

**SOCIAL VENTURES AUSTRALIA LIMITED**

**ABN: 94 100 487 572**

**ANNUAL REPORT – 30 JUNE 2008**

## **DIRECTORS' REPORT**

The directors' of Social Ventures Australia Limited present their report on the consolidated entity (referred to hereafter as the Group) consisting of Social Ventures Australia Limited and the controlled entities it controlled at the end of, or during, the year ended 30 June 2008.

### **DIRECTORS**

The following persons were directors of Social Ventures Australia Limited during the whole of the year and up to the date of this report:

E Henry, OAM	R Spencer
R J McLean	M Traill

J Schwager was a director of Social Ventures Australia Limited from the beginning of the financial year until her resignation on 16 July 2007. S Lawrence and H Liondos were directors from the beginning of the financial year until their resignations on 11 April 2008.

A Deans was appointed a director of Social Ventures Australia Limited on 21 September 2007. C Schwartz was appointed on 11 April 2008. A Alegre was appointed by WorkVentures Limited under its powers as a Member of Social Ventures Australia limited on 16 June 2008.

### **PRINCIPAL ACTIVITIES**

During the year the principal continuing activities of the Group consisted of:

- a) providing educational, mentoring, support services; and
- b) funding to not for profit and charitable organisations in Australia to improve their performance, effectiveness, and their long term sustainability.

### **REVIEW OF OPERATIONS**

Operations for the year ended 30 June 2008 resulted in a surplus for the Group of \$2,108,537 (2007: \$2,539,234).

In May 2007 Social Ventures Australia Limited launched the SVA Capital Fund. During the year ended 30 June 2008 donations of over \$700,000 (2007: \$890,000) were received into this Fund bringing the total to \$1.6m. The donations form part of the surplus stated above, as the Fund forms part of the balance sheet of Social Ventures Australia Limited.

The SVA Capital Fund is invested in perpetuity where the income generated is used to support the activities of Social Ventures Australia Limited. As such, the primary role of the Fund is to build capital reserves which will help underpin the long term future of Social Ventures Australia Limited.

## **DIVIDENDS**

The dividends paid relating to the current year ending 30 June 2008 were \$nil (2007 \$nil). No further dividends are proposed.

## **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

There were no significant changes in the State of Affairs of the Group during the year.

## **MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**

There were no matters or circumstances which have arisen since 30 June 2008 that have significantly affected, or may significantly affect:

- (a) the Group's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Group's state of affairs in future financial years.

## **LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS**

In the opinion of the directors there are no likely changes in the operations of the Group, which will adversely affect the results of the Group, in future years.

## **ENVIRONMENTAL REGULATION**

There are no significant environmental regulations which affect the Group's operations.

## **INFORMATION ON DIRECTORS**

### **Robert John McLean. BECON STATS (HONS), MBA Chairman – Non-Executive Experience and expertise**

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

### **Other current directorships**

Mr McLean is a director of the Centre for Independent Studies. He is a director of the Public Fund of the Nature Conservancy in Australia and Chairman of its Advisory Council. He holds directorships for Elders Australia Limited, Greenway Capital and Imagination Entertainment.

### **Former directorships in last 3 years**

Mr McLean was Dean and Director of the Australian Graduate School of Management from 2003 to 2006.

### **Special Responsibilities**

Chairman of the Board.

## **INFORMATION ON DIRECTORS (CONT’)**

**Michael Traill. BA (Hons), MBA**

**CEO – Executive Director**

### **Experience and expertise**

Mr Traill is the Chief Executive and a director of the inaugural Board of Social Ventures Australia Ltd. He has 15 years experience at Macquarie Bank, where he co-founded the bank's private equity practice in 1989.

### **Other current directorships**

He is currently a director of the Opera Australia Capital Fund, Documentaries Australia Foundation and a member of the advisory board of Dimension Data Australia and MLC Private Equity.

### **Former directorships in last 3 years**

Infochoice Limited.

### **Special Responsibilities**

Chief Executive Officer

**Arsenio Alegre CPA, BBus, MBA**

**Non-Executive**

### **Experience and expertise**

Mr Alegre was appointed CEO of WorkVentures Ltd in October 2007, having joined as CFO in October 2004. Prior to moving into the not-for-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, Arsenio 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**

None

### **Former directorships in last 3 years**

None

### **Special Responsibilities**

None

## INFORMATION ON DIRECTORS (CONT’)

### **Alison Deans MA, MBA**

**Non-Executive**

#### **Experience and expertise**

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

#### **Other current directorships**

Ms Deans is also a director of The Starlight Children’s Foundation, ReachLocal Australia and Downstream Marketing.

#### **Former directorships in last 3 years**

Griffin Theatre Company.

#### **Special Responsibilities**

None.

### **Elaine Henry, OAM BSc(Hons), DLitt (h.c)**

**Non-Executive**

#### **Experience and expertise**

Ms Henry is a founding member of SVA and has been on the Board since its inception. She has extensive experience in non profit leadership, in health, education and the social sectors and is currently Chief Executive Officer of The Smith Family. She has received recognition for her work including her OAM in 1994 and Doctorate of Letters in 2006 from the University of New South Wales.

#### **Other current directorships**

She is a Director of the Australian Research Alliance for Children & Youth and the National Breast Cancer Foundation and is Chair of Nonprofit Australia. Ms Henry also chairs the Commonwealth Government's Australian Families & Children Council; is on the Australian Financial Literacy Advisory 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; and the Vice Chancellor's Advisory Board, University of Wollongong.

