

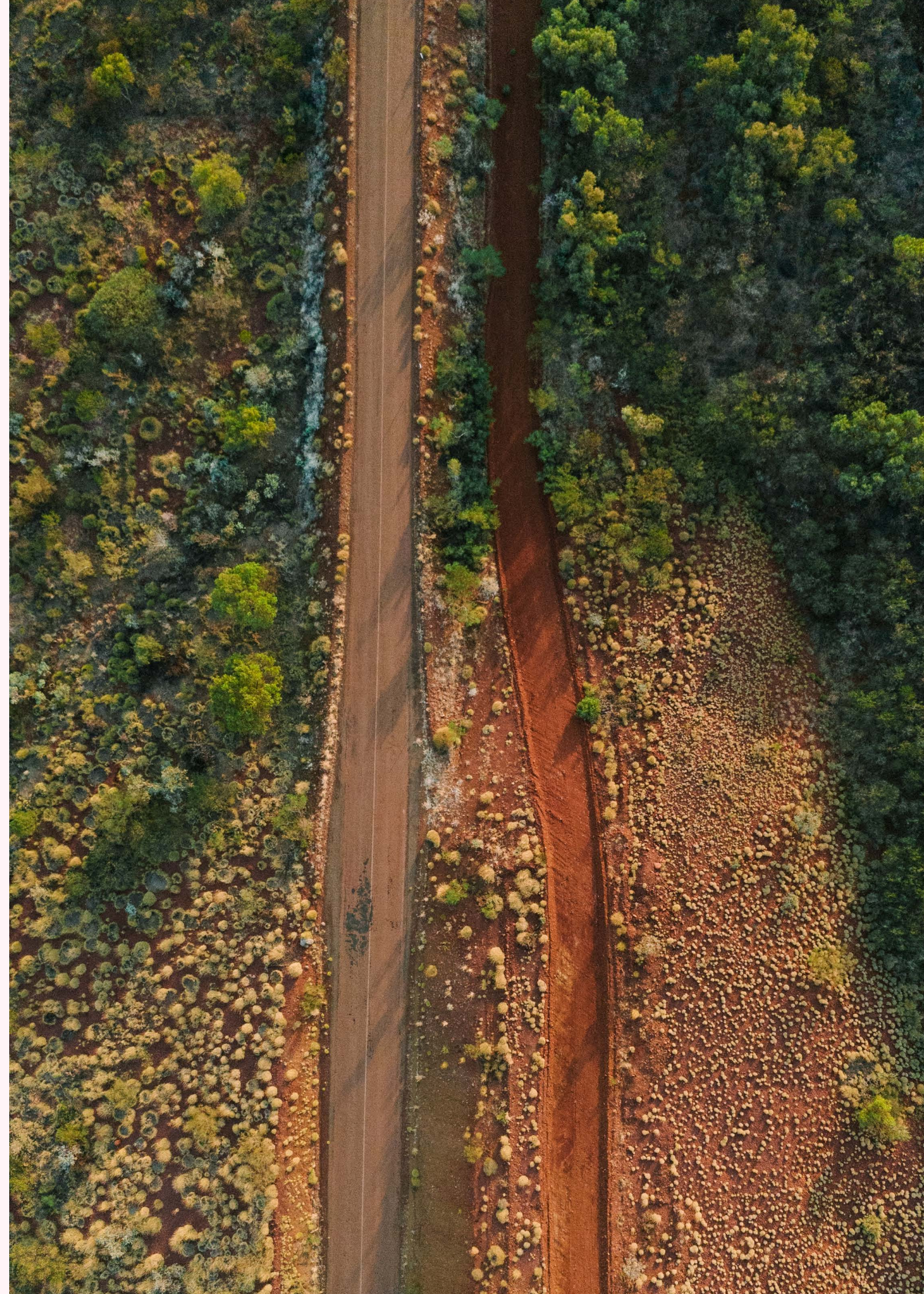


Annual Report

2024

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A message from our Chair



The last year was a significant milestone for Sefa as we marked our 12th anniversary alongside Sefa Partnerships in a joint 20-year celebration in December.

This event was a meaningful opportunity to reconnect in person with shareholders, debt investors, partners, clients, and the broader Sefa community of friends and supporters.

This celebration, marking over a decade of dedicated work in unlocking social impact, prompted us to take a reflective pause:

(1) Looking back, we revisited some of the foundational lessons we've learned throughout our journey, such as the critical role of being a central connector for purpose-driven social purpose organisations and the importance of offering tailored financial and capacity-building support: (2) Looking forward, our focus is clear — we aim to continue pioneering innovative solutions that amplify our impact, including expanding our reach into catalytic capital and refining our approach to gender-lens and Indigenous investing.

Over the past 12 months, the Board has been deeply engaged in strategic and deliberate efforts to collaborate with the Sefa team. We evaluated our accomplishments, insights, and future aspirations across our diverse portfolio of loans and engagement projects. Through this process, we identified our unique role in investing in social impact and refocused our overarching Impact Narrative—the core reason behind Sefa's existence. Anchored in our constitutional goals, we remain deeply committed to our mission of building healthy, empowered and resilient communities.

We have articulated four Strategic Pillars that will guide our work, integrating capital and capability solutions to transform social purpose organisations into powerful agents of change for people, places, and the planet. This approach reaffirms our commitment to supporting a broad spectrum of organisations and expanding their access to diverse forms of support across maturity levels.

On the governance front, we are proud to have achieved the transition to represent our majority shareholder, the NSW Aboriginal Land Council (NSW ALC), with two additional Director appointments. We warmly welcomed Councillor Leeanne Hampton and Heidi Hardy, whose expertise and perspectives will be invaluable as we continue our journey towards reconciliation and becoming Indigenous-informed across all our initiatives. Councillor Hampton's deep commitment to community welfare and leadership in Aboriginal organisations shapes our work of increasing economic participation for all peoples. Heidi Hardy will contribute vital grassroots perspectives through her role at NSW ALC that overseas community outcomes across the state's land council network.

Our focus on Sefa's Impact Narrative and Indigenous identity has been complemented by the efforts of our Gender Identity Working Group. This group developed a comprehensive gender equity statement to ensure a gender lens is applied throughout our internal practices, capital deployment, capability-building efforts, and broader ecosystem engagement.

Since our inception in 2011, Sefa has been dedicated to strengthening the capacity of social purpose organisations and enhancing their access to capital, enabling them to generate positive impact and foster more equitable communities across Australia. Our renewed Strategic Pillars will continue to guide us in our mission to inspire, facilitate, and enable investment for social impact.

We look forward to building and reinforcing purposeful, values-driven alliances and innovative continuously evolving collaborations with many of you in the years to come as we work towards our shared goals.

Belinda Drew
Chair Sefa, Member Investment Committee,
Non-executive Director, Sefa Partnerships

A message from the CEO



The past 12 months at Sefa have been a time of full delivery, focused on rolling out EmpowerHER hubs across regional NSW, delivering place-based capability building for community businesses supporting women facing disadvantage.

The EmpowerHER program —Activating Changemakers for early-stage organisations and Strengthening Changemakers for established ones — was shaped by insights gained from a three-month roadshow across six locations. Engaging with over 100 stakeholders gave us invaluable learnings and deepened our connection to the communities we support. We also completed tailored I:I engagements with four Queensland-based organisations as part of the Growth4Impact program, helping them develop robust growth strategies.

On the capital side, long-standing partnerships, such as with Corryong Neighbourhood Centre in Victoria and Tender Funerals, which opened its third site in Canberra mid-year, remain central to our work. Affordable housing continued to be a key focus for the Social Finance team. In collaboration with the Lord Mayor's Charitable Foundation, we identified barriers that prevent philanthropy from contributing to impactful investments in affordable housing developments, piloting innovative approaches to mitigate risks, and advocacy. The next phase will test new mechanisms to deploy philanthropic funding for more impactful change. Internally, managing an evergreen capital pool with a diverse range of borrowers presents challenges in measurement and comparability. To address this, we refined our investment process, enhancing our impact screening and clearly defining the intentionality of our capital.

On a personal note, this year marked my 10th anniversary with Sefa. From starting as a volunteer in 2014 to stepping into the CEO role in 2019, which was the start of a refreshed strategy and the launch of our capability building support. After five years, we took a moment to reflect and reset, landing on our Impact Narrative which will guide us into the future as our Southern Cross.

Looking ahead, we are excited to deepen our exploration of catalytic capital and continue supporting social purpose organisations as they move toward maturity and investment readiness. Sefa's strength lies at the intersection of social impact and financial viability, where a strong business model drives everything. Through our capability building, we help stabilise operations and set our clients up for growth.

Moving forward, we want to integrate capital and capability even more systematically, ensuring the right support at the right time. Together with you we want to change the game for social purpose organisations because they play an essential role in social change, unlocking opportunity for economic participation and social renewal across our communities.

