

**SOCIAL VENTURES AUSTRALIA LIMITED**

**ABN: 94 100 487 572**

**ANNUAL REPORT – 30 JUNE 2009**

## DIRECTOR'S REPORT

The directors' of Social Ventures Australia Limited ('the Company') present their report together with the financial report of the consolidated entity (referred to hereafter as the Group) consisting of Social Ventures Australia Limited and the entities it controlled at the end of, or during, the year ended 30 June 2009 and the auditor's report thereon.

### 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    | R Spencer | A Alegre |
| R J McLean | A Deans   |          |

C Schwartz was a director of Social Ventures Australia Limited from the beginning of the financial year until her resignation on 10 February 2009. M Traill was a director of Social Ventures Australia Limited from the beginning of the financial year until his resignation on 20 October 2008.

### PRINCIPAL ACTIVITIES

During the financial year the Group continued working with innovative non-profit organisations to increase their growth and impact to drive transformational social change.

The principal activities of the Group during the financial year were:

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

There were no significant changes in the nature of activities of the Group during the year.

### REVIEW OF OPERATIONS

Operations for the year ended 30 June 2009 resulted in a loss for the Group of \$562,014 (2008: \$2,108,537 surplus) and a loss for the Company of \$560,974 (2008: \$2,091,225 surplus).

#### *Operating Statement*

The schedule on page 3 details the Group's operational income and expenses, reconciled to the Income Statement prepared under the Australian Accounting Standards.

The Revenue from Continuing Operations shown in the Income Statement includes donations of \$3,189,275 (2008: \$3,291,377) for the Ventures that we support and \$212,270 (2008: \$630,000) for the Capital Fund. These funds are not used in the Group's operations, therefore the revenue for the Group's operations during the year was \$4,824,232 (2008: \$4,743,141).

The expenses shown in the Income Statement include Donations and Grants which are a pass through of Donations received for Ventures that we support. By excluding Donations and Grants paid, the expenses of the group's operations were \$4,876,817 (2008: \$4,868,971).

The loss for the Group's operations, excluding income quarantined for specific purposes and non-operational expenses was \$52,585 (2008: loss \$125,830).

DIRECTOR'S REPORT (CONT'D)

**OPERATING STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2009**

|  | <b>Group</b>     |                  | <b>Company</b>   |                  |
|--|------------------|------------------|------------------|------------------|
|  | <b>2009</b>      | <b>2008</b>      | <b>2009</b>      | <b>2008</b>      |
|  | (\$)             | (\$)             | (\$)             | (\$)             |
| <b>REVENUE FROM CONTINUING OPERATIONS</b>                            | 8,225,777        | 8,664,518        | 8,036,527        | 8,542,697        |
| <b>OTHER INCOME</b>  | -                | -                | 74,437           | 121,821          |
| Donations quarantined for the Venture Fund                           | (3,189,275)      | (3,291,377)      | (3,189,275)      | (3,291,377)      |
| Donations quarantined for the Capital Fund                           | (212,270)        | (630,000)        | (212,270)        | (630,000)        |
| <b>REVENUE FOR OPERATIONS</b>  | <b>4,824,232</b> | <b>4,743,141</b> | <b>4,709,419</b> | <b>4,743,141</b> |
| <b>EXPENSES</b>  |                  |                  |                  |                  |
| Personnel expenses   | (3,236,621)      | (2,620,229)      | (3,236,621)      | (2,620,229)      |
| Programs and consultancy   | (581,845)        | (934,695)        | (581,845)        | (934,695)        |
| Administration   | (387,770)        | (345,120)        | (387,335)        | (345,120)        |
| Travel   | (285,924)        | (317,865)        | (285,924)        | (317,865)        |
| Depreciation and amortisation  | (171,735)        | (178,684)        | (171,735)        | (178,684)        |
| Communications   | (83,128)         | (70,973)         | (83,128)         | (70,973)         |
| Events and activities  | (79,804)         | (193,010)        | (79,804)         | (193,010)        |
| Marketing  | (49,990)         | (208,395)        | (49,990)         | (208,395)        |
| <b>LOSS FROM OPERATIONS</b>  | <b>(52,585)</b>  | <b>(125,830)</b> | <b>(166,963)</b> | <b>(125,830)</b> |
| <b>RECONCILIATION TO INCOME STATEMENT</b>                            |                  |                  |                  |                  |
| Loss from operations   | (52,585)         | (125,830)        | (166,963)        | (125,830)        |
| Donations quarantined for the Venture Fund                           | 3,189,275        | 3,291,377        | 3,189,275        | 3,291,377        |
| Donations quarantined for the Capital Fund                           | 212,270          | 630,000          | 212,270          | 630,000          |
| Donations and grants   | (3,433,693)      | (1,841,634)      | (3,433,693)      | (1,841,634)      |
| <b>SURPLUS/(LOSS) FROM OPERATING ACTIVITIES PER INCOME STATEMENT</b> | <b>(84,733)</b>  | <b>1,953,913</b> | <b>(199,111)</b> | <b>1,953,913</b> |

## DIRECTOR'S REPORT (CONT'D)

### **DIVIDENDS**

The Company's constitution does not permit the payment of dividends, accordingly no dividends were paid during the year (2008:\$nil).

### **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**

On 4<sup>th</sup> September 2009, the Company was selected as a successful applicant for the Jobs Fund which is part of the Australian Government's Jobs and Training Compact that was established to support families and communities most affected by the global financial crisis. The Company will receive \$1,620,000 over the next two years for seeding and supporting social enterprises for sustainable job creation.

### **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 Director since 9 May 2002**

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

#### **Other current directorships**

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

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

Mr McLean was Dean and Director of the Australian Graduate School of Management from 2003 to 2006, Chair of Elders Rural Services and Greenway Capital.

#### **Special Responsibilities**

Chairman of the Board.

DIRECTOR'S REPORT (CONT'D)  
INFORMATION ON DIRECTORS

**Arsenio Alegre CPA, BBus, MBA**

**Non-Executive**

**Experience and expertise**

**Director since 16 June 2008**

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

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

**Other current directorships**

SVA Nominees Pty. Ltd. (Trustee for SVA Capital Fund)

**Former directorships in last 3 years**

None

**Special Responsibilities**

None

**Alison Deans MA, MBA**

**Non-Executive**

**Experience and expertise**

**Director since 21 September 2007**

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

**Other current directorships**

Ms Deans is also a director of Livewire and Downstream Marketing.

**Former directorships in last 3 years**

Griffin Theatre Company, The Starlight Children's Foundation

**Special Responsibilities**

None.

**DIRECTOR'S REPORT (CONT'D)**  
**INFORMATION ON DIRECTORS (CONT'D)**

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

**Experience and expertise**  
**Director since 9 May 2002**

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

**Other current directorships**

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

**Former directorships in last 3 years**

None.

**Special Responsibilities**

None.

**Richard Spencer LLB MProfEthics                                      Non-Executive**

**Experience and expertise**  
**Director since 20 October 2004**

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

**Other current directorships**

Mr Spencer is a member of the Advisory Council of the Social Policy Research Centre at the University of NSW. He is also a member the Sydney Advisory Council of the Centre for Social Impact.

**Former directorships in last 3 years**

None.

**Special Responsibilities**

None.

## DIRECTOR'S REPORT (CONT'D)

### COMPANY SECRETARY

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

Ms Deegan was appointed company secretary on 21 September 2007.