#### **Former directorships in last 3 years**

None.

#### **Special Responsibilities**

None.

## INFORMATION ON DIRECTORS (CONT'D)

### **Carol Schwartz AM BA, LLB, MBA**                      **Non-Executive**

#### **Experience and expertise**

Ms Schwartz is Chairman of Industry Superannuation Property Trust (ISPT); Chairman of Our Community; President of Melbourne International Arts Festival; Chair of Future Melbourne Reference Group; Executive in Residence at Melbourne Business School as well as a director on a number of other leading boards.

Ms Schwartz was awarded a Member of the Order of Australia in the Australia Day Honors list in 2006 for her achievements in business and commerce and her contribution to community and the arts. She also received the Centenary Medal in 2001 in recognition of her outstanding service as a leading business executive and board participant.

#### **Other current directorships**

Ms Schwartz is a director of the Heat Group, Yarra Capital Partners and The Sydney Institute. She is a council member of Australian Innovation Research Centre University of Tasmania and a board member of the Australian Centre for Reconciliation through Medicine.

#### **Former directorships in last 3 years**

Carol previously served on the Board of the Australian Bush Heritage Fund and Western Chances.

#### **Special Responsibilities**

None.

### **Richard Spencer LLB MProfEthics**                      **Non-Executive**

#### **Experience and expertise**

Mr Spencer was appointed a member of the Board of Social Ventures Australia Ltd in October 2004. Mr Spencer is the Chief Executive Officer of The Benevolent Society. He has spent many years working at the CEO level in the not-for-profit sector. Previous roles have included CEO of The Spastic Centre and CEO of AFS Intercultural Programs in New York. He also served as Executive Director of UNICEF Australia in the late 1980s. Prior to that, he worked as a corporate lawyer for Clayton Utz and held senior management positions with Rio Tinto and Pioneer International.

#### **Other current directorships**

None.

#### **Former directorships in last 3 years**

None.

#### **Special Responsibilities**

None.

## **INFORMATION ON DIRECTORS (CONT'D)**

### **COMPANY SECRETARY**

The company secretary is Ms Frances Deegan BA LLB (NSW), LLM (Lond.). Ms Deegan was appointed to the position of company secretary on 21 September 2007 (previously held by Ms Mary Mankarios). 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.

### **MEETINGS OF DIRECTORS**

The numbers of meetings of the Company's board of directors held during the period ended 30 June 2008, and the numbers of meetings attended by or represented on behalf of each director were:

<b>Elected Directors</b>	<b>Full Meetings of Directors</b>	
	<b>A</b>	<b>B</b>
Arsenio Alegre	1	1
Alison Deans	4	5
Elaine Henry	6	7
Steve Lawrence	6	6
Helen Liondos	6	6
Robert McLean (Chairman)	7	7
Michael Traill	7	7
Carol Schwartz	1	1
Richard Spencer	7	7

A = Number of meetings attended.

B = Number of meetings held during the time the director held office.

### **DIRECTORS' EMOLUMENTS**

Other than those referred to in the financial report, no Member of the Board has received or has become entitled to receive, during or since the financial year, a benefit because of a contract made by the company with the member, a firm of which the member is a member or an entity in which the member has a substantial financial interest.

## **INSURANCE OF OFFICERS**

During the financial year, Social Ventures Australia Ltd paid a premium of \$1,592 to insure the Directors and Secretaries of the company and a premium of \$6,052 for Public Liability Insurance of \$20million which covered all Social Ventures Australia operations in Australia.

## **AUDITORS' INDEPENDENCE DECLARATION**

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 9.

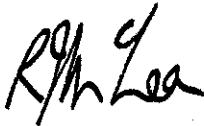
## **AUDITOR**

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

## **ROUNDING OF AMOUNTS**

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest dollar.

This report is made in accordance with a resolution of the Directors.



Rob McLean  
Chairman  
Sydney  
27 October 2008



PricewaterhouseCoopers  
ABN 52 780 433 757

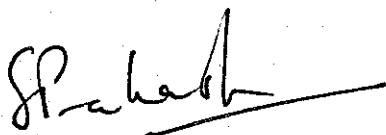
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201 Sussex Street  
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Australia  
Telephone +61 2 8266 0000  
Facsimile +61 2 8266 9999

### Auditor's Independence Declaration

As lead auditor for the audit of Social Ventures Australia Limited for the year ended 30 June 2008, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

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



Sumanth Prakash  
Partner  
PricewaterhouseCoopers

Sydney  
27 October 2008

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This financial report covers both the separate financial statements of Social Ventures Australia Limited as an individual entity and the consolidated financial statements for the consolidated entity consisting of Social Ventures Australia Limited and its subsidiaries. The financial report is presented in the Australian currency.

The financial report was authorised for issue by the Directors on 27 October 2008. The company has the power to amend and reissue the financial report.

Social Ventures Australia Limited is a company limited by Guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 1, Level 6,  
6-10 O'Connell Street  
SYDNEY, NSW 2000

A description of the nature of the entity's operations and its principal activities is included in the review of operations and activities in the Directors Report which are not part of this financial report.