Thank you for being part of the Sefa journey. I look forward to what we will achieve together in the year ahead.

Hanna Ebeling
Chief Executive Officer



We Are

Our Purpose

Sefa exists to strengthen the capability of, and increase access to capital for, social purpose organisations, so they can generate positive impact and advance more equitable communities across Australia.

We believe that the key to accomplishing this vision will involve: **inspiring and enabling investors to partner with us on products and services to unlock more capital and capability for change; and building intentional, values-led alliances and innovative collaborations that amplify and accelerate SPO and investor missions.**

Our Mission

Sefa catalyses investment in social impact.

Our mission is to inspire, facilitate and enable investment for social impact.

We do so by cultivating values-led partnerships and alliances with social investors that unlock capital and capability opportunities for social purpose organisations (SPOs). We then equip SPOs with the tools, knowledge and resources to become more confident and sustainable, fitter to make a positive impact.

We believe...

Social Purpose Organisations (SPOs) play an essential role in social change, unlocking opportunity for economic participation and social renewal.

SPOs are change agents that promote transformational social, environmental and cultural change.

Integrating capital with capability will change the game for SPOs.

SPOs will be able to achieve their impact goals with access to fit for purpose knowledge, skills and resources.

Creating healthy, empowered and resilient communities

Being able to measure impact unlocks social investment for change makers.

Understanding and being able to demonstrate outcomes helps SPOs secure capital and maximise their impact potential.

Social investment in SPOs requires a deep commitment to alliances.

Collectively, we can provide opportunities that are developmental and transformational to SPOs and the market for social investment.





Capital Stories

Evolving our capital solutions to drive lasting social impact

At Sefa, we're constantly evolving our capital offering to meet the dynamic needs of social purpose organisations (SPOs). From property-backed, working capital, and growth capital, to exploring catalytic capital, we've deepened our understanding of how to solve key barriers SPOs face in accessing funding. Our goal is clear: to provide tailored capital solutions that empower organisations to be stable and confident, driving sustainability and growth where needed.

This year, our growth capital efforts provided invaluable lessons. Over six months, we worked closely with our growth capital advisors, embedding their insights into our investment policy and operational manual. These updates will shape our future approach, improving our ability to deliver due diligence and capital solutions that fit the unique needs of SPOs.

Remaining responsive to the capital demands of the social impact space, we've strategically partnered with peak bodies in emerging sectors like creative industries and regenerative agriculture. Together, we're reviewing the financial and investment readiness of SPOs, ensuring they are equipped with the foundations needed to integrate capital and capability.

Our pipeline reflects our broad reach, from affordable housing and community renewable energy to homelessness services, youth employment, First Nations cooperatives, and disability and mental health services. This year, we've once again expanded our footprint beyond NSW and VIC into QLD and SA, reaching SPOs at varying stages of maturity, from growth to established operations.

Our Social Finance and Engagement teams work hand in hand, often identifying the potential for capital through initial business model reviews. Warrama-li, the social enterprise start-up of an Indigenous youth organisation in Moree, for example. After walking alongside them for over a year, the need for a loan became clear.

By knowing our clients well, we are able to expedite the due diligence and investment process, allowing them to stay focused on creating social impact.

In addition, our syndicated loan structures have allowed us to support organisations like Covidence in raising capital. Our contribution played a catalytic role, attracting three times the amount from impact investors, demonstrating the strength of meeting clients where they are in their capital journey.

Property-backed deals remain at the heart of our work, but we are always looking to innovate. Recognising the need for more patient capital, we've extended facility terms from 15 to 25 years, ensuring we can continue to support projects that require long-term investment while staying competitive in the ever-evolving capital landscape.

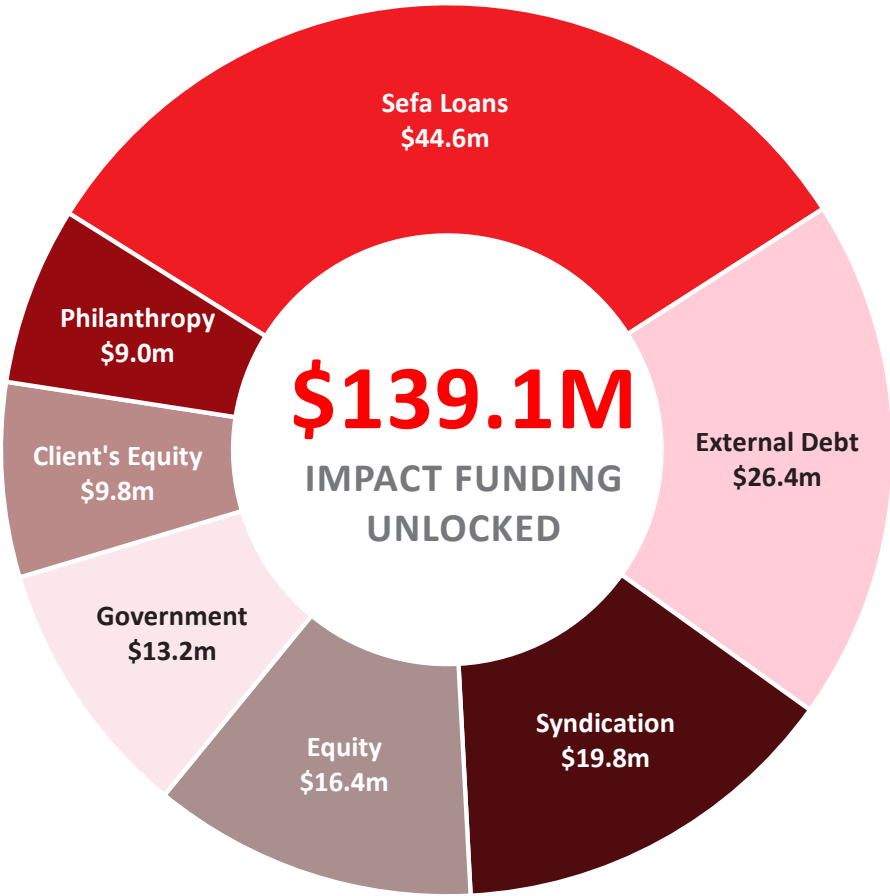
We've been taking bold steps towards \$150 million of unlocked capital since inception. By continuously learning and adapting, we remain committed to being a leading provider of capital solutions contribute to lasting social impact.



“Thank you so much, for all your support with our property purchase. It has made a world of difference for RIA, which is on its way to being financially sustainable. Your support has given our essential service more coverage, funding and growth.”

- Raoul Wilson, General Manager, Rights in Action

Total Capital Unlocked (as at 30-June-2024)





Empowering women change makers in the Northern Rivers

Women in the Northern Rivers are driving change in their community, making up 8,154 out of the 19,735 business owners in the region. With the right support, they can boost their impact even further. And that's just what we were there to help them do through our EmpowerHer Activating Change Makers program.

From natural disasters and COVID to tight economic conditions, this region is a challenging environment to grow a business, especially a social enterprise. The devastation of the 2022 floods is still being felt, with many business owners experiencing burnout. After a six-location roadshow in regional NSW, Sefa decided to launch our inaugural EmpowerHer program in the Northern Rivers, in part to address these challenges.

Delivered over three months, EmpowerHer supports early-stage social enterprises positively impacting women experiencing disadvantage. It's an opportunity for founders to transform their purpose-led business by giving them skills, networks and support to expand their impact. We know social entrepreneurs in regional areas don't have the same access to capability support as their urban counterparts. And for the Northern Rivers, this gap has worsened since cuts in government funding to business support programs.

Applications from 21 local entrepreneurs confirmed the appetite for support in the region, with six enterprises completing the program: Figtree Farm Collective, Big Picture Health, D'Vine Creations, Haus of Armour, The Mend & Make Do Crew and The Healing Studio.

These enterprises are all doing diverse and purposeful work in the Northern Rivers, led by founders who want to make a real difference and empower women. It was truly inspiring to be able to support these women who bring incredible passion, resilience and determination to everything they do.

Partnering locally for a longer term solution

We knew we couldn't deliver a practical and meaningful program in the Northern Rivers alone. We heard many times that regional social enterprises are fatigued with fly-in/fly-out consultants, so we sought to co-deliver the program with a local partner to ensure knowledge and connections remain embedded in the community. Well respected in the area, Byron Community College (BCC) has a strong track record and deep connections in the start-up space. Yarpa, a partnership between the NSW Aboriginal Land Council and the Australian Government, empowers First Nations businesses, communities and people across NSW. Partnering with both these organisations helped us design a program that delivers immediate and ongoing impact.

Participating social enterprises could learn from all partners, gaining diverse perspectives on building a thriving enterprise.