### MEETINGS OF DIRECTORS

The numbers of meetings of the Company's board of directors held during the year ended 30 June 2009, and the numbers of meetings attended by or represented on behalf of each director were:

| Elected Directors        | Full Meetings of Directors |   |
|--------------------------|----------------------------|---|
|                          | A                          | B |
| Arsenio Alegre           | 5                          | 6 |
| Alison Deans             | 5                          | 6 |
| Elaine Henry             | 5                          | 6 |
| Robert McLean (Chairman) | 6                          | 6 |
| Michael Traill           | 2                          | 2 |
| Carol Schwartz           | 2                          | 4 |
| Richard Spencer          | 6                          | 6 |

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.

### AUTHORITY TO FUNDRAISE

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

## DIRECTOR'S REPORT (CONT'D)

### INSURANCE OF OFFICERS

During the financial year, Social Ventures Australia Ltd paid a premium of \$2,006 (2008 :\$1,592) to insure the Directors and Secretaries of the company and a premium of \$6,000 (2008: \$6,052) for Public Liability Insurance of \$20million which covered all Social Ventures Australia operations in Australia.

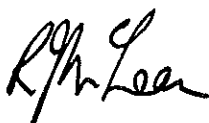
### LEAD AUDITORS' INDEPENDENCE DECLARATION

A copy of the lead auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 9 and forms part of the directors' report for the financial year ended 30 June 2009.

### AUDITOR

At the Company's AGM on 20 November 2008 PricewaterhouseCoopers ceased office as auditors and KPMG were appointed as auditors.

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



Rob McLean  
Chairman  
Sydney  
19 October 2009





**Lead Auditors' Independence Declaration under Section 307C of the Corporations Act 2001**

To: the directors of Social Ventures Australia Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2009, there have been:

- a) no contraventions of the auditor independence requirements as set out in 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.

KPMG

KPMG

*Louise Hendry*

Louise Hendry

*Partner*

Sydney  
19 October 2009

SOCIAL VENTURES AUSTRALIA LIMITED  
ABN 94 100 487 572

FINANCIAL REPORT  
30 JUNE 2009

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**INCOME STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2009**

|  | Notes | Group            |                  | Company          |                  |
|--|-------|------------------|------------------|------------------|------------------|
|  |       | 2009<br>(\$)     | 2008<br>(\$)     | 2009<br>(\$)     | 2008<br>(\$)     |
| <b>REVENUE FROM CONTINUING OPERATIONS</b>  | 3     | 8,225,777        | 8,664,518        | 8,036,527        | 8,542,697        |
| <b>OTHER INCOME</b>  |       | -                | -                | 74,437           | 121,821          |
| <b>EXPENSES</b>  |       |                  |                  |                  |                  |
| Donations and grants   |       | (3,433,693)      | (1,841,634)      | (3,433,693)      | (1,841,634)      |
| Personnel expenses   | 4     | (3,236,621)      | (2,620,229)      | (3,236,621)      | (2,620,229)      |
| Programs and consultancy   |       | (581,845)        | (934,695)        | (581,845)        | (934,695)        |
| Administration   |       | (387,770)        | (345,120)        | (387,335)        | (345,120)        |
| Travel   |       | (285,924)        | (317,865)        | (285,924)        | (317,865)        |
| Depreciation and amortisation  |       | (171,735)        | (178,684)        | (171,735)        | (178,684)        |
| Communications   |       | (83,128)         | (70,973)         | (83,128)         | (70,973)         |
| Events and activities  |       | (79,804)         | (193,010)        | (79,804)         | (193,010)        |
| Marketing  |       | (49,990)         | (208,395)        | (49,990)         | (208,395)        |
| (Loss)/ Surplus from operating activities  |       | (84,733)         | 1,953,913        | (199,111)        | 1,953,913        |
| Finance income   |       | 111,677          | 209,124          | 111,068          | 137,312          |
| Finance expense  |       | (588,958)        | (54,500)         | (472,931)        | -                |
| Net finance (expense)/income   | 5     | (477,281)        | 154,624          | (361,863)        | 137,312          |
| <b>(LOSS)/SURPLUS ATTRIBUTABLE TO MEMBERS OF SOCIAL VENTURES AUSTRALIA LIMITED</b> | 16    | <b>(562,014)</b> | <b>2,108,537</b> | <b>(560,974)</b> | <b>2,091,225</b> |

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

**BALANCE SHEETS  
 AS AT 30 JUNE 2009**

| ASSETS                               | Notes | Group            |                  | Company          |                  |
|--------------------------------------|-------|------------------|------------------|------------------|------------------|
|                                      |       | 2009<br>(\$)     | 2008<br>(\$)     | 2009<br>(\$)     | 2008<br>(\$)     |
| <b>CURRENT ASSETS</b>                |       |                  |                  |                  |                  |
| Cash and cash equivalents            | 6     | 3,257,917        | 3,295,993        | 3,238,911        | 3,293,343        |
| Trade and other receivables          | 7     | 349,212          | 186,631          | 307,490          | 186,631          |
| <b>TOTAL CURRENT ASSETS</b>          |       | <b>3,607,129</b> | <b>3,482,624</b> | <b>3,546,401</b> | <b>3,479,974</b> |
| <b>NON-CURRENT ASSETS</b>            |       |                  |                  |                  |                  |
| Available-for-sale financial assets  | 8     | 1,486,152        | 1,534,525        | 1,457,909        | 1,537,175        |
| Property, plant & equipment          | 9     | 350,325          | 505,784          | 350,325          | 505,784          |
| Intangible assets                    | 10    | -                | 4,926            | -                | 4,926            |
| <b>TOTAL NON-CURRENT ASSETS</b>      |       | <b>1,836,477</b> | <b>2,045,235</b> | <b>1,808,234</b> | <b>2,047,885</b> |
| <b>TOTAL ASSETS</b>                  |       | <b>5,443,606</b> | <b>5,527,859</b> | <b>5,354,635</b> | <b>5,527,859</b> |
| <b>LIABILITIES</b>                   |       |                  |                  |                  |                  |
| <b>CURRENT LIABILITIES</b>           |       |                  |                  |                  |                  |
| Trade and other payables             | 11    | 704,531          | 377,122          | 704,531          | 377,122          |
| Provisions                           | 12    | 99,599           | 111,110          | 99,599           | 111,110          |
| <b>TOTAL CURRENT LIABILITIES</b>     |       | <b>804,130</b>   | <b>488,232</b>   | <b>804,130</b>   | <b>488,232</b>   |
| <b>NON-CURRENT LIABILITIES</b>       |       |                  |                  |                  |                  |
| Provisions                           | 13    | 78,744           | 78,550           | 78,744           | 78,550           |
| <b>TOTAL NON-CURRENT LIABILITIES</b> |       | <b>78,744</b>    | <b>78,550</b>    | <b>78,744</b>    | <b>78,550</b>    |
| <b>TOTAL LIABILITIES</b>             |       | <b>882,874</b>   | <b>566,782</b>   | <b>882,874</b>   | <b>566,782</b>   |
| <b>NET ASSETS</b>                    |       | <b>4,560,732</b> | <b>4,961,077</b> | <b>4,471,761</b> | <b>4,961,077</b> |
| <b>EQUITY</b>                        |       |                  |                  |                  |                  |
| Members' Funds                       | 16    | 4,488,034        | 5,050,048        | 4,471,761        | 5,032,735        |
| Reserves                             | 17    | 72,698           | (88,971)         | -                | (71,658)         |
| <b>TOTAL EQUITY</b>                  |       | <b>4,560,732</b> | <b>4,961,077</b> | <b>4,471,761</b> | <b>4,961,077</b> |