SOCIAL VENTURES AUSTRALIA LIMITED  
ABN 94 100 487 572

FINANCIAL REPORT  
30 JUNE 2008

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**INCOME STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2008**

	Notes	<b>Consolidated</b>		<b>Parent Entity</b>	
		<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
		<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
<b>REVENUE FROM CONTINUING OPERATIONS</b>	4	8,899,373	4,140,070	8,882,060	4,140,070
<b>EXPENSES</b>					
Donations and grants		1,841,634	329,000	1,841,634	329,000
Programs and consultancy		934,695	424,948	934,695	424,948
Events and activities		193,010	168,310	193,010	168,310
Communications		70,973	39,093	70,973	39,093
Marketing		208,395	124,664	208,395	124,664
Travel		317,865	249,572	317,865	249,572
Administration		425,348	87,081	425,348	87,081
Staff costs		2,620,229	141,051	2,620,229	141,051
Depreciation and amortisation	5	178,686	36,696	178,686	36,696
<b>PROFIT ATTRIBUTABLE TO MEMBERS OF SOCIAL VENTURES AUSTRALIA LIMITED</b>		<b>2,108,537</b>	<b>2,539,234</b>	<b>2,091,225</b>	<b>2,539,234</b>

*The above Income Statement should be read in conjunction with the accompanying notes.*

**BALANCE SHEET  
 AS AT 30 JUNE 2008**

ASSETS	Notes	Consolidated		Parent Entity	
		2008 (\$)	2007 (\$)	2008 (\$)	2007 (\$)
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	6	3,295,993	2,995,537	3,293,343	2,995,537
Trade and other receivables	7	186,631	259,291	186,631	259,291
<b>TOTAL CURRENT ASSETS</b>		<b>3,482,624</b>	<b>3,254,828</b>	<b>3,479,974</b>	<b>3,254,828</b>
<b>NON-CURRENT ASSETS</b>					
Available for sale financial assets	8	1,534,525	-	1,537,175	-
Property, plant and equipment	9	505,784	415,339	505,784	415,339
Intangible assets	10	4,926	27,643	4,926	27,643
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,045,235</b>	<b>442,982</b>	<b>2,047,885</b>	<b>442,982</b>
<b>TOTAL ASSETS</b>		<b>5,527,859</b>	<b>3,697,810</b>	<b>5,527,859</b>	<b>3,697,810</b>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Trade and other payables	11	488,232	699,336	488,232	699,336
<b>TOTAL CURRENT LIABILITIES</b>		<b>488,232</b>	<b>699,336</b>	<b>488,232</b>	<b>699,336</b>
<b>NON-CURRENT LIABILITIES</b>					
Provisions	12	78,550	56,963	78,550	56,963
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>78,550</b>	<b>56,963</b>	<b>78,550</b>	<b>56,963</b>
<b>TOTAL LIABILITIES</b>		<b>566,782</b>	<b>756,299</b>	<b>566,782</b>	<b>756,299</b>
<b>NET ASSETS</b>		<b>4,961,077</b>	<b>2,941,511</b>	<b>4,961,077</b>	<b>2,941,511</b>
<b>MEMBERS' FUNDS</b>					
Members' Funds	13	5,050,048	2,941,511	5,032,735	2,941,511
Reserves	14	(88,971)	-	(71,658)	-
<b>TOTAL MEMBERS' FUNDS</b>		<b>4,961,077</b>	<b>2,941,511</b>	<b>4,961,077</b>	<b>2,941,511</b>

*The above Balance Sheet should be read in conjunction with the accompanying notes.*

SOCIAL VENTURES AUSTRALIA LIMITED  
ABN 94 100 487 572

FINANCIAL REPORT  
30 JUNE 2008

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2008**

	<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
<b>Total Member Funds at the beginning of the financial year:</b>	2,941,511	402,277	2,941,511	402,277
Available for Sale Reserve	(88,971)	-	(71,659)	-
Profit for the year	2,108,537	2,539,234	2,091,225	2,539,234
<b>Total members funds at the end of the financial year attributable to members of Social Ventures Australia Limited</b>	<b>4,961,077</b>	<b>2,941,511</b>	<b>4,961,077</b>	<b>2,941,511</b>

*The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

**CASH FLOW STATEMENT  
 FOR THE YEAR ENDED 30 JUNE 2008**

	Notes	Consolidated		Parent Entity	
		2008 (\$)	2007 (\$)	2008 (\$)	2007 (\$)
<b>Cash flows from operating activities:</b>					
Receipts from customers, granting bodies and funders (inclusive of goods and services tax)		8,642,731	4,081,407	8,642,731	4,081,407
Payments to suppliers and employees (inclusive of goods and services tax)		(6,728,858)	(1,352,789)	(6,728,858)	(1,352,789)
		<u>1,913,873</u>	<u>2,728,618</u>	<u>1,913,873</u>	<u>2,728,618</u>
Interest paid		-	(364)	-	(364)
<b>Net cash inflow from operating activities</b>	20	<u>1,913,873</u>	<u>2,728,255</u>	<u>1,913,873</u>	<u>2,728,255</u>
<b>Cash flows from investing activities</b>					
Payments for property, plant & equipment		(246,563)	(68,343)	(246,563)	(68,343)
Payments for available for sale assets		(5,890,303)	-	(4,816,140)	-
Payments for intangible assets		-	(18,730)	-	(18,730)
Proceeds from available for sale assets		4,200,194	-	3,195,194	-
Dividends and distributions received		182,128	-	114,127	-
Interest received		141,127	3,057	137,315	3,057
<b>Net cash outflow from investing activities</b>		<u>(1, 613,417)</u>	<u>(84,016)</u>	<u>(1,616,067)</u>	<u>(84,016)</u>
<b>Net increase in cash held</b>		300,456	2,644,238	297,806	2,644,238
Cash at beginning of the year		2,995,537	351,299	2,995,537	351,299
<b>Cash at end of the financial year</b>		<u>3,295,993</u>	<u>2,995,537</u>	<u>3,293,343</u>	<u>2,995,537</u>