“I got so much out of the course. It made me spend the time I needed to work on my business instead of in it,” says Kellie from Big Picture Health.

Beyond the three months, founders are now connected to a network of supporters and potential funders to scale their impact over the long-term.

A focus on deep learning

Through a mix of online and in-person sessions and 1:1 coaching, founders learned skills across eight modules:

1. Craft Your Business Blueprint	2. Impact Playbook	3. Elevate Your Brand Presence	4. Synergise for Social Change	5. Empower Through Gender Lens	6. Finance Mastery	7. Governance and Resilience	8. Fuelling Your Growth Journey
EXPLORE DIFFERENT SOCIAL ENTERPRISE BUSINESS MODELS TO GENERATE FINANCIAL AND SOCIAL VALUE	EXPLORE TOOLS TO MEASURE YOUR PURPOSE AND INTENDED SOCIAL IMPACT	SHOWCASE YOUR PRODUCT, SERVICE, STORY AND IMPACT EFFECTIVELY FOR GREATER MARKET SHARE	COLLABORATE WITH YOUR PEERS TO CONNECT TO THE LOCAL COMMUNITY TO GALVANISE SOCIAL CHANGE	COLLABORATE WITH YOUR PEERS TO CONNECT TO THE LOCAL COMMUNITY TO GALVANISE SOCIAL CHANGE	LEARN HOW TO INTEGRATE GENDER ANALYSIS TO SUPPORT GENDER EQUITY IN YOUR WORK	UNDERSTAND THE ROLE OF A BOARD FOR BETTER GOVERNANCE, RISK MANAGEMENT AND STRATEGY	EXPLORE FUNDING OPTIONS AVAILABLE, INCLUDING GRANTS, PHILANTHROPY AND DEBIT FINANCING

With each module, participants gained a deeper understanding of the key elements in building a successful social enterprise. Feedback shows participants now place more importance on financial and impact data to tell their story.

“The formal learning time was great. There was a lot of content delivered with enough time to take it in. The coaching sessions were also a helpful feature of the program,” shares one participant.

“The program has been extremely beneficial in solidifying concepts into a solid business blueprint and understanding the theory of change,” says another grateful participant.

We are now working on refining the content to give participants more time to apply concepts and have deeper learning experiences.

Right place, right approach

Working in a regional context, we're conscious of the need to adopt a place-based approach and tailor the program to the local area. For the Northern Rivers, this involved inviting local guest speakers to talk to specialist areas and facilitate peer reflections. The speakers included Odette Barry from PR consultancy Odette and Co, Jasmin Daly from the Ingrained Foundation and Kiri Dicker from the Northern Rivers Community Foundation. For Kate, founder of Haus of Armour, a not-for-profit helping survivors restore their dignity through fashion, the guest speakers were a key highlight.

While participants gained practical skills during the program, we have an opportunity to further tailor the content to meet local needs.

“To hear the guest speakers' experiences, stories and advice on specific topics we were learning was incredibly useful.”

For example, we discovered the need and desire to learn how to develop a disaster recovery plan, given the region's recent history.

Building lasting connections

In a group-based learning environment, enterprise founders were given the space to connect with one another and exchange stories about running a business.

“Being among peers who are also building their social enterprise whilst under the oversight of a social enterprise industry leader was the most positive element of the program,” says one of the participants.

The founders valued this program element so much, they expressed a collective desire for more in-person sessions and opportunities to get an inside view into each other's day to day struggles and wins. BCC is now focused on maintaining connection and nurturing a supportive network.

What's next?

By rolling out EmpowerHer for Northern Rivers social enterprises, we've achieved what we set out to do – empower them to continue their good work and boost their impact. Tackling complex issues like domestic violence, affordable housing and mental wellbeing, these founders have strengthened their capabilities and connections to serve more women.

Our next stop is the Riverina/Murray region of NSW where we're ready to work alongside a new cohort of regional changemakers.



Capability Stories

“It has been fantastic having your expertise to advise and support us at this critical point of transition. Your help has been invaluable, and it’s also been incredibly fun spending time with you to share our visions for Habitat Women. ”

- Queenie Tran,
Head of Habitat Women

ShoreTrack's life-changing programs build trade skills, trust and belonging

“In the end, it's all about leading with impact. While you talk about sustainability and budgets, the most important thing for us is the impact we're making. But you need the knowledge to be effective.”

Jillian (Jill) Ashley, Co-Founder and CEO, ShoreTrack

Re-engaging young people in Nambucca Valley

As TAFE teachers, co-founders Jillian (Jill) Ashley and Paul Ireland saw first-hand the many challenges local kids in the area faced while struggling to make it in the traditional school system.

“We could see young people becoming completely disengaged. Even at TAFE there was too much work on paper, so kids would leave school with no pathway forward”
Jill says.

If kids are not supported or given opportunities to find education and employment within their communities, they are at risk of homelessness, substance misuse, mental health issues, juvenile crime, and social isolation. 2022 research from NSW Family and Community Services found that completing Year 12 is linked to a 30% reduction in the later risk of homelessness. This is something Paul (affectionately known as 'Fatty') witnessed during his years of service as a police officer. And together with Jill, they wanted to make a difference and help local youth find pathways to reach their full potential.

After some research, in 2020, they established ShoreTrack in Macksville, NSW, as a safe space where young people could connect with others and gain critical skills and employment opportunities through practical, skills-based learning.

ShoreTrack's first cohort of 12 students was mostly self-funded by Jill and Fatty. Now, four years later, with the support of philanthropic, community and government supporters, ShoreTrack has grown to a team of 24 staff that can support 70 young people, ages 10-22 through their programs.

Personal and practical support

At the heart of ShoreTrack is the Shed, the physical space critical to the organisation, creating safety and a sense of belonging. Here, young people can access wrap-around supports to keep them engaged and back in the door each week.

“We provide transport, and we bring the kids to us, and provide healthy meals to keep them going and engaging socially. We organise work experience, their access to other support services and community networking opportunities. We even go watch them play footy on the weekends. We're a tight-knit community, it's like a family”

Jillian says.



ShoreTrack's programs include learning various trades-based skills, such as fencing, mowing, concreting, operating an excavator, and metal fabrication, all delivered in small group settings. Coming to ShoreTrack one to five days a week reengages school students and early school leavers in learning. While sticking to a routine helps them build the employability skills and assurance they need to find and retain long-term employment.

A vision of long-lasting impact

ShoreTrack successfully applied for an EmpowerHER grant and has been working with Sefa on building STeps, ShoreTrack's social enterprise. This arm of the organisation provides quality industrial and trades projects and services in the Macksville LGA, while giving ShoreTrack trainees on-the-job training and work experience relevant to the regional job market.

First, Sefa supported ShoreTrack's leadership in exploring the local industry's commercial needs and skills demand in the Nambucca Valley. This analysis helped the organisation understand how to position STeps commercially and the space to offer work experience and traineeships.

Then, Sefa and the ShoreTrack leadership team explored what it would take to achieve the organisation's strategic goals, modelling different impact, operational and financial scenarios.

Staff, including trades mentors and youth workers at ShoreTrack spend time with young people, building positive adult-to-young person relationships to help them develop a genuine sense of belonging and community. The safety and trust that emerge help young people have the confidence to give learning a go so they can navigate failure in a more positive light. As young people have a more positive learning experience and master new skills, ShoreTrack helps them explore and develop new aspirations and reach their full potential.

Jill says this deeper, integrated analysis helped the team see the bigger picture.

“When looking for philanthropic funding, it's not good enough to say, 'We do a great job, we love these kids.' You have to show evidence of your process, how you determine costings, show your future strategy, you have to speak the language – learning that has been so helpful”
Jill says.

And Sefa's knowledge sharing helped Jill and Fatty understand the whole ecosystem they're working in and what it takes to stay around long enough to make a difference.

“In the end, it's all about leading with impact. While we talk about sustainability and budgets, the most important thing for us is the impact we're making. And you need that knowledge to be effective.”

“Our relationship with Sefa has been critical to the launch of Tender Funerals in the Canberra Region. The Sefa funding has given us both certainty and flexibility in our first year of operations, which is just what you need when you start turning all your plans and models into reality. We also know we have the Sefa team one hundred percent behind our work; it’s more than just the money.”

- Catherine Prosser, General Manager, Tender Funerals Canberra Region



Bridging capital and capability: transforming opportunities with Miyay Birray Youth Service

Empowering Aboriginal youth through innovative social enterprise

For over 30 years, Miyay Birray Youth Service (MBYS) has been a vital force in Moree, providing development and support for both Aboriginal and non-Aboriginal youth. With a mission to reduce young people’s interactions with the criminal justice system, MBYS offers a wide array of programs that are deeply rooted in the community’s needs, including school holiday activities, the HIPPY program, Street Beat, court support, and the Aboriginal Fathers Program. These initiatives foster a responsive and supportive environment, empowering young people to overcome significant barriers.