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

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2009**

|  | Notes | <b>Group</b>     |                  | <b>Company</b>   |                  |
|--|-------|------------------|------------------|------------------|------------------|
|  |       | <b>2009</b>      | <b>2008</b>      | <b>2009</b>      | <b>2008</b>      |
|  |       | <b>(\$)</b>      | <b>(\$)</b>      | <b>(\$)</b>      | <b>(\$)</b>      |
| <b>Balance at the beginning of the financial year:</b>     |       | 4,961,077        | 2,941,511        | 4,961,077        | 2,941,510        |
| Net change in fair value of available for sale investments | 17    | 161,669          | (88,971)         | 71,658           | (71,658)         |
| (Loss)/Surplus for the year                                |       | (562,014)        | 2,108,537        | (560,974)        | 2,091,225        |
| <b>Balance at the end of the financial year</b>            |       | <b>4,560,732</b> | <b>4,961,077</b> | <b>4,471,761</b> | <b>4,961,077</b> |

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

**CASH FLOW STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2009**

|   | Notes | Group                   |                         | Company                 |                         |
|---|-------|-------------------------|-------------------------|-------------------------|-------------------------|
|   |       | 2009<br>(\$)            | 2008<br>(\$)            | 2009<br>(\$)            | 2008<br>(\$)            |
| <b>Cash flows from operating activities:</b>      |       |                         |                         |                         |                         |
| Dividends received                                |       | 189,250                 | -                       | -                       | -                       |
| Receipts from Granting Bodies                     |       | 202,125                 | -                       | 202,125                 | -                       |
| Receipts from customers and funders               |       | 8,028,498               | 8,642,731               | 8,243,055               | 8,642,731               |
| Payments to suppliers and employees               |       | (8,179,360)             | (6,728,858)             | (8,279,038)             | (6,728,858)             |
| <b>Net cash inflow from operating activities</b>  | 14    | <u>240,513</u>          | <u>1,913,873</u>        | <u>166,142</u>          | <u>1,913,873</u>        |
| <b>Cash flows from investing activities</b>       |       |                         |                         |                         |                         |
| Acquisition of property, plant & equipment        | 9     | (11,350)                | (246,414)               | (11,350)                | (246,414)               |
| Acquisition of available-for-sale assets          |       | (754,816)               | (5,890,452)             | (320,292)               | (4,816,289)             |
| Proceeds from sale of available for sale assets   |       | 375,900                 | 4,200,194               | -                       | 3,195,194               |
| Dividends and distributions received              |       | -                       | 182,128                 | -                       | 114,127                 |
| Interest received                                 |       | 111,677                 | 141,127                 | 111,068                 | 137,315                 |
| <b>Net cash outflow from investing activities</b> |       | <u>(278,589)</u>        | <u>(1,613,417)</u>      | <u>(220,574)</u>        | <u>(1,616,067)</u>      |
| <b>Net (decrease)/increase in cash held</b>       |       | (38,076)                | 300,456                 | (54,432)                | 297,806                 |
| Cash at beginning of the year                     |       | 3,295,993               | 2,995,537               | 3,293,343               | 2,995,537               |
| <b>Cash at end of the financial year</b>          | 6     | <u><u>3,257,917</u></u> | <u><u>3,295,993</u></u> | <u><u>3,238,911</u></u> | <u><u>3,293,343</u></u> |

*The above Cash Flow Statements 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 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, together referred to as the Group.

The principle activities of the Group are to work with innovative non-profit organisations to increase their growth and impact to drive transformational social change.

The financial report was authorised for issue by the Directors on 19 October 2009.

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

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.

#### (a) BASIS OF PREPARATION

##### *Statement of compliance*

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

##### *Basis of measurement*

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, investments in subsidiaries, and donated unlisted securities. The methods used to measure fair values are discussed further in note 1(q).

##### *Functional and presentation currency*

These consolidated financial statements are presented in Australian Dollars, which is the Company's functional currency and the functional currency of the Group.

##### *Use of estimates and judgement*

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions in the process of applying Social Ventures Australia Limited's accounting policies. Actual results may differ from these estimates.



## NOTES TO THE FINANCIAL STATEMENTS

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

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

- Note 8 and 15: Fair value of available for sale financial assets
- Note 13: Provisions

Certain comparative amounts have been reclassified to conform with the current year's presentation.

#### (b) BASIS 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 2009 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.

Social Ventures Australia Limited wholly owns SVA Nominees Pty. Ltd. Additionally, Social Ventures Australia Limited owns all of the units in the SVA Capital Fund which is a unit trust. SVA Nominees Pty Limited is the corporate trustee of SVA Capital Fund, and has no other operations.

The SVA Capital Fund is a segregated and professionally invested pool of money funded by those who are interested in supporting the long term security and viability of Social Ventures Australia Limited's model. Earnings from the investments support the ongoing work of Social Ventures Australia Limited while the capital remains professionally invested in perpetuity. To help establish a material capital base, payments from the SVA Capital Fund to Social Ventures Australia Limited have been suspended until the asset base reaches \$10 million. Once this target has been reached, payments will be made from the SVA Capital Fund to Social Ventures Australia Limited.

The investment objective pursued by the SVA Capital Fund to date has been to hold an Australian equity portfolio with an emphasis on owning assets which produce a robust and growing income stream, primarily in the form of dividend income.

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

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

**(b) BASIS OF CONSOLIDATION (CONT'D)**

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 fair value in the individual financial statements of Social Ventures Australia Limited.

**(c) NON-DERIVATIVE FINANCIAL INSTRUMENTS**

Non-derivative financial instruments comprise available for sale financial assets, trade and other receivables, cash and cash equivalents and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Cash and cash equivalents comprise cash balances and call deposits. Accounting for finance income and expense is discussed in note 1(k).

*Available-for-sale financial assets*

The Group's investments in equity securities and subsidiaries are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 1(g)), are recognised directly in a separate component of equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to the income statement.

*Donated available-for-sale financial assets*

Donated investments are measured at fair value at the point of donation.

*Other*

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

**(d) DERIVATIVE FINANCIAL INSTRUMENTS**

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through the income statement. Derivatives are recognised initially at fair value. Where they are material, attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are recognised immediately in the income statement.

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

(e) **PROPERTY, PLANT AND EQUIPMENT**

*(i) Recognition and measurement*

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

Depreciation is recognised in the income statement 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 |
| - Computer equipment                            | 3 years |

Depreciation methods, residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

*Property make good asset*

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

(f) **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.

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

(f) INTANGIBLE ASSETS (CONT'D)

*(ii) 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.

(g) IMPAIRMENT

*(i) Financial assets*

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in the income statement. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

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

**(g) IMPAIRMENT (CONT'D)**

*(ii) Non-financial 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).

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in the income statement. 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.

**(h) 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 received. 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 recognised when they are provided. Revenues relating to future accounting periods are transferred to deferred revenue. They are recognised in the income statement once the service has been provided.

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

**(h) REVENUE RECOGNITION ( CONT'D)**

*(iii) Government grants*

Income from non reciprocal grants is recognised when the group obtains control of the grant or the right to receive the grant; it is probable that the economic benefits comprising the grant will flow to the consolidated entity; and the amount of grant can be measured reliably.

Income from such grants is therefore recognised on receipt as the revenue recognition criteria are met when the consolidated entity receives those grants.

Government grants which are reciprocal in nature ie those grants which are received on the condition that specified services are delivered or conditions are fulfilled and have to be returned if the group fails to meet the attached conditions, are initially recognised as deferred revenue (liability) with revenue recognised as the services are performed or conditions are fulfilled.

