sponsorships	7,955	8,777	7,955	8,777
Costs associated with fundraising and sponsorships	(997)	(1,083)	(997)	(1,083)
Fundraising costs as % of total funds raised	13%	12%	13%	12%
Net surplus obtained from fundraising	6,958	7,694	6,958	7,694

Fundraising costs as a % of total funds raised was 13% (2017: 12%) 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.

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

For the year ended 30 June 2018

17. Discontinued Operations

On 30 June 2017, Social Ventures Australia Limited resigned as a Member of Australian Philanthropic Services Limited. From 1 July 2017, Australian Philanthropic Services Limited and its subsidiary Australian Philanthropic Services Foundation Pty Limited operate as a separate legal group. The consolidated financial statements include the following items referable to Australian Philanthropic Services Limited:

		2017
		$'000
Revenue		**2,008**
Expenses		**(1,375)**
Surplus/(deficit) after tax for the year from discontinued operations		**633**

The major classes of assets and liabilities of APS classified as held for sale are as follows:

Assets		
Cash at bank and on hand	*6a*	**744**
Trade and other receivables		**105**
Other assets		**352**
Assets directly associated with the assets held for sale		**1,201**
Liabilities		
Trade and other payables		**275**
Loans and borrowings		**223**
Liabilities directly associated with the assets held for sale		**498**
Net assets		**702**

The net cash flows incurred by APS are, as follows:

Operating	**821**
Investing	**(149)**
Financing	**0**
Net cash (outflow)/inflow	**672**

18. Subsequent Events

On 8 August the Board announced a search for the next CEO as Rob Koczkar has decided to step down from his role as CEO of SVA. The Board has completed its executive search and appointed Suzie Riddell as the new CEO. Mr Koczkar will remain in the role until the 2018 Annual General Meeting.

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 2018

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 2018;

(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 2018;

(c) the provisions of the Charitable Fundraising Act 1991 (NSW), the Charitable Collections Act 1946 (WA) and Regulations and the conditions attached to the authorities have been compiled with for the financial year ended 30 June 2018; 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 27 September 2018

Directors' Declaration

For the year ended 30 June 2018

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 43, 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 2018 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 27 September 2018

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

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

Independent Auditor's Report to the Members of Social Ventures Australia Limited

Report on the Financial Report

Opinion

We have audited the financial report of Social Ventures Australia Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001, Australian Charities and Not-for-Profits Commission Act 2012*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2018 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

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 are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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.

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

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, 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 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, *Corporations Act 2001* and the *Australian Charities and Not-for-Profits Commission Act 2012* 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 Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the requirements of the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2015* and the requirements of the *WA Charitable Collections Act (1946)* and the *WA Charitable Collections Regulations (1947)*

We have audited the financial report as required by Section 24(2) of the *NSW Charitable Fundraising Act 1991* and the *WA Charitable Collections Act (1946).* Our procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2015* and the *WA Charitable Collections Act (1946)* and the *WA Charitable Collections Regulations (1947)***.**

Because of the inherent limitations of any assurance engagement, it is possible that fraud, error or non-compliance may occur and not be detected. An audit is not designed to detect all instances of non-compliance with the requirements described in the above-mentioned Act(s) and Regulations as an audit is not performed continuously throughout the period and the audit procedures performed in respect of compliance with these requirements are undertaken on a test basis. The audit opinion expressed in this report has been formed on the above basis.

Building a better working world

Opinion

In our opinion:

a) the financial report of Social Ventures Australia Limited has been properly drawn up and associated records have been properly kept during the financial year ended 30 June 2018, in all material respects, in accordance with:

   i. sections 20(1), 22(1-2), 24(1-3) of the NSW Charitable Fundraising Act 1991;

   ii. sections 10(6) and 11 of the NSW Charitable Fundraising Regulations 2015;

   iii. the WA Charitable Collections Act (1946); and

   iv. the WA Charitable Collections Regulations (1947).

b) the money received as a result of fundraising appeals conducted by the company during the financial year ended 30 June 2018 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Act(s) and Regulations.

Ernst & Young

Damien Jones
Partner
Sydney
27 September 2018