Recognising the unique challenges and opportunities in Moree, Sefa first partnered with MBYS in 2022 to help realise a bold vision for the future. This collaboration focused on establishing Warrama-Li, a trades-based social enterprise named after the Goomeroi word for “to build.” Warrama-Li aims to provide meaningful employment and professional development opportunities in the trades sector for Aboriginal youth. By addressing the skills gap and creating local employment opportunities, Warrama-Li supports the personal and professional growth of young people, fostering community resilience and economic participation.

Setting the foundations for Warrama-Li

The journey with MBYS began with a shared commitment to creating sustainable change. Throughout 2022-2023, Sefa worked closely with MBYS to refine the business model for Warrama-Li, conducting a detailed market assessment to validate the initiative’s potential. Together, we developed a Theory of Change and an outcomes measurement framework to guide the social enterprise’s progress and impact. To ensure effective governance and long-term sustainability, Sefa also assisted MBYS’s Board in completing a skills matrix and identifying areas for professional development. Additionally, we prepared a financial operating model to highlight potential funding gaps, helping MBYS engage with philanthropists and other funders to secure necessary resources.

The initial capability-building phase laid a strong foundation for Warrama-Li, equipping MBYS with the tools and strategies needed to navigate the complexities of establishing a Work Integrated Social Enterprise. This phase underscored the importance of combining strategic planning with practical support, ensuring that MBYS was well-positioned to achieve its goals.

Sustaining growth through strategic investment

In 2024, recognising the significant progress and potential of Warrama-Li, Sefa chose to deepen its partnership with MBYS through a strategic investment. This decision reflects our belief in the transformative power of community-led initiatives and our commitment to supporting impactful, long-term growth. By providing a flexible loan structure, we aim to help them build on their existing successes and expand the social enterprise's capabilities, allowing Warrama-Li to reach its full potential and further empower the youth of Moree.

By bringing capability-building together with financial support, Sefa's approach provides an integrated approach that enables organisations like MBYS and Warrama-Li to thrive. Our continued support underscores our passion for shining a light on regional Australia, a sector often overlooked by mainstream funding, and reinforces our dedication to fostering sustainable community development through strategic partnerships.

Creating pathways to a brighter future

The story of Joseph is a powerful example of the impact of MBYS and Warrama-Li. With a challenging history of interactions with the justice system, Joseph found new purpose through the opportunity to be employed and learn new skills at Warrama-Li. Learning new skills and working on community housing projects, Joseph has not only transformed his own life but also become a role model for others in Moree. His journey shows the potential of social enterprises to change lives, demonstrating how targeted support and opportunities can foster resilience and growth.

As we continue to support MBYS and Warrama-Li in 2024 and beyond, Sefa is committed to walking alongside them on this journey. Our partnership reflects a shared vision for creating sustainable, community-driven change. Together, we are building a brighter future for the youth of Moree, empowering the next generation to lead with confidence, skill, and hope.



Audited Financial Statements



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Directors' Report

Social Enterprise Finance Australia Limited ("Sefa" or the "Company") is a company limited by shares, incorporated and domiciled in Australia. The address of the Company's registered office is Level 1, 262 Liverpool Street, Darlinghurst NSW 2010.

The directors present their report together with the consolidated financial report of the company, being the Company and its controlled entities - Sefa Investments Limited and the Sefa Loan Fund, or collectively the "Group", for the 30 June 2024 financial year, and the auditor's report thereon.

Directors:

The following persons were directors of Social Enterprise Finance Australia Limited during the financial year and up to the date of this report:

Belinda Drew (appointed 1 January 2017)
David Rickards (appointed 23 June 2020)
Lila D'Souza (appointed 21 March 2023, resigned 28 November 2023)
Ben Gales (appointed 11 May 2022)
Councillor Charles Lynch (appointed 21 March 2023)
Sam Gilchrist (appointed 9 May 2023)
Councillor Leeanne Hampton (appointed 28 November 2023)
Heidi Hardy (appointed 28 November 2023)

Biographies of Directors:

Belinda Drew

Belinda has over 20 years' experience in the community services industry having worked across disability, homelessness, child protection and housing. Belinda was appointed Chair of Sefa on 7th September 2019.

During the most recent decade of her career, Belinda was focused on building the social investment market in Australia in her role as the CEO of Foresters Community Finance. In 2014, Belinda joined the Community Services Industry Alliance as inaugural CEO of a company focused on representing the value of the community services industry to government and the business sectors. Most recently Belinda has been appointed Deputy Director - Women's Safety, and Victims and Community Support within the Justice Department for the QLD government. Belinda has a passion for the community services industry and contributing to the task of building a strong, sustainable and contemporary sector across Australia.

Belinda is also currently a director of Sefa Partnerships.

David Rickards

David was formerly the Head of Research and an Executive Director at Macquarie Bank. After he retired in 2012 he co-founded Sefa. David founded Sefa Partnerships in 2016. Before joining Macquarie Bank he was responsible for establishing the risk management company, BARRA International, in Australia. David was the Director and Treasurer of Bush Heritage Australia for nine years.

David is currently a Director of the Australian Environmental Grant Makers Network and is Chair of the Sefa Partnerships Board.

Lila D'Souza (resigned 28th November 2023)

Lila is currently Managing Director of The Purpose Group, which specialises in supporting not-for-profit organisations to develop and lift their operations and to work more strategically and effectively. Lila is currently Company Secretary for the Aboriginal Carbon Foundation and spent nine years at NSW Aboriginal Land Council. Lila is a Director of Sefa Partnerships.

Lila has high level not-for-profit expertise in strategic and legal risk management and a keen commitment to good governance, diversity and social justice. Her work has spanned proponent-based projects as well as the for-purpose sector, enabling Lila to see different points of view.

Ben Gales

Ben is currently Chief Impact Officer at Paul Ramsay Foundation. Between 2013 and 2016 he was the CEO of Sefa. Ben is an economist by training with expertise in impact investing, social impact measurement, and delivering innovation. He has led the delivery of several major reforms and initiatives and held senior positions in government, finance, and social sectors.

In the UK Ben was involved with the genesis of the impact investing sector with the launch of the social investment taskforce in 2000 under Sir Ronald Cohen when he worked in the HM Treasury. During his time in NSW Government, he was instrumental in developing the first Social Impact Bonds in Australia, "Newpin" and "Resilient Families", and was responsible for the office of Social Impact Investment where he oversaw over \$200 million of impact investments and payment by outcome contracts. He led the establishment of the NSW Productivity Commission and set up the NSW Evidence Bank in NSW Treasury.

Ben is currently the Chair of Sefa's Investment Committee, and is a new Board member of Justice Health and Forensic Mental Health Unit.

Councillor Charles Lynch

A proud Aboriginal - Gomeroi man from Tamworth NSW, Charles has 30 years of experience working with Aboriginal communities and businesses within the NSW Aboriginal Land Council (NSWALC). During this time, he has co-chaired Closing the Gap and represented NSWALC at the United Nations. This helped hone his expertise in governance, place-based arrangements in communities, financial stewardship, legislation, and policy. At Sefa he uses these skills and his deep knowledge to help us continue to bring people together for a common good.

Sam Gilchrist

Over the last 15 years, Samuel has focused his energy and strong sense of fairness on establishing social and economic equity for Australia's Aboriginal peoples. Bringing opportunity to communities drives him – that's why he is proud to have helped establish Aboriginal businesses through the New South Wales Aboriginal Land Council (NSWALC) Economic Development Program. Samuel's in-depth understanding of the NSWALC, the Local Aboriginal Land Councils network and their communities helps Sefa create greater social impact where it's most needed, while his sound understanding of business, accounting and finance benefits us and our clients alike.

Councillor Leeanne Hampton

Leeanne Hampton has dedicated 18 years to advancing community welfare, with a focus on empowering Aboriginal communities. As a board member at Sefa, her incisive questioning and empathetic communication skills drive her passion for societal progress. Leeanne's journey began in the private sector as a small business owner before transitioning to the nonprofit space, where she has served as CEO of the West Wyalong Local Aboriginal Land Council and currently holds multiple roles within the NSW Aboriginal Land Council.

Heidi Hardy

Heidi Hardy, a proud Aboriginal woman of Ngemba descent from Brewarrina, NSW, brings a wealth of experience and a strong cultural connection to her work. With a robust background in policy development, project management, and financial management, she has held prominent positions within the NSW government and the NSW Aboriginal Land Council. Heidi is currently the Executive Director, Community Outcomes. Heidi's innovative approach and strategic vision have been instrumental in fostering collaboration with communities and stakeholders.