*(iv) Dividends*

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

**(i) INCOME TAX**

Social Ventures Australia Limited is an Income Tax Exempt Charity.

**(j) 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 22). 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.

**(k) FINANCE INCOME AND EXPENSES**

Finance income comprises interest income on funds invested, and gains on the disposal of available-for-sale financial assets. Interest income is recognised as it accrues in the income statement, using the effective interest method.

Finance expenses comprise impairment losses recognised on financial assets and losses realised on the disposal of available for sale financial assets.

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

### (l) 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.

### (m) 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 as current liabilities 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 plus related on costs. 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.

#### *(iii) Defined contribution plan*

A defined contribution plan is a post-engagement plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as a personnel expense in the income statement when they are due.

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

(n) **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.

(o) **GIFTS IN KIND**

The Company receives various forms of in-kind support from organisations for professional services such as legal advice, consulting, training and audit, and services such as printing, function rooms and catering. Services provided to the company are valued upon receipt when their fair value can be reliably measured.

(p) **NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED**

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2009, but have not been applied in preparing this financial report:

- Amended AASB 127 *Consolidated and Separate Financial Statements* (2008) requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in the income statement. The amendments to AASB 127, which become mandatory for the Group's 30 June 2010 financial statements, are not expected to have a significant impact on the consolidated financial statements.



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

### (p) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

- Revised AASB 101 Presentation of Financial Statements (2007) introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement) or, in an income statement and a separate statement of comprehensive income. Revised AASB 101, which becomes mandatory for the Group's 30 June 2010 financial statements, is expected to have a significant impact on the presentation of the consolidated financial statements. The Group plans to provide total comprehensive income in a single statement of comprehensive income for its 2010 consolidated financial statements.
- Revised AASB 123 *Borrowing Costs* removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised AASB 123 will become mandatory for the Group's 30 June 2010 financial statements and will constitute a change in accounting policy for the Group. In accordance with the transitional provisions the Group will apply the revised AASB 123 to qualifying assets for which capitalisation of borrowing costs commences on or after the effective date. Therefore there will be no impact on prior periods in the Group's 30 June 2010 financial statements.
- AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Process* and 2008-6 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process* affect various AASB's resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Group's June 2010 financial statements, are not expected to have any impact on the financial statements.

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

### (q) DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

#### *(i) Available-for-sale financial assets*

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

#### *(ii) Donated available-for-sale financial assets*

The fair value of donated unlisted available for sale financial assets is based on the discounted cashflows expected to be derived from the asset.

## 2. FINANCIAL RISK MANAGEMENT

### *i) Overview*

The Company and Group have exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk.

This note presents information about the Company's and Group's exposure to each of the above risks and their objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework and are responsible for developing and monitoring risk management policies.

### *(ii) Credit risk*

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables and investment securities.

The Group does not require collateral in respect of trade and other receivables. The company and group have established an allowance for impairment that represents their estimate of incurred losses in respect of trade and other receivables and investments.

## 2. FINANCIAL RISK MANAGEMENT (CONT'D)

### *(iii) Investments*

The Group considers credit risk when determining which investments will be made by referring to publicly available credit ratings. Investments are made where the expected return is considered sufficient in relation to the credit risk.

### *(iv) Liquidity risk*

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

### *(v) Market risk*

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

### 3. REVENUE

|                               | Group            |                  | Company          |                  |
|-------------------------------|------------------|------------------|------------------|------------------|
|                               | 2009<br>(\$)     | 2008<br>(\$)     | 2009<br>(\$)     | 2008<br>(\$)     |
| Funding and sponsorship       | 7,434,116        | 7,935,847        | 7,434,116        | 7,935,847        |
| Programme revenue             | 112,128          | 131,094          | 112,128          | 131,094          |
| Government Grants             | 10,696           | -                | 10,696           | -                |
| Consultancy services          | 479,587          | 420,809          | 479,587          | 420,809          |
| Conferences and events income | -                | 54,947           | -                | 54,947           |
| Dividend income               | 189,250          | 121,821          | -                | -                |
| <b>Total revenue</b>          | <b>8,225,777</b> | <b>8,664,518</b> | <b>8,036,527</b> | <b>8,542,697</b> |

### 4. PERSONNEL EXPENSES

|                                  | Group            |                  | Company          |                  |
|----------------------------------|------------------|------------------|------------------|------------------|
|                                  | 2009<br>(\$)     | 2008<br>(\$)     | 2009<br>(\$)     | 2008<br>(\$)     |
| Wages & salaries                 | 3,168,890        | 2,547,719        | 3,168,890        | 2,547,719        |
| Other related personnel expenses | 67,731           | 72,510           | 67,731           | 72,510           |
| <b>Total personnel expenses</b>  | <b>3,236,621</b> | <b>2,620,229</b> | <b>3,236,621</b> | <b>2,620,229</b> |

Superannuation expense for the year was \$395,691 (2008: \$314,376).

**5. FINANCIAL INCOME AND EXPENSES**

|                                | <b>Group</b> |             | <b>Company</b> |             |
|--------------------------------|--------------|-------------|----------------|-------------|
|                                | <b>2009</b>  | <b>2008</b> | <b>2009</b>    | <b>2008</b> |
|                                | <b>(\$)</b>  | <b>(\$)</b> | <b>(\$)</b>    | <b>(\$)</b> |
| Interest income                | 111,677      | 209,124     | 111,068        | 137,312     |
| Finance income                 | 111,677      | 209,124     | 111,068        | 137,312     |
| Impairment loss on AFS assets  | (400,147)    | -           | (472,931)      | -           |
| Loss on disposal of AFS assets | (188,811)    | (54,500)    | -              | -           |
| Finance expense                | (588,958)    | (54,500)    | (472,931)      | -           |
| Net finance expense            | (477,281)    | 154,624     | (361,863)      | 137,312     |

**6. CASH AND CASH EQUIVALENTS**

|  | <b>Group</b> |             | <b>Company</b> |             |
|--|--------------|-------------|----------------|-------------|
|  | <b>2009</b>  | <b>2008</b> | <b>2009</b>    | <b>2008</b> |
|  | <b>(\$)</b>  | <b>(\$)</b> | <b>(\$)</b>    | <b>(\$)</b> |
| Cash at bank and on hand                                 | 3,257,917    | 3,166,207   | 3,238,911      | 3,163,557   |
| Deposits at Call   | -            | 129,786     | -              | 129,786     |
| Cash and cash equivalents in the statement of cash flows | 3,257,917    | 3,295,993   | 3,238,911      | 3,293,343   |

Cash at bank earns interest at variable rates between 0% and 0.75% (2008: 0% and 4.9%). When cash is not utilised, it is transferred to online saver accounts which currently earn 3.25% (2008: 7.15%) interest. Deposit at call earned interest at rates between 6.75% and 8.1% during 2008.

The Group and Company's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 15.

**7. TRADE AND OTHER RECEIVABLES**

| <b>Current</b>    | <b>Group</b>   |                | <b>Company</b> |                |
|-------------------|----------------|----------------|----------------|----------------|
|                   | <b>2009</b>    | <b>2008</b>    | <b>2009</b>    | <b>2008</b>    |
|                   | <b>(\$)</b>    | <b>(\$)</b>    | <b>(\$)</b>    | <b>(\$)</b>    |
| Trade receivable  | 146,457        | 135,545        | 104,735        | 135,545        |
| Deposits at call  | 138,432        | -              | 138,432        | -              |
| Other receivables | 64,323         | 51,086         | 64,323         | 51,086         |
|                   | <u>349,212</u> | <u>186,631</u> | <u>307,490</u> | <u>186,631</u> |

The deposits at call are restricted cash as Commonwealth Bank require these to be in place as a condition of the Bank Guarantee being provided for the leased premises. Deposits at call earned interest at rates between 3.5% and 7.4%.

