



# Report for 16 Months

SEFA Partnerships Limited

30 June 2017

Prepared by Accounting for Good (AFG) Pty Ltd



Pic: Amy Nicholas

Featured: Tammy Lalara from Anindilyakwa Arts

SEFA Partnerships supported North – an indigenous fashion startup through ING Dreamstarter program.

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## SEFA Partnerships Limited for the year ended 30 June 2017

We have compiled the accompanying special purpose financial statements of SEFA Partnerships Limited, which comprise the balance sheet as at 30 June 2017, the profit and loss for the year then ended, a summary of significant accounting policies and other explanatory notes. The specific purpose for which the special purpose financial statements have been prepared is set out in Note 1.

### 1. Director's Responsibility

The directors of SEFA Partnerships Limited are solely responsible for the information contained in the special purpose financial statements and have determined that the significant accounting policies adopted as set out in Note 1 to the financial statements are appropriate to meet their needs and for the purpose that the financial statements were prepared.

### 2. Our Responsibility

On the basis of information provided by the directors of SEFA Partnerships Limited, we have compiled the accompanying special purpose financial statements in accordance with the significant accounting policies adopted as set out in Note 1 to the financial statements and APES 315: Compilation of Financial Information.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the directors provided, in compiling the financial statements. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

The special purpose financial statements were compiled exclusively for the benefit of the directors of SEFA Partnerships Limited. We do not accept responsibility to any other person for the contents of the special purpose financial statements.

Level 1, 1–3 Smail Street, Ultimo, NSW,  
2007 SEFA Partnerships Limited  
2<sup>nd</sup> November 2017  
Signed

David G E Rickards

# Directors Report

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SEFA Partnerships Limited (the "Company") is a company limited by guarantee, incorporated and domiciled in Australia. The address of the Company's registered office is Level 1, 1-3 Smail Street, Ultimo, NSW, 2007.

The directors present their report together with the financial report of the company, for the period of 16 months to 30 June 2017.

## Directors:

The following persons were directors of SEFA Partnerships Limited during the financial year and up to the date of this report:

Heather Watson (appointed 1 March 2016)

Kylie Charlton (appointed 1 March 2016)

David Rickards (appointed 1 March 2016)

## Biographies of Directors and Staff:

### Heather Watson - Director

Heather is a former partner, currently a consultant, at McCullough Robertson Lawyers. Heather is a specialist charity lawyer with broad experience in the not-for-profit sector, having acted for and been a member of many community and charitable organisations. Her expertise is in the areas of aged health and community services, affordable housing, philanthropy and indigenous communities. Heather's other directorships include Chair of Uniting in NSW.ACT and board member of Uniting Church's community services governing bodies in Victoria and Tasmania and the Northern Territory; Chair of Community Services Industry Alliance; Chair of Epic Good Foundation; Director of National Affordable Housing Consortium.

### Kylie Charlton - Director

Kylie is the Chief Investment Officer of Australian Impact Investments. She has actively contributed to the emergence of impact investment in Australia and has written widely and spoken publicly on the topic. Kylie is a Venture Partner on the Giant Leap Fund, co-founder of Unitus Capital, member of the Investment Committee for the DFAT supported Investing in Women initiative of Patamar Capital, Co-Deputy Chair for RIAA's Impact Investing Forum and sessional lecturer for impact investment at the University of New South Wales. Prior to transitioning her career into impact investment, Kylie spent 11 years in commercial and investment banking. Kylie holds a Bachelor of Commerce from the University of Canberra and has an MBA from Saïd Business School at the University of Oxford.

### David Rickards – Director

David was formerly the Head of Research and an Executive Director at Macquarie Bank. After he retired in 2012 he co founded Social Enterprise Finance Australia Ltd (SEFA). David founded SEFA Partnerships in 2016. Before joining Macquarie Bank he was responsible for establishing the risk management company, BARRA International, in Australia. Until recently, David was also Director and Treasurer of Bush Heritage Australia for nine years. David is a member of the NSW TCorp Investment Committee, a trustee of the Australian Museum Foundation and a director of the Australian Environmental Grant Makers Network.

## Meetings of Directors:

The number of meetings of the Company's board of directors held during the period from 1 March 2016 and ended 30 June 2017 was seven, and the number of meetings attended by each director was:

Heather Watson 7

Kylie Charlton 7

David Rickards 7

## Principal Activities:

The principal activity of the Company during the 16 months to June 30, 2017 was the provision of social capacity building projects. There were no significant changes in the nature of this activity during the financial period.