Meetings of Directors:

The number of meetings of the Company's board of directors held during the financial year ended 30 June 2024 was six, and the number of meetings attended by each director was:

	Meetings Eligible to attend	Meetings Attended
Belinda Drew	6	4
Lila D'Souza	4	3
Ben Gales	6	6
Charles Lynch	6	6
Sam Gilchrist	6	2
David Rickards	6	5
Councillor Leanne Hampton	3	2
Heidi Hardy	3	1

Principal Activities:

The principal activity of the company during the 2024 financial year was the provision of loans and capability building, including investment readiness, support to Australian social purpose organisations. Assisting organisations to deliver outcomes and contribute to impact remains the core focus of Sefa and there were no significant changes during this financial period.

Review of operations:

Sefa's two-pronged and integrated strategy of providing capital and capability building support to social purpose organisations continued to yield strong results during the year ending 30 June 2024, culminating in an operating profit of \$62,743.

Financial Performance

Despite the challenging economic landscape, Sefa achieved a total income of \$2.68 million which represented growth of 9.6% over the previous year and reflective of diverse revenue streams from capital and capability building. Interest revenue from commercial lending reached \$1.10 million, and impact strategy income contributed \$0.88 million. Other significant revenue sources included investment readiness income and interest earned from cash and term deposits.

Expenses were managed efficiently across various categories, resulting in total expenses of \$2.33 million. Notable costs included salaries, wages, and on-costs amounting to \$1.71 million, reflecting our investment in talent to drive our mission of investing in social impact forward.

Capability Building

The completion of the Paul Ramsay Foundation's Social Enterprise Incubator was a standout achievement. The program delivered in conjunction with Sefa Partnerships provided in-depth coaching to eight social

enterprises across Australia, exemplifying our dedication to nurturing social purpose ventures and expanding their impact.

A key highlight of this year was the EmpowerHER program, a transformative initiative aimed at supporting social enterprises unlocking outcomes for women facing disadvantage in New South Wales with a focus on regional participation. This program has been instrumental in providing learning modules, leadership training and networking opportunities to entrepreneurs – many of them identifying as female. The programs for early-stage and established organisations are empowering them to drive social change within their communities. The success of EmpowerHER underscores Sefa’s ongoing commitment to gender equity and innovation in the social enterprise sector.

Capital Provision

The capital side of the business experienced a cautious resurgence. The loan book closed the year with a balance of \$12.17 million, marginally higher than the prior year. Cumulative disbursements since inception have exceeded \$40 million across over 75 loans, unlocking close to \$140 million of impact capital from diverse sources. The social finance team maintained robust communication with borrowers amidst a rising interest rate environment, ensuring the outstanding loan portfolio performed well.

Professional services around capital structuring and capital raising support remained a focal point. This included arranging syndicated loans for impact investors, reinforcing Sefa's position as a pivotal player in the social finance sector.

Market Building and Thought Leadership

Sefa's commitment to market building was evidenced through active participation in conferences, webinars, and roundtables. Team members from both the social finance (capital) and engagement (capability building) divisions contributed insights to our thought leadership publications, fostering the growth of the social purpose sector and supporting business development efforts.

Looking Ahead

As we move forward, Sefa remains committed to our purpose of strengthening the capability of, and increase access to capital for, social purpose organisations, so they can generate positive impact and advance more equitable communities across Australia. And steadfast in our mission to catalyse investment in social impact through strategic capital and capability building initiatives. The evolving economic landscape presents both challenges and opportunities, and Sefa is well-positioned to continue making a significant contribution to impact across Australia's social investment sector.

Dividends:

On the 18th October 2023, the Directors of Sefa declared an unfranked dividend of 3 cents per share. This dividend was paid on 30 November 2023.

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.

Significant Events After Balance Sheet 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 Group, the results of those operations, or the state of affairs of the Group 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.

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, general managers, company secretaries and other executive officers were covered by insurance obtained by Sefa. This insurance indemnifies Directors and Officers against allegations of wrongdoing (other than intentional wrongdoing).

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

The Lead Auditor's Independence Declaration, as required under Section 307C of the Corporations Act 2001, is set out on page 7.

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

Dated at Sydney 29 October 2024

For and on behalf of the Board of Directors.



Belinda Drew
Chair of the Board



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

As lead auditor for the audit of the financial report of Social Enterprise Finance Australia Limited for the financial year ended 30 June 2024, I declare to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Social Enterprise Finance Australia Limited and its controlled entities during the financial year.



Ernst & Young



Kester Brown
Partner
29 October 2024

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2024

	Note	Year ended 30 June 2024 \$	Year ended 30 June 2023 \$
Interest income	2	1,342,564	935,611
Revenue from contracts with customers	2	1,268,973	1,466,614
Other income	2	66,266	41,658
Total operating income		2,677,803	2,443,883
Employee-related expenses	2	(1,776,919)	(1,518,091)
Depreciation and amortisation	2	(71,291)	(70,619)
Operating expenses	2	(480,564)	(513,769)
Finance costs	2	(277,731)	(224,747)
Interest expense - lease	2	(1,301)	(3,622)
Loan provision reserve movement		(7,254)	(316)
Total expenses		(2,615,060)	(2,331,164)
Profit before income tax		62,743	112,719
Income tax expense	3	-	-
Profit for the year		62,743	112,719
Total comprehensive income		62,743	112,719
Total comprehensive income attributable to:			
Owners of Social Enterprise Finance Australia		62,743	112,719

Consolidated Statement of Financial Position

As at 30 June 2024

	Note	Year ended 30 June 2024 \$	Year ended 30 June 2023 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	6,272,668	5,306,233
Loans and advances to customers	7	693,743	650,284
Receivables	6	16,786	303,472
Contract assets	8	5,000	12,500
Other current assets	9	68,847	121,848
Total Current Assets		7,057,044	6,394,337
Non-Current Assets			
Property, plant and equipment	10	8,356	8,787
Right-of-use asset	11	-	60,438
Loans and advances to customers	7	11,214,882	10,975,437
Total Non-Current Assets		11,223,238	11,044,662
TOTAL ASSETS		18,280,282	17,438,999
LIABILITIES			
Current Liabilities			
Payables	12	6,315	13,831
Contract liabilities	13	732,950	111,033
External borrowings	17(a)	2,750,000	2,825,000
Provisions	14	64,003	64,802
Lease liability	16	-	61,714
Other current liabilities	15	255,382	510,188
Total Current Liabilities		3,808,651	3,586,568
Non-Current Liabilities			
Provisions	14	65,987	49,924
Lease liability	16	-	-
External borrowings	17(a)	5,381,194	4,773,599
Total Non-Current Liabilities		5,447,181	4,823,523
TOTAL LIABILITIES		9,255,831	8,410,091
NET ASSETS		9,024,451	9,028,908
EQUITY			
Issued share capital	18	2,240,000	2,240,000
Retained earnings		6,721,708	6,676,189
Current earnings		62,743	112,719
TOTAL EQUITY		9,024,451	9,028,908

Consolidated Statement of Changes in Equity

For the year ended 30 June 2024

	Note	Issued Share Capital \$	Retained earnings \$	Total \$
As at 1 July 2022		2,240,000	6,676,189	8,916,189
Profit after tax		-	112,719	112,719
Total comprehensive income for the year		-	112,719	112,719
Transactions with owners in their capacity as owners:				
Share capital issued		-	-	-
Dividends paid		-	-	-
As at 30 June 2023	18	2,240,000	6,788,908	9,028,908
As at 1 July 2023		2,240,000	6,788,908	9,028,908
Profit after tax		-	62,743	62,743
Total comprehensive income for the year			62,743	62,743
Transactions with owners in their capacity as owners:				
Share capital issued		-	-	-
Dividends paid		-	67,200	67,200
As at 30 June 2024	18	2,240,000	6,784,451	9,024,451

Consolidated Statement of Cash flows

For the year ended 30 June 2024

	Note	Year ended 30 June 2024 \$	Year ended 30 June 2023 \$
Cash flows from operating activities			
Payments			
Finance costs paid		(272,262)	(184,425)
Employee-related payments		(1,841,449)	(1,523,133)
Payments to suppliers		(790,478)	(1,278,254)
Total Payments		(2,904,190)	(2,985,811)
Receipts			
Interest received		1,388,349	1,127,037
Other income received		81,244	42,675
Revenue from contracts with customers received		2,348,099	849,726
Total Receipts		3,817,692	2,019,437
Net cash flows from operating activities	24	913,502	(966,375)
Cash flows from investing activities			
Purchase of property, plant and equipment		(9,193)	(2,398)
Loan principal repayments received from customers		1,835,795	2,483,350
Loans advanced to customers		(1,643,905)	(1,700,711)
Net cash flows from investing activities		182,697	780,241
Cash flows from financing activities			
Payment of principal portion of lease liability		(63,014)	(62,618)
Payment of dividends		(66,750)	-
External borrowing repaid		-	(50,000)
Net cash flows from financing activities		(129,764)	(112,618)
Net increase in cash and cash equivalents		966,434	(298,752)
Cash and cash equivalents at beginning of year		5,306,234	5,604,986
Cash and cash equivalents at end of year		6,272,668	5,306,234

Notes to the consolidated financial statements

1. Summary of Material Accounting Policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied unless otherwise stated. The financial statements are for the consolidated entity consisting of Social Enterprise Finance Australia Limited (Sefa, or the Company) and its subsidiaries. The Company is a for profit company limited by shares and incorporated in Australia.