The Group and Company's exposure to credit risk is disclosed in note 15.

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

| <b>Non-current investments</b>      | <b>Group</b>     |                  | <b>Company</b>   |                  |
|-------------------------------------|------------------|------------------|------------------|------------------|
|                                     | <b>2009</b>      | <b>2008</b>      | <b>2009</b>      | <b>2008</b>      |
|                                     | <b>(\$)</b>      | <b>(\$)</b>      | <b>(\$)</b>      | <b>(\$)</b>      |
| Available-for-sale financial assets | 1,486,152        | 1,534,525        | -                | -                |
| Investments in subsidiaries         | -                | -                | 1,457,909        | 1,537,175        |
| Total other investments             | <u>1,486,152</u> | <u>1,534,525</u> | <u>1,457,909</u> | <u>1,537,175</u> |

The Group and Company's exposure to credit risk is disclosed in note 15.

*(a) Sensitivity analysis - 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 Company are exposed to commodity price risk. To manage the price risk arising from investments in equity securities, the Group diversifies its portfolio.

Most 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% (2008: 5%) of the individual prices of securities in the portfolio on the Group's result for the year and on equity.

|                                  | <b>Impact on post-tax profit</b> |             | <b>Impact on equity</b> |               |
|----------------------------------|----------------------------------|-------------|-------------------------|---------------|
|                                  | <b>2009</b>                      | <b>2008</b> | <b>2009</b>             | <b>2008</b>   |
|                                  | <b>(\$)</b>                      | <b>(\$)</b> | <b>(\$)</b>             | <b>(\$)</b>   |
| 5% change in price of securities | 31,216                           | -           | 43,091                  | 76,726        |
|                                  | <u>31,216</u>                    | <u>-</u>    | <u>43,091</u>           | <u>76,726</u> |

**9. PROPERTY, PLANT AND EQUIPMENT**

**GROUP AND COMPANY**

|                                | <b>Office<br/>equipment<br/>(\$)</b> | <b>Computer<br/>equipment<br/>(\$)</b> | <b>Leasehold<br/>improvements<br/>&amp; furniture &amp;<br/>fittings<br/>(\$)</b> | <b>Property<br/>fixed asset<br/>(\$)</b> | <b>Total<br/>(\$)</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>        |

**At 30 June 2008**

|                          |              |               |                |               |                |
|--------------------------|--------------|---------------|----------------|---------------|----------------|
| 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> |

|                                | <b>Office<br/>equipment<br/>(\$)</b> | <b>Computer<br/>equipment<br/>(\$)</b> | <b>Leasehold<br/>improvements<br/>&amp; furniture &amp;<br/>fittings<br/>(\$)</b> | <b>Property<br/>fixed asset<br/>(\$)</b> | <b>Total<br/>(\$)</b> |
|--------------------------------|--------------------------------------|--|---|--|-----------------------|
| <b>Year ended 30 June 2009</b> |                                      |  |   |  |                       |
| Opening net book amount        | 8,976                                | 85,355                                 | 399,453   | 12,000                                   | 505,784               |
| Additions                      | 2,950                                | 8,400                                  | -   | -  | 11,350                |
| Depreciation                   | (2,696)                              | (54,343)                               | (97,770)  | (12,000)                                 | (166,809)             |
| Closing net book amount        | <u>9,230</u>                         | <u>39,412</u>                          | <u>301,683</u>  | <u>-</u>                                 | <u>350,325</u>        |

|                          | <b>Office<br/>equipment<br/>(\$)</b> | <b>Computer<br/>equipment<br/>(\$)</b> | <b>Leasehold<br/>improvements &amp;<br/>furniture &amp;<br/>fittings<br/>(\$)</b> | <b>Property<br/>fixed asset<br/>(\$)</b> | <b>Total<br/>(\$)</b> |
|--------------------------|--------------------------------------|--|---|--|-----------------------|
| <b>At 30 June 2009</b>   |                                      |  |   |  |                       |
| Cost                     | 15,345                               | 168,871                                | 488,821   | 40,000                                   | 713,037               |
| Accumulated depreciation | (6,115)                              | (129,459)                              | (187,138)   | (40,000)                                 | (362,712)             |
| Net book amount          | <u>9,230</u>                         | <u>39,412</u>                          | <u>301,683</u>  | <u>-</u>                                 | <u>350,325</u>        |



**10. INTANGIBLE ASSETS**

**GROUP AND COMPANY**

|                                | <b>Intellectual<br/>Property<br/>(\$)</b> | <b>Website<br/>(\$)</b> | <b>Computer<br/>software<br/>(\$)</b> | <b>Total<br/>(\$)</b> |
|--------------------------------|---|-------------------------|---------------------------------------|-----------------------|
| <b>Year ended 30 June 2008</b> |   |                         |                                       |                       |
| Opening net book amount        | 8,000                                     | 13,187                  | 6,454                                 | 27,641                |
| Additions                      | -   | -                       | -                                     | -                     |
| Amortisation charge            | (4,000)                                   | (13,187)                | (5,528)                               | (22,715)              |
| Closing book amount            | 4,000                                     | -                       | 926                                   | 4,926                 |
| <b>At 30 June 2008</b>         |   |                         |                                       |                       |
| Cost                           | 20,000                                    | 41,520                  | 11,054                                | 72,574                |
| Accumulated amortisation       | (16,000)                                  | (41,520)                | (10,128)                              | (67,648)              |
| Net book amount                | 4,000                                     | -                       | 926                                   | 4,926                 |
| <br>                           |   |                         |                                       |                       |
|                                | <b>Intellectual<br/>Property<br/>(\$)</b> | <b>Website<br/>(\$)</b> | <b>Computer<br/>software<br/>(\$)</b> | <b>Total<br/>(\$)</b> |
| <b>Year ended 30 June 2009</b> |   |                         |                                       |                       |
| Opening net book amount        | 4,000                                     | -                       | 926                                   | 4,926                 |
| Additions                      | -   | -                       | -                                     | -                     |
| Amortisation charge            | (4,000)                                   | -                       | (926)                                 | (4,926)               |
| Closing book amount            | -   | -                       | -                                     | -                     |
| <b>At 30 June 2009</b>         |   |                         |                                       |                       |
| Cost                           | 20,000                                    | 41,520                  | 11,054                                | 72,576                |
| Accumulated amortisation       | (20,000)                                  | (41,520)                | (11,054)                              | (72,576)              |
| Net book amount                | -   | -                       | -                                     | -                     |

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

|                  | <b>Group</b>   |                | <b>Company</b> |                |
|------------------|----------------|----------------|----------------|----------------|
|                  | <b>2009</b>    | <b>2008</b>    | <b>2009</b>    | <b>2008</b>    |
|                  | <b>(\$)</b>    | <b>(\$)</b>    | <b>(\$)</b>    | <b>(\$)</b>    |
| Trade payables   | 82,699         | 114,400        | 82,699         | 114,400        |
| Deferred income  | 347,235        | 57,597         | 347,235        | 57,597         |
| Accrued expenses | 274,597        | 205,125        | 274,597        | 205,125        |
|                  | <u>704,531</u> | <u>377,122</u> | <u>704,531</u> | <u>377,122</u> |

The Group and Company's exposure to liquidity risk related to trade and other payables is disclosed in note 15.