*The above Cash Flow Statement should be read in conjunction with the accompanying notes.*

## NOTES TO THE FINANCIAL STATEMENTS

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## NOTES TO THE FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes financial statements for Social Ventures Australia Limited as an individual entity and the consolidated entity consisting of Social Ventures Australia Limited and its subsidiaries.

#### (a) BASIS OF PREPARATION

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Comparative information has been reclassified where appropriate to enhance comparability. Additional line items have been included in the income statement to assist the users of the financial report.

#### *Compliance with IFRSs*

Australian Accounting Standards include AIFRSs. Compliance with AIFRSs ensures that the financial report of Social Ventures Australia Limited comply with International Financial Reporting Standards (IFRSs).

#### *Historical cost convention*

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss and certain classes of property, plant and equipment.

#### *Critical accounting judgements*

The preparation of financial statements in conformity with AIFRS requires management to exercise its judgement in the process of applying Social Ventures Australia Limited's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT')

### (b) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Social Ventures Australia Limited (“company” or “parent entity”) as at 30 June 2008 and the results of all subsidiaries for the year then ended. Social Ventures Australia Limited and its subsidiaries together are referred to as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the consolidated entity controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are deconsolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the consolidated entity.

Intercompany transactions, balances and unrealised gains on transactions between consolidated entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Social Ventures Australia Limited.

### (c) REVENUE RECOGNITION

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

#### *(i) Funding and sponsorship*

Funding and sponsorship is brought to account in the year it is granted. Funding is deferred only to the extent that it is recognised over the period necessary to match the funding with the specific costs they are intended to compensate. In respect of pledges committed, income is recognised when it is received.

#### *(ii) Program Revenue, Consultancy Services and Conferences/Events Income*

Program Revenue, Consultancy Services and Conferences/Events Income are brought to account when they are provided.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) INCOME TAX

Social Ventures Australia Limited is an Income Tax Exempt Charity.

(e) LEASES

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the consolidated entity as lessee are classified as operating leases (note 21). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(f) IMPAIRMENT OF ASSETS

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

(g) CASH AND CASH EQUIVALENTS

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(h) TRADE AND OTHER RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 120 days from the date of recognition.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement.

### (i) INVESTMENTS AND OTHER FINANCIAL ASSETS

#### *Classification*

The group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates the designation at each reporting date.

#### *Available-for-sale financial assets*

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

#### *Recognition and derecognition*

Regular purchases and sales of financial assets are recognised on trade date – the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### *Subsequent measurement*

Loans and receivables are carried at amortised cost using the effective interest method. Available-for-sale financial assets are subsequently carried at fair value. Fair value is determined directly by reference to published price quotations in an active market.

### *Impairment*

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in the income statement. Impairment losses recognized in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

### (j) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight line basis to allocate their cost, net of residual values over their expected useful lives to the company. The expected useful lives are as follows:

- Office equipment	5 years,
- Leasehold improvements & Furniture & fittings	5 years, and
- Computer equipment	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) *Property make good asset*

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

(k) INTANGIBLE ASSETS

(i) *Web site assets*

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

(ii) *Intangible assets – Intellectual Property*

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

(iii) *Computer software*

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

(l) TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(m) BORROWING COSTS

Borrowing costs include interest charges paid on the credit card facility, which are recognised as expenses in the year in which they are incurred.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (n) PROVISIONS

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

### (o) EMPLOYEE BENEFITS

#### (i) *Wages and salaries and annual leave*

Liabilities for wages and salaries (including non-monetary benefits) and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

#### (ii) *Long service leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

### (p) DEFERRED INCOME

Funding is deferred and recognised in the income statement over the period necessary to match them with the specific costs to which they are intended to compensate.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

### **(q) GOODS AND SERVICES TAX (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

### **(r) GIFTS-IN-KIND**

The Company receives various forms of in-kind support from organisations and these are disclosed in Note 18.

### **(s) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2008 reporting periods. The consolidated entity has not assessed the possible impact of the application of the new accounting standards on the entity's financial report in the period of initial application.

### **(t) ROUNDING OF AMOUNTS**

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest dollar.

## **2. CRITICAL ACCOUNTING JUDGEMENTS**

There are no material critical accounting judgements or estimates.

## **3. FINANCIAL RISK MANAGEMENT**

The Group has limited exposure to financial risks with no borrowings, no significant concentration of credit risk, cashflow forecasting and ensuring sufficient cash at bank and credit lines. For further information refer Note 15.