## Review of operations:

Activities of SEFA Partnerships for the 16 months to June 30, 2017

The Company was incorporated as a company limited by guarantee on 1<sup>st</sup> March, 2016. The company was established to both build social capacity and provide blended financing for social enterprises Australia wide, where the outcome of these activities will address benevolent need in the community.

The directors applied to the Australian Charities and Not for Profit Commission (ACNC) in May, 2016 and was endorsed as a Public Benevolent Institution which includes deductible gift recipient status. The ACNC granted the charity and DGR status on 25<sup>th</sup> August, 2016 effective from 9<sup>th</sup> March, 2016.

As outlined in the Company constitution SEFA Partnerships is established for public benevolence in the area of social and public welfare. The charity operates for *'People in need of: social and affordable housing; crisis accommodation; low-cost retirement housing; support because they are caring for people with disabilities or mental illness; access to indigenous programs, and the building capacity and improving expertise for persons involved in the provision of benevolent projects'*.

SEFA Partnerships has established the following programs -

**Kickstarter** – funded by the Macquarie Foundation, SEFA Partnerships managed and coordinated the selection, mentoring and development of twelve social businesses to end June 30. SEFA Partnerships will continue this work with a further twelve social businesses in the next six months.

**Dreamstarter** – SEFA Partnerships funded by ING Direct develop and administer a suite of early stage support activities for social enterprises operating specifically in the Business to Consumer (B2C) market. Social enterprises disrupting the traditional consumer goods markets to achieve impact in disadvantaged Australian communities have access to: (1)-Dreamstarter Scholarships – to participate in sector relevant learning for business development; (2) Dreamstarter Crowd Funding – subsidized support to bring their product to market and validate with consumers; and (3) Dreamstarter Grants For Growth – timely grants to access opportunities to boost sales and increase market share and sustainability. The roll out of this program begins in July 2017.

**ASEA** – SEFA Partnerships was engaged by ASEA (Asbestos Safety and Eradication Agency) to assess the learning needs and support requirements of 10 charities offering critical services to victims of asbestos illnesses. SEFA Partnerships prepared a learning matrix for the organizations and, in turn, developed a toolkit and case studies to support development in the identified learning areas with a view to organizational sustainability in an increasingly scarce funding environment.

**Blended Financing Projects** – SEFA Partnerships is in discussion with a two organisations to assist in their funding. These are Shopfront based in Carlton NSW and the Jarjum Indigenous Kindergarten based in Lismore NSW. These projects would both entail the use of a mix of grant funds and debt funds to assist in the building of the programs of these two institutions. SEFA Partnerships is in discussion with potential donors to participate in the blended financing.

The above projects were ably managed by Hannah Miller who joined SEFA Partnerships from the School of Social Entrepreneurs in January, 2017. SEFA Partnerships would like to acknowledge Hannah's inspiration and effort. Hannah is a key component to our success.

We are pleased that at the end of June, 2017 SEFA Partnerships has operated with a surplus of \$52k and has entered the new financial period in a strong financial position with sustaining income flows.

## State of Affairs:

In the opinion of the directors there were no significant changes in the state of affairs of the company that occurred during the year under review not otherwise disclosed in this report.

## Events since the End of the Financial Period:

There has not arisen in the interval between the end of the financial year and the date of this report any item, any other transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent years.

## Future Developments:

Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

# Directors Report cont'd.

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## **Insurance and Indemnity of Directors and Officers:**

During the financial year, the officers of the Company, including the directors as named earlier in this report, company secretary and other executives were covered by insurance obtained by Social Enterprise Finance Australia Ltd. This insurance indemnifies Directors and Officers against allegations of wrong doing (other than intentional wrong doing).

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

Dated at Sydney 2<sup>nd</sup> November 2017

For and on behalf of the Board of Directors.

David Rickards

Chair

# Directors Declaration

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## SEFA Partnerships Limited For the year ended 30 June 2017

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. the financial statements and notes, as set out herein present fairly the company's financial position as at 30 June 2017 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and
2. in the directors' opinion 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 Board of Directors:

Director:

David Rickards

Dated this 2<sup>nd</sup> day of November 2017

# Income Statement

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## SEFA Partnerships Limited For the 16 months ended 30 June 2017

Jun-17

Income		
Consultancy	20,000	-
Donation	150	-
Kickstart Program	95,000	-
<b>Total Income</b>	<b>115,150</b>	<b>-</b>
<b>Gross Surplus</b>	<b>115,150</b>	<b>-</b>
<b>Less Operating Expenses</b>		
Accounting	955	-
Advertising & Marketing	245	-
Consultancy Expense	14,260	-
SEFA Limited - Service Fees	45,975	-
Travel Reimbursements for Kickstarter Participants	1,642	-
<b>Total Operating Expenses</b>	<b>63,078</b>	<b>-</b>
<b>Net Surplus</b>	<b>52,072</b>	<b>-</b>