**12. CURRENT PROVISIONS**

|                       | <b>Group</b> |             | <b>Company</b> |             |
|-----------------------|--------------|-------------|----------------|-------------|
|                       | <b>2009</b>  | <b>2008</b> | <b>2009</b>    | <b>2008</b> |
|                       | <b>(\$)</b>  | <b>(\$)</b> | <b>(\$)</b>    | <b>(\$)</b> |
| Employee entitlements | 99,599       | 111,110     | 99,599         | 111,110     |

**13. NON-CURRENT PROVISIONS**

|                       | <b>Group</b>  |               | <b>Company</b> |               |
|-----------------------|---------------|---------------|----------------|---------------|
|                       | <b>2009</b>   | <b>2008</b>   | <b>2009</b>    | <b>2008</b>   |
|                       | <b>(\$)</b>   | <b>(\$)</b>   | <b>(\$)</b>    | <b>(\$)</b>   |
| Employee entitlements | 38,744        | 38,550        | 38,744         | 38,550        |
| Property make good    | 40,000        | 40,000        | 40,000         | 40,000        |
|                       | <u>78,744</u> | <u>78,550</u> | <u>78,744</u>  | <u>78,550</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.

**13. NON-CURRENT PROVISIONS (CONT'D)**

*(b) Movements in Property make good provision*

|                                  | <b>Group</b>  |               | <b>Company</b> |               |
|----------------------------------|---------------|---------------|----------------|---------------|
|                                  | <b>2009</b>   | <b>2008</b>   | <b>2009</b>    | <b>2008</b>   |
|                                  | <b>(\$)</b>   | <b>(\$)</b>   | <b>(\$)</b>    | <b>(\$)</b>   |
| Carrying amount at start of year | 40,000        | 40,000        | 40,000         | 40,000        |
| Additional provision recognised  | -             | -             | -              | -             |
| Carrying amount at end of year   | <u>40,000</u> | <u>40,000</u> | <u>40,000</u>  | <u>40,000</u> |

**14. RECONCILIATION OF NET PROFIT TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

|  | <b>Group</b>          |                         | <b>Company</b>        |                         |
|--|-----------------------|-------------------------|-----------------------|-------------------------|
|  | <b>2009</b>           | <b>2008</b>             | <b>2009</b>           | <b>2008</b>             |
|  | <b>(\$)</b>           | <b>(\$)</b>             | <b>(\$)</b>           | <b>(\$)</b>             |
| Net (loss)/surplus for the year                            | (562,014)             | 2,108,537               | (560,974)             | 2,091,225               |
| Depreciation and amortisation                              | 171,735               | 178,684                 | 171,735               | 178,684                 |
| Dividend and interest income                               | (111,677)             | (323,105)               | (111,068)             | (251,293)               |
| Loss on sale of available-for-sale assets                  | 188,811               | 66,613                  | -                     | 12,113                  |
| Impairment of available for sale assets                    | 400,147               | -                       | 472,931               | -                       |
| <b>Changes in Operating Assets and Liabilities:</b>        |                       |                         |                       |                         |
| (Increase)/Decrease in trade and other receivables         | (162,581)             | 72,661                  | (122,574)             | 72,661                  |
| Increase/(Decrease) in trade and other payables            | 327,409               | (211,104)               | 327,409               | (211,104)               |
| (Decrease)/Increase in employee entitlements provision     | (11,317)              | 21,587                  | (11,317)              | 21,587                  |
| <b>Net cash (outflow)/inflow from operating activities</b> | <u><b>240,513</b></u> | <u><b>1,913,873</b></u> | <u><b>166,142</b></u> | <u><b>1,913,873</b></u> |

## 15. FINANCIAL INSTRUMENTS

### (a) Credit Risk Exposures

The Group and Company's maximum exposure to credit risk at the reporting date was:

|                             | Group            |                  | Company          |                  |
|-----------------------------|------------------|------------------|------------------|------------------|
|                             | 2009             | 2008             | 2009             | 2008             |
|                             | (\$)             | (\$)             | (\$)             | (\$)             |
| Available-for-sale assets   | 1,486,152        | 1,534,525        | 1,457,909        | 1,537,175        |
| Trade and other receivables | 349,212          | 186,631          | 307,490          | 186,631          |
| Cash and cash equivalents   | 3,257,917        | 3,295,993        | 3,238,911        | 3,293,343        |
|                             | <u>5,093,281</u> | <u>5,017,149</u> | <u>5,004,310</u> | <u>5,017,149</u> |

### (i) Impaired trade receivables

As at 30 June 2009 there were \$nil (2008 \$nil) trade receivables of the Group and company impaired.

### (ii) Past due but not impaired

As of 30 June 2009 trade receivables of \$nil (2008 \$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.

### (iii) Impaired available for sale assets

Available for sale assets have been accounted for as impaired where there has been more than a 20% decline in market value from original cost, or a prolonged decline in market value, using the indicator of more than nine of the past twelve months with a market value less than cost. The impairment losses have been recognised in the income statement.

An impairment loss of \$400,147 in respect of available for sale investments was recognised in the Group and \$472,931 in respect of investment in subsidiary was recognised in the Company during the current year, owing to a decline in equity securities due to the global financial crisis. Neither the Group nor Company have any collateral in respect of these investments.

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

*(b) Liquidity Risk Exposures*

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

**30 June 2009**

| <b>Group and Company</b>                    | <b>Carrying amount<br/>(\$)</b> | <b>Contractual cash flows<br/>(\$)</b> | <b>6 months or less<br/>(\$)</b> |
|---|---------------------------------|--|----------------------------------|
| <b>Non-derivative financial liabilities</b> |                                 |  |                                  |
| Trade and other payables*                   | 357,296                         | 357,296                                | 357,296                          |

**30 June 2008**

| <b>Group and Company</b>                    | <b>Carrying amount<br/>(\$)</b> | <b>Contractual cash flows<br/>(\$)</b> | <b>6 months or less<br/>(\$)</b> |
|---|---------------------------------|--|----------------------------------|
| <b>Non-derivative financial liabilities</b> |                                 |  |                                  |
| Trade and other payables*                   | 319,525                         | 319,525                                | 319,525                          |

\*excludes deferred income

*(c) Interest Rate Risk Exposures*

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

| <b>GROUP<br/>2009</b>               |       | <b>Floating<br/>interest<br/>rate<br/>(\$)</b> | <b>Non-<br/>interest<br/>bearing<br/>(\$)</b> | <b>Total<br/>(\$)</b> |
|-------------------------------------|-------|--|---|-----------------------|
|                                     | Notes |  |   |                       |
| <i>Financial assets:</i>            |       |  |   |                       |
| Cash and cash equivalents           | 6     | 3,257,917                                      | -   | 3,257,917             |
| Trade and other receivables         | 7     | -  | 349,212                                       | 349,212               |
| Available-for-sale financial assets | 8     | -  | 1,486,152                                     | 1,486,152             |
| <i>Financial liabilities:</i>       |       |  |   |                       |
| Trade and other payables            | 11    | -  | (357,296)                                     | (357,296)             |
| <b>Net financial assets</b>         |       | <b>3,257,917</b>                               | <b>1,478,068</b>                              | <b>4,735,985</b>      |