#### 4. REVENUE

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	(\$)	(\$)	(\$)	(\$)
From continuing operations				
<i>Operating revenue</i>				
Funding and sponsorship	7,935,847	3,534,570	7,935,847	3,534,570
Programme revenue	131,094	383,489	131,094	383,489
Consultancy services	420,809	141,631	420,809	141,631
Conferences and events income	54,946	76,855	54,946	76,855
Total operating revenue	8,542,696	4,136,545	8,542,696	4,136,545
<i>Other revenue</i>				
Interest, dividends and distributions	262,947	3,057	259,134	3,057
Other revenue	93,730	468	80,230	468
Total other revenue	356,677	3,525	339,364	3,525
Total revenue	8,899,373	4,140,070	8,882,060	4,140,070

#### 5. EXPENSES

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	(\$)	(\$)	(\$)	(\$)
Profit before income tax includes the following specific expenses				
<i>Depreciation</i>				
Office equipment	2,162	760	2,162	760
Computer equipment	40,590	22,019	40,590	22,019
Leasehold improvements & furniture & fittings	89,217	151	89,217	151
Property make good asset	24,000	4,000	24,000	4,000
Total depreciation	155,969	26,930	155,969	26,930
<i>Amortisation</i>				
Website	13,187	2,663	13,187	2,663
Computer software	5,529	3,103	5,529	3,103
Intellectual property	4,000	4,000	4,000	4,000
Total amortisation	22,716	9,766	22,716	9,766
Interest and finance charges paid/payable	-	364	-	364
Operating lease expense	252,049	29,240	252,049	29,240



**6. CASH AND CASH EQUIVALENTS**

	<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Cash at bank and on hand	3,166,206	2,899,046	3,163,557	2,899,046
Deposits at Call	129,786	96,491	129,786	96,491
	<u>3,295,993</u>	<u>2,995,537</u>	<u>3,293,343</u>	<u>2,995,537</u>

Cash at bank earns interest at variable rates between 0% and 4.9%. When cash is not utilised, it is transferred to online saver accounts which currently earn 7.15% interest. Deposit at call earns interest at rates between 6.75% and 8.1%.

**7. TRADE AND OTHER RECEIVABLES**

	<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Trade receivable	135,545	239,624	135,545	239,624
Other receivables	51,086	19,667	51,086	19,667
	<u>186,631</u>	<u>259,291</u>	<u>186,631</u>	<u>259,291</u>

*(a) Impaired trade receivables*

As at 30 June 2008 there were \$nil (2007 \$nil) trade receivables of the Group impaired.

*(b) Past due but not impaired*

As of 30 June 2008 trade receivables of \$nil (2007 \$nil) were past due but not impaired.

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the history of these classes, it is expected that these amounts will be received when due. The Group does not hold any collateral in relation to these receivables.

*(c) Other receivables*

These amounts generally arise from transactions outside the usual operating activities of the Group. Collateral is not normally obtained.

*(d) Fair value and credit risk*

Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value.

**8. AVAILABLE-FOR-SALE FINANCIAL ASSETS**

	<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Listed securities				
Equity securities	1,105,085	-	-	-
Infrastructure	166,900	-	-	-
Property	262,540	-	-	-
	<u>1,534,525</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unlisted securities				
Units in unit trust	-	-	1,537,175	-
	<u>-</u>	<u>-</u>	<u>1,537,175</u>	<u>-</u>
Available for sale financial assets	<u>1,534,525</u>	<u>-</u>	<u>1,537,175</u>	<u>-</u>

*(a) Impairment and risk exposure*

The maximum exposure to credit risk at the reporting date is the fair value of the securities classified as available-for-sale. None of the financial assets are impaired. All available-for-sale financial assets are denominated in Australian currency.

*(b) Price risk*

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified on the balance sheet as available-for-sale. Neither the Group nor the parent are exposed to commodity price risk. To manage the price risk arising from investments in equity securities, the Group diversifies its portfolio.

All of the investments are publicly traded and many of them are included in the ASX 200 Index. The table below summarises the impact of increases/decreases of 5% (2007 5%) of the individual prices of securities in the portfolio on the Group's post tax profit for the year and on equity.

	<b>Impact on post-tax profit</b>		<b>Impact on equity</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
5% change in price of securities	-	-	76,726	-
	<u>-</u>	<u>-</u>	<u>76,726</u>	<u>-</u>

Equity would increase/decrease as a result of gains/losses on equity securities classified as available-for-sale.

**9. PROPERTY, PLANT AND EQUIPMENT**

	<b>Office equipment (\$)</b>	<b>Computer equipment (\$)</b>	<b>Leasehold improvements &amp; furniture &amp; fittings (\$)</b>	<b>Property fixed asset (\$)</b>	<b>Total (\$)</b>
<b>Year ended 30 June 2007</b>					
Opening net book amount	3,295	45,182	-	-	48,477
Additions	-	26,766	327,026	40,000	393,792
Depreciation	(760)	(22,019)	(151)	(4,000)	(26,930)
Closing net book amount	<u>2,535</u>	<u>49,929</u>	<u>326,875</u>	<u>36,000</u>	<u>415,339</u>

<b>At 30 June 2007</b>					
Cost	3,793	84,454	327,026	40,000	455,273
Accumulated depreciation	(1,258)	(34,525)	(151)	(4,000)	(39,934)
Net book amount	<u>2,535</u>	<u>49,929</u>	<u>326,875</u>	<u>36,000</u>	<u>415,339</u>