(a) Basis of preparation

The company's financial statements are general purpose financial statements which have been prepared on an accruals basis and in accordance with:

- applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations)
- the requirements of the Government Sector Finance Act 2018 (GSF Act) and
- Treasurer's Directions issued under the GSF Act.

Sefa has not early adopted any new standards, amendments to standards and interpretations that are not yet effective. None of these are expected to have a significant effect on the financial statements.

a) The accounting policies applied in 2023-24 are consistent with those of the previous financial year.

Historical cost convention

These financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1 (p) below.

Authorisation of financial statements

These financial statements for the year ended 30 June 2024 have been authorised for issue by the Board on 29 October 2024.

(b) Foreign currency translation

Functional and Presentation currency

The company's financial statements are presented in Australian dollars, which is Social Enterprise Finance Australia's and its subsidiaries functional and presentation currency. Transactions in foreign currencies are recorded using the spot rate at the date the transaction first qualifies for recognition. Differences arising on settlement or translation of monetary items are recognised in net result.

(c) Revenue recognition

Revenue recognition is in accordance with AASB 15 Revenue from Contracts with Customers. Assessment is carried out to identify the contract with the customer, performance obligations under the contract and transaction price. The transaction price is allocated to each performance obligation and revenue is recognised when a specific performance obligation has been satisfied.

Contracts with customers

Sefa recognises revenue from contracts with customers for the provision of professional services. Revenue is recognised when the service is provided or by reference to the stage of completion, which is based on time incurred to date as a percentage of total estimated duration for each contract. When the contract outcome cannot be measured reliably, revenue is recognised as the services are provided. Customers are invoiced and payment is due in 21 days. Revenues relating to future activities is transferred to deferred income (contract liabilities) and recognised in the year the service is provided.

Interest income

Interest income is recognised using the effective interest method, with interest accrued over the relevant period using the effective interest rate, which is the rate that exactly discounts the estimated future cash flows over the expected life of the financial asset to the net carrying amount of the financial asset.

Other income

Other income includes reimbursement income and other minor revenue amounts. Revenue is recognised when the service is provided.

(d) Principles of consolidation

i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Social Enterprise Finance Australia Limited ('Company') as at 30 June 2024 and the results of all subsidiaries for the year then ended. The Company and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity. Subsidiaries are all entities (including special purpose entities) over which the Group 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 Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

(e) Dividends

Provision is made for any dividend declared, being appropriately authorised and no longer at the discretion of the company, on or before the end of the financial year but not distributed at the balance date.

(f) Taxation

Income tax on the profit or loss for the period comprises of current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates at the statement of financial position date.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(g) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

For statements of cash flows presentation purposes, cash and cash equivalents consists of the cash and cash equivalent as defined above.

Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(h) Loans, advances and other receivables

Loans and advances are initially recognised at cost. Loans and advances are held at cost less provision for impairment. Loans, advances and other receivables are presented as current assets unless collection is not generally expected for more than 12 months after the reporting date. Individual impairment is identified at a counterparty specific level following objective evidence that a financial asset is impaired. This may be after an interest or principal payment is missed or when a banking covenant is breached. The present value of estimated cash flows recoverable is determined after considering any security held. The amount of any impairment is calculated by comparing the present value of the cash flows discounted at the loan's original effective interest rate with the statement of financial position carrying value. If impaired, the carrying value is adjusted and the difference charged to the statement of comprehensive income.

A write-off is made when all or part of a claim is deemed uncollectible or forgiven. Write-offs are charged against previously established provisions for impairment or directly to the statement of comprehensive income. In circumstances where an asset has been individually assessed for impairment and no objective evidence of impairment exists, then it will be subject to a collective assessment. Collective impairment is identified for classes of assets that share similar risk characteristics.

The loan provision reserve is currently based on a general provision following the application of AASB 9 Financial Instruments as at year end. Applying AASB 9, credit risk assessment has been performed on Sefa portfolio with all loans currently assessed as Stage 1 (Performing). The 12 month expected credit losses are then calculated based on the following parameters: actual interest rate of each individual loan, 2.6% probability of default and 90% expected loss given default.

(i) Impairment of assets

Assets are tested 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 stated at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or classes of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid and are stated at cost. The amounts are unsecured and are usually paid within 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(k) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance cost.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(l) Non-loan provisions

A non-loan provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation because of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(m) Employee benefits

Employee benefits are recognised in accordance with AASB 119 Employee Benefits

i) Annual leave and sick leave

Unused non-vesting sick leave does not give rise to a liability, as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 Employee Benefits (although short-cut methods are permitted).

ii) Long service leave

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

iii) Consequential on-costs

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of payroll tax and workers' compensation insurance.

(n) Issued share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the company reacquires its own equity instruments, for example as a result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(o) 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 statement of financial position.

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 flows.

(p) Accounting estimates and judgements

The preparation of the financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.

Specific areas of accounting estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Impairment losses on loans and advances

The Group regularly reviews its loan portfolios carried at cost to assess for impairment. This review is conducted across all asset types and impairment provisions are established to recognise the risk of losses within the loan portfolios. As explained in the company's accounting policy on Loans, advances and other receivables, impairment loss calculations involve the estimation of future cash flows of loans and advances based on observable data at the statement of financial position date, historical loss experience for assets with similar credit risk characteristics and other factors including, inter alia, future prospects of the customers, value of collateral held and reliability of information.

The actual amount of the future cash flows and their timing may differ significantly from the assumptions made for the purposes of determining the impairment provisions given the range of asset types, number of customers and current economic conditions. Consequently, these allowances can be subject to variation.

(q) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the financial statements of Social Enterprise Finance Australia Limited.

The subsidiary is Sefa Investments Limited which is a sole beneficiary of Sefa Loan Fund, a unit trust.

(r) Changes to Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2024 reporting period. The Group are in the process of assessing the effects to the consolidated financial statements.

2. Profit Before Income Tax

	2024 \$	2023 \$
Interest income		
Interest income on cash deposits	245,279	154,095
Interest income on loans and advances to customers	1,097,285	781,515
Total interest income	1,342,564	935,611
Interest expense - external	(277,731)	(224,747)
Interest expense - lease	(1,301)	(3,622)
Total interest expense	(279,032)	(228,369)
Net interest income	1,063,532	707,241
Revenue from contracts with customers		
Professional services	1,199,683	1,341,739
Management and establishment fees	69,290	124,876
Total revenue from contracts with customers	1,268,973	1,466,614
Other income	66,266	41,658
Total other income	66,266	41,658
Employee-related expense		
- Salaries and wages	1,707,560	1,443,490
- Other employee-related expenses	69,359	74,601
Depreciation and amortisation	71,291	70,619
Operating expenses		
- Audit fees	58,215	50,430
- Insurance	51,198	55,133
- Consultants	69,642	107,168
- Other contractors	141,252	138,364
Other operating expenses	160,257	162,674
Total expenses	2,328,774	2,102,479

i) Audit fees

Audit fees include the audit of the consolidated statutory accounts of the Group and the audit of the Australian Financial Services Licence ("AFSL") for the Company.

ii) Payments to subcontractors

The company engages third-party service providers to help deliver specialist projects or program-based work. The cost of these services is expensed as they are incurred.

iii) Lease expense

The company recognises the lease payments associated with the following types of leases as an expense on a straight-line basis:

- Leases that meet the definition of short-term. i.e., where the lease term at commencement of the lease is 12 months or less. This excludes leases with a purchase option.
- Leases of assets that are valued at \$10,000 or under when new.

3. Income Tax		
	2024	2023
	\$	\$
Operating profit from ordinary activities before income tax	62,744	112,719
Prima facie income tax expense at 25% (2023: 25%)	15,686	28,180
Tax effect of non-deductible expenses/non-assessable income in determining taxable profit:		
Recognition of tax benefit associated with previously un-booked tax losses	(15,686)	(28,180)
	(15,686)	(28,180)
Total Income tax benefit/(expense) from continuing operations	-	-
Recognised in the income statements		
Total Income tax benefit/(expense) In Statement of Comprehensive Income	-	-

4. Deferred Tax Benefit		
	2024	2023
	\$	\$
Income tax provision	-	-
Deferred tax benefit	-	-
Deferred tax liabilities	-	-
Net position	-	-

The Group has estimated unconfirmed Australian tax losses of \$449,989 (2023: \$512,732) which have not been recognised in the statement of financial position as a deferred tax asset. The availability of the tax losses is subject to continuing to meet the relevant statutory tests.