15. FINANCIAL INSTRUMENTS (CONT'D)

| 2008                                | Notes | Floating<br>interest<br>rate (\$) | Non-<br>interest<br>bearing (\$) | Total (\$)       |
|-------------------------------------|-------|-----------------------------------|----------------------------------|------------------|
| <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    | -                                 | (319,525)                        | (319,525)        |
| <b>Net financial assets</b>         |       | <b>3,295,993</b>                  | <b>1,401,631</b>                 | <b>4,697,624</b> |

| COMPANY<br>2009                     | Notes | Floating<br>interest<br>rate (\$) | Non-<br>interest<br>bearing (\$) | Total (\$)       |
|-------------------------------------|-------|-----------------------------------|----------------------------------|------------------|
| <i>Financial assets:</i>            |       |                                   |                                  |                  |
| Cash and cash equivalents           | 6     | 3,238,911                         | -                                | 3,238,911        |
| Trade and other receivables         | 7     | -                                 | 307,490                          | 307,490          |
| Available-for-sale financial assets | 8     | -                                 | 1,457,909                        | 1,457,909        |
| <i>Financial liabilities:</i>       |       |                                   |                                  |                  |
| Trade and other payables            | 11    | -                                 | (357,296)                        | (357,296)        |
| <b>Net financial assets</b>         |       | <b>3,238,911</b>                  | <b>1,408,103</b>                 | <b>4,647,014</b> |

| 2008                                | Notes | Floating<br>interest<br>rate (\$) | Non-<br>interest<br>bearing (\$) | Total (\$)       |
|-------------------------------------|-------|-----------------------------------|----------------------------------|------------------|
| <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    | -                                 | (319,525)                        | (319,525)        |
| <b>Net financial assets</b>         |       | <b>3,293,343</b>                  | <b>1,404,281</b>                 | <b>4,697,624</b> |

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

**Cash flow sensitivity analysis for variable rate instruments**

A change of 1 percent in interest rates would have increased/(decreased) equity and the income statement by the amounts shown below. This analysis assumes that all variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2008.

**30 June 2009**

|                                    | <b>Group Surplus<br/>or Loss</b> |                       | <b>Company Surplus<br/>or Loss</b> |                       |
|------------------------------------|----------------------------------|-----------------------|------------------------------------|-----------------------|
|                                    | 1 percent<br>increase            | 1 percent<br>decrease | 1 percent<br>increase              | 1 percent<br>decrease |
| Cash and cash equivalents          | 32,580                           | (32,580)              | 32,389                             | (32,389)              |
| <b>Cash flow sensitivity (net)</b> | <b>32,960</b>                    | <b>(32,960)</b>       | <b>32,389</b>                      | <b>(32,389)</b>       |

**30 June 2008**

|                                    | <b>Group Surplus<br/>or Loss</b> |                       | <b>Company Surplus<br/>or Loss</b> |                       |
|------------------------------------|----------------------------------|-----------------------|------------------------------------|-----------------------|
|                                    | 1 percent<br>increase            | 1 percent<br>decrease | 1 percent<br>increase              | 1 percent<br>decrease |
| Cash and cash equivalents          | 32,960                           | (32,960)              | 32,933                             | (32,933)              |
| <b>Cash flow sensitivity (net)</b> | <b>32,960</b>                    | <b>(32,960)</b>       | <b>32,933</b>                      | <b>(32,933)</b>       |

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

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

**16. MEMBERS' FUNDS**

|   | <b>Group</b>     |                  | <b>Company</b>   |                  |
|---|------------------|------------------|------------------|------------------|
|   | <b>2009</b>      | <b>2008</b>      | <b>2009</b>      | <b>2008</b>      |
|   | <b>(\$)</b>      | <b>(\$)</b>      | <b>(\$)</b>      | <b>(\$)</b>      |
| Members' funds at the beginning of the financial year | 5,050,048        | 2,941,511        | 5,032,735        | 2,941,510        |
| Net (loss)/ surplus attributable to members'          | (562,014)        | 2,108,537        | (560,974)        | 2,091,225        |
| Members' funds at the end of the financial year       | <u>4,488,034</u> | <u>5,050,048</u> | <u>4,471,761</u> | <u>5,032,735</u> |

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 2009 the total of these guarantees was \$8 (30 June 2008: \$8).

**17. RESERVES**

|   | <b>Group</b>  |                 | <b>Company</b> |                 |
|---|---------------|-----------------|----------------|-----------------|
|   | <b>2009</b>   | <b>2008</b>     | <b>2009</b>    | <b>2008</b>     |
|   | <b>(\$)</b>   | <b>(\$)</b>     | <b>(\$)</b>    | <b>(\$)</b>     |
| <b>Available-for-sale investments revaluation reserve</b> |               |                 |                |                 |
| <b>Reserves</b>   |               |                 |                |                 |
| Available-for-sale investments revaluation reserve        | <u>72,698</u> | <u>(88,971)</u> | <u>-</u>       | <u>(71,658)</u> |
| <b>Movements</b>  |               |                 |                |                 |
| Opening balance   | (88,971)      | -               | (71,658)       | -               |
| Revaluation   | 161,669       | (88,971)        | 71,658         | (71,658)        |
| Closing balance   | <u>72,698</u> | <u>(88,971)</u> | <u>-</u>       | <u>(71,658)</u> |

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(c). Amounts are recognised in the income statement when the associated assets are sold or impaired.



**18. REMUNERATION OF KEY MANAGEMENT PERSONNEL**

Key management personnel compensation for the years ended 30 June 2009 and 30 June 2008 is set out below. The directors of the company do not receive any remuneration for that role.

|                          | <b>Group</b>   |                | <b>Company</b> |                |
|--------------------------|----------------|----------------|----------------|----------------|
|                          | <b>2009</b>    | <b>2008</b>    | <b>2009</b>    | <b>2008</b>    |
|                          | <b>(\$)</b>    | <b>(\$)</b>    | <b>(\$)</b>    | <b>(\$)</b>    |
| Short term benefits      | 150,204        | 162,755        | 150,204        | 162,755        |
| Post-employment benefits | 49,796         | 40,975         | 49,796         | 40,975         |
|                          | <u>200,000</u> | <u>203,730</u> | <u>200,000</u> | <u>203,730</u> |

For further information refer Note 20.

**19. REMUNERATION OF AUDITORS**

KPMG (2008: PricewaterhouseCoopers) provided pro-bono services during the year in connection with the audit of the financial statements:

|   | <b>Group</b> |             | <b>Company</b> |             |
|---|--------------|-------------|----------------|-------------|
|   | <b>2009</b>  | <b>2008</b> | <b>2009</b>    | <b>2008</b> |
|   | <b>(\$)</b>  | <b>(\$)</b> | <b>(\$)</b>    | <b>(\$)</b> |
| Audit of the financial report of the entity         | 47,500       | 45,000      | 47,500         | 45,000      |
| Less: donation to Social Ventures Australia Limited | (47,500)     | (45,000)    | (47,500)       | (45,000)    |
|   | <u>-</u>     | <u>-</u>    | <u>-</u>       | <u>-</u>    |

**20. 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, Robert McLean, Michael Traill, Carol Schwatz, and Richard Spencer.

**Remuneration benefits**

Information on remuneration benefits of key management personnel is disclosed in Note 18.