	<b>Office equipment (\$)</b>	<b>Computer equipment (\$)</b>	<b>Leasehold improvements &amp; furniture &amp; fittings (\$)</b>	<b>Property fixed asset (\$)</b>	<b>Total (\$)</b>
<b>Year ended 30 June 2008</b>					
Opening net book amount	2,535	49,929	326,875	36,000	415,339
Additions	8,603	76,016	161,795	-	246,414
Depreciation	(2,162)	(40,590)	(89,217)	(24,000)	(155,969)
Closing net book amount	<u>8,976</u>	<u>85,355</u>	<u>399,453</u>	<u>12,000</u>	<u>505,784</u>

<b>At 30 June 2008</b>					
Cost	12,395	160,471	488,821	40,000	701,687
Accumulated depreciation	(3,419)	(75,116)	(89,368)	(28,000)	(195,903)
Net book amount	<u>8,976</u>	<u>85,355</u>	<u>399,453</u>	<u>12,000</u>	<u>505,784</u>

**10. INTANGIBLE ASSETS**

	<b>Intellectual Property (\$)</b>	<b>Website (\$)</b>	<b>Computer software (\$)</b>	<b>Total (\$)</b>
<b>Year ended 30 June 2007</b>				
Opening net book amount	12,000	4,180	2,499	18,679
Additions	-	11,670	7,060	18,730
Amortisation charge	(4,000)	(2,663)	(3,103)	(9,766)
Closing book amount	<u>8,000</u>	<u>13,187</u>	<u>6,456</u>	<u>27,643</u>
<b>At 30 June 2007</b>				
Cost	20,000	41,520	11,056	72,576
Accumulated amortisation	(12,000)	(28,333)	(4,600)	(44,933)
Net book amount	<u>8,000</u>	<u>13,187</u>	<u>6,456</u>	<u>27,643</u>
	<b>Intellectual Property (\$)</b>	<b>Website (\$)</b>	<b>Computer software (\$)</b>	<b>Total (\$)</b>
<b>Year ended 30 June 2008</b>				
Opening net book amount	8,000	13,187	6,456	27,643
Additions	-	-	-	-
Amortisation charge	(4,000)	(13,187)	(5,529)	(22,715)
Closing book amount	<u>4,000</u>	<u>-</u>	<u>928</u>	<u>4,928</u>
<b>At 30 June 2008</b>				
Cost	20,000	41,520	11,056	72,576
Accumulated amortisation	(16,000)	(41,520)	(10,128)	(67,648)
Net book amount	<u>4,000</u>	<u>-</u>	<u>928</u>	<u>4,928</u>

**11. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES**

	<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Trade payables	114,400	89,608	114,400	89,608
Goods and services tax	-	92	-	92
Deferred income	57,597	107,791	57,597	107,791
Employee benefits	111,110	106,145	111,110	106,145
Accrued expenses	205,125	395,700	205,125	395,700
	<u>488,232</u>	<u>699,336</u>	<u>488,232</u>	<u>699,336</u>

*Amounts not expected to be settled within the next 12 months*

Employee benefits include accruals for annual leave. The entire obligation is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave within the next 12 months. The following amounts reflect leave that is not expected to be taken within the next twelve months:

	<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Annual leave obligation expected to be settled after 12 months	<u>27,777</u>	<u>26,536</u>	<u>27,777</u>	<u>26,536</u>

**12. NON CURRENT LIABILITIES – PROVISIONS**

	<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Employee entitlements	38,550	16,963	38,550	16,963
Property make good	40,000	40,000	40,000	40,000
	<u>78,550</u>	<u>56,963</u>	<u>78,550</u>	<u>56,963</u>

*(a) Property make good*

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.

## 12. NON CURRENT LIABILITIES – PROVISIONS (CONT’)

### (b) Movements in Property make good provision

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	(\$)	(\$)	(\$)	(\$)
Carrying amount at start of year	40,000	-	40,000	-
Additional provision recognised	-	40,000	-	40,000
Carrying amount at end of year	40,000	40,000	40,000	40,000

## 13. MEMBERS’ FUNDS

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	(\$)	(\$)	(\$)	(\$)
Members’ funds at the beginning of the financial year	2,941,511	402,277	2,941,511	402,277
Net profit attributable to members’	2,108,537	2,539,234	2,091,225	2,539,234
Members’ funds at the end of the financial year	5,050,048	2,941,511	5,032,735	2,941,511

Pursuant to the constitution of Social Ventures Australia Limited, every member has undertaken in the event of a deficiency on winding up, to contribute an amount not exceeding \$2. At 30 June 2008 the total of these guarantees was \$8 (30 June 2007: \$8).

## 14. RESERVES

Available-for-sale investments revaluation reserve	Consolidated		Parent Entity	
	2008	2007	2008	2007
	(\$)	(\$)	(\$)	(\$)
<b>Reserves</b>				
Available-for-sale investments revaluation reserve	(88,971)	-	(71,659)	-
<b>Movements</b>				
Opening balance	-	-	-	-
Revaluation	(88,971)	-	(71,659)	-
Closing balance	(88,971)	-	(71,659)	-

Changes in the fair value of investments classified as available-for-sale financial assets, are taken to the available-for-sale investments revaluation reserve, as described in note 1(i). Amounts are recognised in profit and loss when the associated assets are sold or impaired.

## 15. FINANCIAL INSTRUMENTS

### (a) Credit Risk Exposures

The credit risk on financial assets of the Group is the carrying value, net of any provision for doubtful debts.

### (b) Interest Rate Risk Exposures

The Group's exposure to interest rate risk and the interest rate for each class of financial assets and liabilities are set out below.