5. Cash and cash equivalents		
	2024	2023
	\$	\$
Cash at bank and on hand	6,272,668	5,306,233
	6,272,668	5,306,233

6. Receivables		
	2024	2023
	\$	\$
Sundry debtors	16,786	303,472
	16,786	303,472

Details regarding credit risk of trade receivables and sundry debtors are disclosed in Note 21.

7. Loans and advances to customers		
	2024	2023
	\$	\$
Loans and advances to customers	12,178,760	11,888,602
Provisions for loan impairment	(270,135)	(262,881)
Net loans and advances to customers	11,908,625	11,625,721
Classified as:		
Current	693,743	650,284
Non-current	11,214,882	10,975,437
	11,908,625	11,625,721

Details regarding credit risk of loans and advances are disclosed in Note 21.

8. Contract assets		
	2024	2023
	\$	\$
Accrued income	5,000	12,500
	5,000	12,500

A fee receivable is recognised if an amount of consideration that is unconditional is due from the customer. A contract asset represents the estimated value of performance obligations delivered up to the statement of financial position date that have yet to be billed to customers. Amounts recognised as contract assets are reclassified to fee receivables at the point at which they are invoiced to customers. Both fees receivable and contract assets are subject to impairment assessment.

9. Other current assets		
	2024	2023
	\$	\$
Prepayments	20,320	18,464
GST Receivable	2,340	-
Accrued interest receivable	46,187	51,434
Other Debtors	-	51,951
	68,847	121,848

10. Property, plant and equipment

	Computer Equipment \$	Total \$
At 30 June 2023		
Cost	29,442	27,262
Accumulated depreciation	(20,656)	(13,660)
<i>Net carrying amount at 1 July 2023</i>	8,787	13,602
Movements in carrying amounts		
Opening net carrying amount	8,787	13,602
Purchases	9,193	2,180
Disposals	(3,400)	-
Depreciation charge for the year	(6,224)	(6,995)
Closing net carrying amount	8,356	8,787
At 30 June 2024		
Cost	11,373	29,442
Accumulated depreciation	(3,018)	(20,656)
<i>Net carrying amount at 30 June 2024</i>	8,356	8,787

a) Recognition and measurement

i) Initial recognition

Property, plant and equipment assets acquired are initially recognised at cost. Cost is the amount of cash or cash equivalents paid. Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

ii) Impairment of property, plant and equipment

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Management has assessed the property, plant and equipment assets for impairment at balance date and determined that it is not impaired.

iii) Depreciation and amortisation

Depreciation is caused by property, plants and equipment. Depreciation is calculated on a diminishing value basis to write off the depreciable amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period. All material identifiable components of assets are depreciated separately over their useful lives. The depreciation expense has been included in the statement of comprehensive income as part of the depreciation and amortisation expense.

The estimated useful lives for current and comparative periods are:

- Computer equipment 2 years

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

iv) Disposal of fixed assets

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

v) Capitalisation Threshold Property, plant and equipment costing \$1,000 and above individually are capitalised.

11. Right-of-use asset

	2024 \$	2023 \$
Balance at 1 July 2023	60,438	127,243
Additions	1,229	-
Depreciation charge for the year	(61,667)	(66,805)
Balance at 30 June 2024	-	60,438
Right-of-use asset	128,472	127,243
Accumulated depreciation	(128,472)	(66,805)
Right-of-use asset (net)	-	60,438

Refer to Note 16 Lease Liability for accounting policy details.

12. Payables

	2024 \$	2023 \$
Trade and sundry creditors	6,315	13,831
	6,315	13,831

13. Contract Liabilities

	2024 \$	2023 \$
Income in advance	732,950	111,033
	732,950	111,033

Contract liability is recognised if a payment is received, or a payment is due from a customer before the company transfers the related goods or services. Contract liabilities are recognised as revenue when the company performs under the contract and the control of goods or services is transferred to the customer. The balance of contract liabilities at 30 June 2024 represents the amount paid in advance less the amount of work delivered under the contract. The contract liabilities balance has increased when compared to the prior year due to Sefa being awarded a significant contract in August 23 which will be delivered over a 2 year period.

14. Provisions

	2024 \$	2023 \$
Annual leave - current	64,003	64,802
Long service leave - non-current	65,987	49,924
	129,990	114,726

15. Other Current Liabilities

	2024 \$	2023 \$
PAYG tax withholding	35,600	30,576
Accrued expenses	133,566	99,000
Accrued interest payables	69,981	64,512
Other current liabilities	15,786	49,767
Syndicate clearing	-	266,333
	254,933	510,188

16. Lease Liability

	2024	2023
	\$	\$
Balance at 1 July	61,714	124,331
Additions	1,229	-
Interest expense	1,301	3,622
Payments	(64,244)	(66,240)
Balance at 30 June	-	61,714
Lease liability - current	-	61,714
Balance at 30 June	-	61,714

a) Recognition and measurement

For any new contracts entered on or after 1 July 2019, the Group assessed at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. The Group entered into a lease contract for the use of 8 desks commencing 13 June 2022. This lease has a term of 2 years. With this lease the Group applies a single recognition and measurement approach, recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At lease commencement date, the Group recognises a right-of-use asset at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). After initial measurement, the Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. After initial measurement, the lease liability is increased to reflect the accretion of interest on the liability and reduced by payments made. The lease liability is subject to remeasurement to reflect reassessment or lease modifications. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Prior to this lease, the company had a lease with a term of less than 12 months and as such applied for the "short-term lease" recognition exemption. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

17. Maturities of Liabilities

	2024			2023		
	Current	Non-current	Total	Current	Non-current	Total
	\$	\$	\$	\$	\$	\$
External Borrowings	2,750,000	5,381,194	8,131,194	2,825,000	4,773,599	7,598,599
Total liabilities	2,750,000	5,381,194	8,131,194	2,825,000	4,773,599	7,598,599

The Non-current External Borrowings are for fixed terms of more than 12 months and are subject to roll over with agreement of the lenders. The majority of borrowings are at a fixed term of 5 years and the overall average fixed term is 4.4 years with an average interest rate of the RBA cash rate plus 2.32%.

18. Issued Share Capital

Consolidated and Company	2024	2024	2023	2023
	Number	\$	Number	\$
Opening balance	2,240,000	2,240,000	2,240,000	2,240,000
Closing balance	2,240,000	2,240,000	2,240,000	2,240,000

The Company has issued 2,240,000 fully paid shares to its shareholders at A\$1 per share. The Company does not have authorised capital or Ordinary shares. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder's meetings. In the event of winding up the Company, ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation.

19. Interests in Company Undertakings**Shares in controlled entities**

Social Enterprise Finance Australia Limited holds share in its wholly owned subsidiary Sefa Investments Limited (10 shares at \$ 1.00 each) and acts as a trustee of Sefa Loan Fund. Sefa Investments Limited is the sole beneficiary of the Sefa Loan Fund.

20. Key Management Personnel Disclosures

Key management personnel constitute those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) of the company.

Key Management Personnel (KMP) compensation

	2024	2023
	\$	\$
Short-term employee benefits	270,904	259,871
Post-employment benefits	29,799	27,286

Short term employee benefits which include base salary, directors' fees, allowances and leave entitlements expensed for the entire year or for that part of the year during which the employee occupied the specified position.

Post-employment benefits include amounts expensed in respect of employer superannuation obligations.

All KMPs are employed by the parent entity, Social Enterprise Finance Australia Limited.

Transactions with Key Management Personnel

At 30 June 2024, key management persons who had loans from or deposits with the parent entity or any of its controlled entities were

- David Rickards who is a shareholder and a director of the parent entity has a long-term loan to Social Enterprise Finance Australia Loan Fund of \$300,000 (2023: \$300,000) on which interest was paid \$18,839 (2023: \$14,796) via Carrawa Foundation of which David is a beneficiary.
- Louise Sylvan who is a shareholder has a long-term loan to Social Enterprise Finance Australia Loan Fund of \$200,000 (2023: \$200,000) on which interest was paid \$12,055 (2023: \$9,332) to BRC Padua Pty Ltd acting in the capacity as trustee for the BRC Padua Superannuation Fund.

21. Financial Instruments

The company's principal financial instruments are outlined below. These financial instruments arise directly from the company's operations or are required to finance the company's operations. The company does not enter or trade financial instruments, including derivative financial instruments, for speculative purposes.