# Movements in Equity

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## SEFA Partnerships Limited As at 30 June 2017

30 Jun 2017

### Equity

Opening Balance	-	-
Current Year Earnings	52,072	-
<b>Total Equity</b>	<b>52,072</b>	<b>-</b>

# Balance Sheet

## SEFA Partnerships Limited As at 30 June 2017

30 Jun 2017

### Assets

<b>Bank</b>		
SEFA Partnerships Ltd	84,657	-
<b>Total Bank</b>	<b>84,657</b>	-
<b>Total Assets</b>	<b>84,657</b>	-

### Liabilities

<b>Current Liabilities</b>		
Accounts Payable	25,127	-
Accrued Expenses	955	-
GST	6,504	-
<b>Total Current Liabilities</b>	<b>32,586</b>	-
<b>Total Liabilities</b>	<b>32,586</b>	-
<b>Net Assets</b>	<b>52,072</b>	-

### Equity

Current Year Surplus	52,072	-
<b>Total Equity</b>	<b>52,072</b>	-

# Notes to the Financial Statements



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## SEFA Partnerships Limited For the 16 Months ended 30 June 2017

### 1. Statement of Significant Policies

The directors' have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial reports. This financial report is therefore a special purpose financial report that has been prepared in order to meet the needs of members. The financial report has been prepared in accordance with the significant accounting policies disclosed below which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies that have been adopted in the preparation of this report are as follows:

#### 1.(a) Income Tax

The Company as a Public Benevolent Institution has an Income Tax Exemption, GST concession and FBT exemption dated from March 9, 2016..

#### 1.(b) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

#### 1.(c) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

# Notes to the Financial Statements

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## 1.(d) Trade Receivables and Other Receivables

Trade receivables and other receivables, including distributions receivable, are recognised at the nominal transaction value without taking into account the time value of money. If required a provision for doubtful has been created.

## 1.(e) Trade Creditors and Other Payables

Trade creditors and other payables, including bank borrowings and distributions payable, are recognised at the nominal transaction value without taking into account the time value of money.

## 1.(f) Revenue and Other Income

Revenue is measured at the value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

All revenue is stated net of the amount of goods and services tax (GST).

## 1.(g) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

## 1.(h) Related Party Transaction

It is noted that Social Enterprise Finance Australia Ltd (SEFA) is a related party to SEFA Partnerships Ltd as it is a member. SEFA Partnerships incurred expenses, referred to as 'service fees' and these relate to proportion of rent, administrative expenses and staff costs which have been objectively assessed by the directors on an arms length basis and directly relate to the activities of SEFA Partnerships in the pursuit of its objects. Appropriate oversight and governance of this expenditure is in place.

## 2. Events After Balance Date

There has not arisen in the interval between the end of the financial year and the date of this report any item, any other transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent years.

The Directors  
SEFA Partnerships Limited  
Level 1  
1-3 Small Street  
Ultimo NSW 2000

26 October 2017

Attention: Mr David Rickard

## SEFA Partnership - 30 June 2017

Dear Directors

We were requested to perform procedures relating to the financial statements of SEFA Partnership for the year ended 30 June 2017. This letter summarises the findings from our procedures.

The procedures that we performed did not constitute an audit in accordance with Australian Auditing Standards or a review made in accordance with Australian Auditing Standards applicable to review engagements, and consequently, no assurance is expressed.

We performed the following procedures:

- ▶ Reviewed bank reconciliation to identify any significant or unusual reconciling items.
- ▶ Obtained support for the accounts payable account. The whole amount represents management fee payable to SEFA for the quarter ended 30 June 2017.
- ▶ Tied the GST payable to the BAS statement for 30 June 2017. We noted that the BAS statement is prepared on cash basis which resulted in a payable of \$8,788. The financial statements GST payable is recorded as \$6,503 on an accruals basis. The difference represents a timing difference.
- ▶ Agreed the Consultancy and Kickstart program income amounts were agreed to signed contracts.
- ▶ Inspected the expense accounts to identify any significant or unusual items. The SEFA Limited service fees charged are in line with the management agreement. A sample of consulting fees were vouched to supporting invoices.

### Results

Based on the procedures outlined above, we did not identify any exceptions.

If you have any questions, please do not hesitate to contact Matina Moffitt on (03) 9655 2508 or me on (03) 8650 7632.

Yours sincerely

Ernst & Young