<b>CONSOLIDATED 2008</b>	<b>Notes</b>	<b>Floating interest rate (\$)</b>	<b>Non- interest bearing (\$)</b>	<b>Total (\$)</b>
<i>Financial assets:</i>				
Cash and cash equivalents	6	3,295,993	-	3,295,993
Trade and other receivables	7	-	186,631	186,631
Available-for-sale financial assets	8	-	1,534,525	1,534,525
<i>Financial liabilities:</i>				
Trade and other payables	11	-	(488,232)	(488,232)
<b>Net financial assets/(liabilities)</b>		<b>3,295,993</b>	<b>1,232,924</b>	<b>4,528,917</b>
<hr/>				
<b>2007</b>	<b>Notes</b>	<b>Floating interest rate (\$)</b>	<b>Non- interest bearing (\$)</b>	<b>Total (\$)</b>
<i>Financial assets:</i>				
Cash and cash equivalents	6	2,995,537	-	2,995,537
Trade and other receivables	7	-	254,172	254,172
<i>Financial liabilities:</i>				
Trade and other payables	11	-	(699,336)	(699,336)
<b>Net financial assets/(liabilities)</b>		<b>2,995,537</b>	<b>(445,164)</b>	<b>2,550,373</b>

**15. FINANCIAL INSTRUMENTS (CONT'D)**

<b>PARENT ENTITY 2008</b>	<b>Notes</b>	<b>Floating interest rate (\$)</b>	<b>Non- interest bearing (\$)</b>	<b>Total (\$)</b>
<i>Financial assets:</i>				
Cash and cash equivalents	6	3,293,343	-	3,293,343
Trade and other receivables	7	-	186,631	186,631
Available-for-sale financial assets	8		1,537,175	1,537,175
<i>Financial liabilities:</i>				
Trade and other payables	11	-	(488,232)	(488,232)
<b>Net financial assets/(liabilities)</b>		<u>3,293,343</u>	<u>1,235,574</u>	<u>4,528,917</u>
<b>2007</b>	<b>Notes</b>	<b>Floating interest rate (\$)</b>	<b>Non- interest bearing (\$)</b>	<b>Total (\$)</b>
<i>Financial assets:</i>				
Cash and cash equivalents	6	2,995,537	-	2,995,537
Trade and other receivables	7	-	254,172	254,172
<i>Financial liabilities:</i>				
Trade and other payables	11	-	(699,336)	(699,336)
<b>Net financial assets/(liabilities)</b>		<u>2,995,537</u>	<u>(445,164)</u>	<u>2,550,373</u>

*(c) Net Fair Value of Financial Assets and Liabilities*

Financial assets and liabilities comprise cash, receivables and payables. The net fair value of financial assets and liabilities approximates their carrying value.



## 16. REMUNERATION OF KEY MANAGEMENT PERSONNEL

Key management personnel compensation for the years ended 30 June 2008 and 30 June 2007 is set out below. The directors of the company do not receive any remuneration for that role.

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	(\$)	(\$)	(\$)	(\$)
Short term benefits	203,730	151,111	203,730	151,111
Post employment benefits	-	-	-	-
Other long-term benefits	-	-	-	-
Termination benefits	-	-	-	-
Share-based payments	-	-	-	-
	<u>203,730</u>	<u>151,111</u>	<u>203,730</u>	<u>151,111</u>

For further information refer Note 18.

## 17. REMUNERATION OF AUDITORS

PricewaterhouseCoopers provided pro-bono services during the year in connection with the audit of the financial statements:

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	(\$)	(\$)	(\$)	(\$)
Audit of the financial report of the entity:	45,000	37,500	45,000	37,500
Less: donation to Social Ventures Australia Limited	(45,000)	(37,500)	(45,000)	(37,500)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

## 18. RELATED PARTIES

The names of persons who were directors of Social Ventures Australia Ltd at any time during the financial year are Arsenio Alegre, Alison Deans, Elaine Henry, Steve Lawrence, Helen Liondos, Robert McLean, Michael Traill, Jane Schwager, Carol Schwatz, and Richard Spencer.

### Remuneration benefits

Information on remuneration benefits of key management personnel is disclosed in Note 16.

### Other transactions with directors and director related entities

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

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	(\$)	(\$)	(\$)	(\$)
<i>Operating revenue</i>				
Revenue from related entities	1,127,139	1,025,705	1,127,139	1,025,705
<i>Purchases</i>				
Purchases from related entities	25,335	-	25,335	-

Aggregate amount payable and receivable to related entities at balance date:

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	(\$)	(\$)	(\$)	(\$)
<i>Other receivables</i>				
Amounts receivable from related entities	11,000	-	11,000	-

### Gifts

#### *Rent and Infrastructure*

Until 24 June 2007, The Benevolent Society provided in-kind support in usage of their premises and infrastructure resources. The premises were used as the registered office of Social Ventures Australia Ltd and its principle place of business. AMP Foundation and The Smith Family had provided in-kind support on occasion through usage of their meeting rooms and business facilities.

## 18. RELATED PARTIES (CONT’)

### *Consulting & Staffing resources*

The founding partners have provided various in-kind consulting services including 15.8 full-time equivalent staffing resources to the Company until the arrangement ceased on 24 June 2007.