**Other transactions with directors and director related entities**

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

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

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

|                                 | <b>Group</b> |             | <b>Company</b> |             |
|---------------------------------|--------------|-------------|----------------|-------------|
|                                 | <b>2009</b>  | <b>2008</b> | <b>2009</b>    | <b>2008</b> |
|                                 | <b>(\$)</b>  | <b>(\$)</b> | <b>(\$)</b>    | <b>(\$)</b> |
| <i>Revenue</i>                  |              |             |                |             |
| Revenue from related entities   | 576,555      | 1,127,139   | 576,555        | 1,127,139   |
| <i>Expenses</i>                 |              |             |                |             |
| Purchases from related entities | -            | 25,335      | -              | 25,335      |

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

|  | <b>Group</b> |             | <b>Company</b> |             |
|--|--------------|-------------|----------------|-------------|
|  | <b>2009</b>  | <b>2008</b> | <b>2009</b>    | <b>2008</b> |
|  | <b>(\$)</b>  | <b>(\$)</b> | <b>(\$)</b>    | <b>(\$)</b> |
| <i>Other receivables</i>                 |              |             |                |             |
| Amounts receivable from related entities | -            | 11,000      | -              | 11,000      |

## 21. 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 |        |
|--------------------------|--------------------------|-----------------|----------------|--------|
|                          |                          |                 | 2009 %         | 2008 % |
| SVA Nominees Pty Limited | Australia                | Ordinary        | 100            | 100    |
| SVA Capital Fund         | Australia                | Units           | 100            | 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.

## 22. COMMITMENTS

### *Non-cancellable operating leases*

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

|  | Group            |                | Company          |                |
|--|------------------|----------------|------------------|----------------|
|  | 2009 (\$)        | 2008 (\$)      | 2009 (\$)        | 2008 (\$)      |
| <i>Operating Leases of Sydney and Melbourne premises</i> |                  |                |                  |                |
| Payable:   |                  |                |                  |                |
| Within one year  | 291,703          | 188,770        | 291,703          | 188,770        |
| Later than one year but not later than five years        | 841,435          | 125,137        | 841,435          | 125,137        |
| Later than five years                                    | 110,992          | -              | 110,992          | -              |
|  | <u>1,244,130</u> | <u>313,907</u> | <u>1,244,130</u> | <u>313,907</u> |

During the year ended 30 June 2009 \$302,876 was recognised as an expense in the income statement in respect of operating leases (2008: \$259,381)

## 23. POST BALANCE SHEET EVENTS

### *Receipt of government grant*

On 4<sup>th</sup> September 2009, the Company was selected as a successful applicant for the Jobs Fund which is part of the Australian Government's Jobs and Training Compact that was established to support families and communities most affected by the global financial crisis. The Company will receive \$1,620,000 over the next two years for seeding and supporting social enterprises for sustainable job creation.

## 24. FUNDRAISING APPEALS CONDUCTED DURING THE FINANCIAL PERIOD

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

## 25. RESULTS OF FUNDRAISING APPEALS

|   | 2009<br>(\$)     | 2008<br>(\$)     |
|---|------------------|------------------|
| Gross proceeds from fundraising appeals       | 7,434,116        | 7,935,847        |
| Less: Direct costs of fundraising appeals     | (390,767)        | (315,797)        |
| Net surplus obtained from fundraising appeals | <u>7,043,349</u> | <u>7,620,050</u> |

|  | 2009<br>(\$)     | 2008<br>(\$)     |
|--|------------------|------------------|
| Application of net surplus obtained from fundraising appeals |                  |                  |
| Distributions ( expenditures on direct services)             | 4,195,974        | 2,149,321        |
| Administration expenses                                      | 3,723,334        | 4,245,487        |
| Operating deficit  | (199,111)        | 1,953,913        |
|  | <u>7,720,197</u> | <u>8,348,721</u> |
| Shortfall from fundraising appeals                           | <u>(676,848)</u> | <u>(728,671)</u> |

**25. RESULTS OF FUNDRAISING APPEALS (CONT'D)**

The shortfall of \$676,848 (2008: \$728,671) between the \$7,043,349 (2008: \$7,620,050) surplus available from fundraising appeals conducted and total expenditure of \$7,720,197 (2008: \$8,348,721) was provided from the following sources

|                               | <b>2009</b>    | <b>2008</b>    |
|-------------------------------|----------------|----------------|
|                               | (\$)           | (\$)           |
| Program revenue               | 112,128        | 131,094        |
| Government grants             | 10,696         | -              |
| Consultancy services          | 479,587        | 420,809        |
| Conferences and events income | -              | 54,947         |
| Other income                  | 74,437         | 121,821        |
|                               | <u>676,848</u> | <u>728,671</u> |

Comparisons of certain monetary figures  
 and percentages

|  | <b>2009</b> | <b>2008</b> |
|--|-------------|-------------|
|  | (%)         | (%)         |
| Total cost of fundraising/<br>Gross income from fundraising    | 5%          | 4%          |
| Net surplus from fundraising/<br>Gross income from fundraising | 95%         | 96%         |
| Total costs of services/<br>Total expenditure                  | 54%         | 25%         |
| Total costs of services/<br>Total income received              | 54%         | 25%         |

## DECLARATION BY CHIEF EXECUTIVE OFFICER IN RESPECT OF FUNDRAISING APPEALS

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

- (a) the financial report gives a true and fair view of all income and expenditure of Social Ventures Australia Limited with respect to fundraising appeal activities for the financial year ended 30 June 2009;
- (b) the balance sheet gives a true and fair view of the state of affairs with respect to fundraising appeal activities as at 30 June 2009;
- (c) the provisions of the Charitable Fundraising Act 1991 and Regulations and the conditions attached to the authority have been complied with for the financial year ended 30 June 2009; 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.



Michael Traill  
Chief Executive

Dated at Sydney this 19<sup>th</sup> day of October 2009

**DIRECTORS' DECLARATION  
FOR THE YEAR ENDED 30 JUNE 2009**

In the opinion of the Director of Social Ventures Australia Limited (the Company):

- (a) the financial statements and notes set out on pages 10 to 45 are in accordance with the *Corporations Act 2001*; including:
  - (i) giving a true and fair view of the Company's and the Consolidated Entity's financial position as at 30 June 2009 and of their performance for the financial year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Rob McLean  
Chairman

19 October 2009  
Sydney



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

We have audited the accompanying financial report of Social Ventures Australia Limited for the financial year ended 30 June 2009, which comprises the balance sheets as at 30 June 2009 and the income statements, statements of changes in equity and cash flow statements for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

### *Directors' responsibility for the financial report*

The directors of the Company are responsible for the preparation 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 also includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's responsibility*

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

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

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's and the Group's financial position and of their performance.





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

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

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

#### *Independence*

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

#### *Auditor's opinion*

In our opinion the financial report of Social Ventures Australia Limited is in accordance with:

- a) the Corporations Act 2001, including:
  - i. giving a true and fair view of the Company's and the Group's financial position as at 30 June 2009 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.

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

In our opinion:

- a) the financial report gives a true and fair view of the financial result of fundraising appeal activities for the financial year ended 30 June 2009;
- b) the financial report has been properly drawn up, and the associated records have been properly kept for the period from 1 July 2008 and 30 June 2009, in accordance with the Charitable Fundraising (NSW) Act 1991 and Regulations;



- c) money received as a result of fundraising appeal activities conducted during the period from 1 July 2008 and 30 June 2009 has been properly accounted for and applied in accordance with the Charitable Fundraising (NSW) Act 1991 and Regulations; and
- d) there are reasonable grounds to believe that Social Ventures Australia Limited will be able to pay its debts as and when they fall due.

KPMG

KPMG

*Louise Hendry*

Louise Hendry  
*Partner*

Sydney

19 October 2009