## 19. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1(b):

	Country of incorporation	Class of shares	Equity holding	
			2008 %	2007 %
SVA Nominees Pty Limited	Australia	Ordinary	100	-
SVA Capital Fund	Australia	Units	100	-

SVA Nominees Pty Limited was incorporated on 18 January 2008. SVA Capital Fund was established 5 March 2008. Social Ventures Australia Limited was the founding shareholder and unitholder in these entities and continues as the sole shareholder and unitholder.

## 20. CONTINGENT LIABILITIES

The company’s business card facilities with the Commonwealth Bank and American Express limits total \$15,000 as at 30 June 2008. No material losses are expected in respect of any of the above contingent liabilities.

## 21. COMMITMENTS

### *Non-cancellable operating leases*

The Group leases the Sydney and Melbourne offices under non-cancellable operating leases expiring up to 3 years. The leases have varying terms, escalation clauses and renewal rights. On renewal the terms of the leases are renegotiated.

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	(\$)	(\$)	(\$)	(\$)
<i>Operating Leases of Sydney and Melbourne premises</i>				
Payable:				
Within one year	188,770	175,438	188,770	175,438
Later than one year but not later than five years	125,137	87,719	125,137	87,719
Later than five years		-		-
	<u>313,907</u>	<u>263,157</u>	<u>313,907</u>	<u>263,157</u>

## 22. RECONCILIATION OF NET PROFIT TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	(\$)	(\$)	(\$)	(\$)
Net profit for the year	2,108,537	2,539,234	2,091,225	2,539,234
Depreciation and amortisation	178,686	36,696	178,686	36,696
Dividend and interest income	(323,105)	-	(251,293)	-
Net (gain)/loss on sale of available-for-sale assets	66,613	-	12,113	-
<b>Changes in Operating Assets and Liabilities:</b>				
Decrease/(Increase) in trade and other receivables	72,660	(176,921)	72,660	(176,921)
(Decrease)/Increase in trade and other payables	(211,104)	332,302	(211,104)	332,302
Increase in employee entitlements provision	21,587	-	21,587	-
<b>Net cash inflow from operating activities</b>	<u><b>1,913,873</b></u>	<u><b>2,728,255</b></u>	<u><b>1,913,873</b></u>	<u><b>2,728,255</b></u>

### 23. FINANCIAL POSITION OF SVA BOOST! FUND

On 18 March 2005, Social Ventures Australia Limited was appointed trustee for the charitable gift trust, SVA Boost! Fund. The purpose of the trust fund was to provide funding to eligible charities. The trustee, Social Ventures Australia Limited had the power to control the funds of the trust however it did not receive any financial benefit from this control. The trust deed required the Trustee to ensure that funds are distributed to eligible charities (as defined in the Trust Deed). In addition, the trustee was obliged to transfer any excess funds on the wind up of the trust to the eligible charities and additionally the trustee was not liable for any loss associated with the Trust.

Consequently, the Trustee did not control the Trust and hence the trust was not consolidated in the company's financial statements.

As at 30 June 2007, all funds held by SVA Boost! Fund were fully distributed to various SVA ventures and all bank accounts closed.

#### (a) INCOME STATEMENT

	Consolidated		Parent Entity	
	2008 (\$)	2007 (\$)	2008 (\$)	2007 (\$)
<b>Income</b>				
Donations received	-	933,961	-	933,961
Interest received	-	10,144	-	10,144
<b>Total income</b>	-	<b>944,105</b>	-	<b>944,105</b>
<b>Expenses</b>				
Grants given	-	1,474,729	-	1,474,729
Bank charges	-	362	-	362
<b>Total expenses</b>	-	<b>1,475,091</b>	-	<b>1,475,091</b>
<b>Net funds for distribution</b>	-	<b>(530,986)</b>	-	<b>(530,986)</b>

#### (b) BALANCE SHEET AS AT 30 JUNE 2008

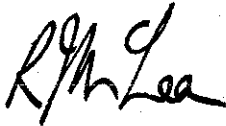
	Consolidated		Parent Entity	
	2008 (\$)	2007 (\$)	2008 (\$)	2007 (\$)
<b>Net assets</b>	Nil	Nil	Nil	Nil
<b>Net funds for distribution</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>

**DIRECTORS' DECLARATION  
FOR THE YEAR ENDED 30 JUNE 2008**

In the director's opinion:

- (a) the financial statements and notes set out on pages 10 to 37 are in accordance with the *Corporations Act 2001*; including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the company's and consolidated entity's financial position as at 30th June 2008 and of their performance, as represented by the results of their operations, changes in equity and their cash flows, for the financial year ended on that date; 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.

This declaration is made in accordance with a resolution of the directors.



Rob McLean  
Chairman

Sydney  
27 October 2008

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

**Report on the financial report**

We have audited the accompanying financial report of Social Ventures Australia Limited (the company), which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Social Ventures Australia Limited and the Social Ventures Australia Limited Group (the consolidated entity). The consolidated entity comprises 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

*Auditor's responsibility*

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

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

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

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

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

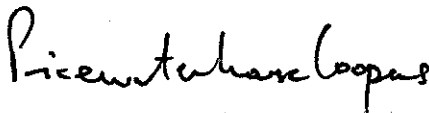
*Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

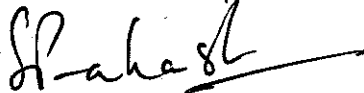
*Auditor's opinion*

In our opinion:

- (a) the financial report of Social Ventures Australia Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.



PricewaterhouseCoopers



Sumanth Prakash  
Partner

Sydney  
27 October 2008