The company's main risks arising from financial instruments are outlined below, together with the company's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Board has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the company, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the company on a continuous basis.

a) Financial Instrument categories

Class	Note	Category	Carrying Amount	
			2024	2023
Financial assets			\$	\$
Cash and cash equivalents	5	Amortised Cost	6,272,668	5,306,233
Receivables	6	Amortised Cost	16,786	303,472
Loans and advances to customers	7	Amortised Cost	11,908,625	11,625,721
Contract assets	8	Amortised Cost	5,000	12,500
			18,203,079	17,247,926

Class	Note	Category	Carrying Amount	
			2024	2023
Financial liabilities			\$	\$
Payables	12	Amortised Cost	6,315	13,831
Other liabilities	15	Amortised Cost	203,547	163,512
Lease liabilities	16	Amortised Cost	-	61,714
Borrowings	17(a)	Amortised Cost	8,131,194	7,598,599
			8,341,056	7,837,657

The company determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

21. Financial Instruments

b) Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the company transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- The company has transferred substantially all the risks and rewards of the asset; or
- The company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control.

When the company has transferred its rights to receive cash flows from an asset or has entered a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the company has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the company's continuing involvement in the asset. In that case, the company also recognises an associated liability. The transferred assets and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

c) Offsetting financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

d) Financial Risk

i) Credit risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the company. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for credit losses or allowance for impairment). Credit risk arises from the financial assets of the company, including cash, and receivables. No collateral is held by the company. The company has not granted any financial guarantees.

The company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the company may also consider a financial asset to be in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the company.

21. Financial Instruments

Receivables - trade receivables, sundry debtors and contract assets

Collectability of trade receivables and sundry debtors is reviewed on an ongoing basis. Outstanding receivables > 30 days are contacted directly. The company applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, a failure to make contractual payments for a period of greater than 90 days past due.

The loss allowance for trade as at 30 June 2024 and 2022 was determined to be \$0 as historically, the company has had an excellent record in collections and has not had to write off any bad debts. The balance at year end has all been confirmed and payment expected.

The company is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2024.

Loans and advances to customers

The overarching Risk Management Policy and Procedures set out the principles, framework and process upon which the company manages risk. In addition, a separate Risk Appetite Statement and Risk Register are maintained. Sefa's investment decisions are made by the Board under delegated authority to an independent Investment Committee (IC) consisting of independent skilled professionals from diverse backgrounds, relevant to Sefa's principle-based approach to investing for a financial and social return. The company's Concentration Risk Policy sits alongside the Investment Policy to emphasise the importance of managing exposure to single entities and groups of borrowers and sectors.

The company recognises an allowance for expected credit losses (ECLs) in line with AASB9. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate.

ECL are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). If a loan is considered to have low risk using all reasonable and supportable information, a 12-month ECL is applied.

The loan provision reserve is currently based on a general provision following the application of IFRS9 as at year end. Applying IFRS9, credit risk assessment has been performed on SEFA portfolio, all loans are assessed as Stage 1 (Performing). The 12 month expected credit losses are then calculated based on the following parameters: actual interest rate of each individual loan, 2.6% probability of default and 90% expected loss given default.

The analysis excludes prepayments as these are not within the scope of AASB 7.

21. Financial Instruments

ii) Liquidity risk

Liquidity risk is the risk that the company will be unable to meet its payment obligations when they fall due. The company continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high-quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility using loans and other advances. The company's Adequacy of Resources Policy outlines the financial adequacy requirements to ensure solvency under Sefa's AFSL license, covering financial statements, audit reports, cash flow requirements, sufficient NTA (Net Tangible Assets), standard surplus liquid funds ('SLF') requirements where Sefa holds client money and standard adjusted surplus liquid funds ('ASLF') requirements where Sefa transacts with clients.

During the current and prior year, there were no defaults on borrowings. No assets have been pledged as collateral. The company's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the contract terms. For small business suppliers, where terms are not specified, payment is made not later than 30 days from the date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received.

The table below summarises the maturity profile of the company's financial liabilities based on contractual undiscounted payments, together with the interest rate exposure.

Table B									
		Interest rate exposure					Maturity dates		
2024		Weighted Average Effective Int. Rate	Nominal Amount	Fixed Interest rate	Variable Interest rate	Non-Interest bearing	<1 year	1 to 5 years	>5 years
Payables	12	0%	6,315			6,315	6,315		
Lease liabilities	16	N/A	-	-				-	
Other liabilities	15	0%	203,997			203,997	203,997		
Borrowings	17(a)								
NAB Facility		0%	3,956,194			3,956,194		3,956,194	
Other Loans		6.76%	4,175,000		4,175,000		2,825,000	1,350,000	
			8,341,506	-	4,175,000	4,166,506	3,035,312	5,306,194	-
2023		Weighted Average Effective Int. Rate	Nominal Amount	Fixed Interest rate	Variable Interest rate	Non-Interest bearing	<1 year	1 to 5 years	>5 years
Payables	12	0%	13,831			13,831	13,831		
Lease liabilities	16	3.78%	61,714	61,714				61,714	
Other liabilities	15	0%	163,512			163,512	163,512		
Borrowings	17(a)								
NAB Facility		0%	3,423,599			3,423,599		3,423,599	
Other Loans		6.47%	4,175,000		4,175,000		2,825,000	1,350,000	
			7,837,657	61,714	4,175,000	3,600,943	3,002,343	4,835,313	-

Loan facilities			
NAB Facility B	\$4,000,000	Drawn: \$	3,956,194 Undrawn balance: \$ 43,806
Lord Mayors Charitable Foundation	\$3,000,000	Drawn: \$	1,900,000 Undrawn balance: \$1,100,000

21. Financial Instruments

vi) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The company's exposures to market risk are primarily through interest rate risk on the company's borrowings. The company has no exposure to foreign currency risk and does not enter commodity contracts.

The effect on profit due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk.

A reasonably possible change in risk variable has been determined after considering the economic environment in which the company operates and the time frame for the assessment (i.e., until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position reporting date.

vii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Exposure to interest rate risk arises primarily through the company's interest-bearing liabilities. This risk is minimised due to the 0% interest NAB Facility.

A reasonably possible change of +/- 2% is used, consistent with current trends in interest rates (based on RBA interest rate volatility over the last year). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates:

	Carrying Amount	-2% profit	-2% Equity	+2% profit	+2% Equity
Financial Assets					
2024					
Cash and cash equivalents	6,272,668	-125,453	125,453	125,453	125,453
Loans and Advances to Customers	11,908,625	-238,172	238,172	238,172	238,172
Financial Liabilities					
Borrowings	4,175,000	83,500	-83,500	-83,500	-83,500
	14,006,293	-280,125	280,125	280,125	280,125
2023					
Cash and cash equivalents	5,306,233	(106,125)	106,125	106,125	106,125
Loans and Advances to Customers	11,625,721	(232,514)	232,514	232,514	232,514
Financial Liabilities					
Borrowings	4,175,000	83,500	-83,500	-83,500	-83,500
	21,106,954	(255,139)	255,139	255,139	255,139

22. Related party transactions

a) Parent entities

The parent entity within the Group is Social Enterprise Finance Australia Limited.

Information relating to Social Enterprise Finance Australia Limited (the Parent)

	2024 \$	2023 \$
ASSETS		
Current assets		
Cash and cash equivalents	981,650	173,890
Receivables	19,768	303,472
Contract assets	5,000	12,500
Other current assets	2,640,360	2,669,481
Total Current Assets	3,646,778	3,159,344
Non-current assets		
Property, plant and equipment	8,356	8,787
Right-of-use asset	-	60,438
Loans and advances to customers	-	-
Total Non-Current Assets	8,356	69,225
Total assets	3,655,134	3,228,568
LIABILITIES		
Current liabilities		
Payables	6,315	13,831
Contract liabilities	732,950	111,033
Provisions	115,389	119,875
Lease liability	-	61,714
Other current liabilities	134,016	108,749
Total Current Liabilities	988,671	415,203
Non-Current Liabilities		
Provisions	65,987	64,802
Lease liability	-	-
Total Non-Current Liabilities	65,987	64,802
Total liabilities	1,054,658	480,005
NET ASSETS	2,600,476	2,748,563

22. Related party transactions

EQUITY

Issued share capital	2,240,000	2,240,000
Retained earnings	441,363	347,554
Current earnings	(80,887)	161,009
TOTAL EQUITY	2,600,476	2,748,563
Interest income	20,500	-
Revenue from contracts with customers	1,248,473	1,447,314
Other income	979,553	819,177
Total operating Income	2,248,526	2,266,492
Employee-related expenses	1,776,919	1,518,091
Depreciation and amortisation	71,291	70,619
Interest expense - leases	1,301	3,622
Operating expenses	479,902	513,150
Total expenses	2,329,413	2,105,482
Profit before income tax	(80,887)	161,009
Income tax (expense)/benefit	-	-
Profit for the year	(80,887)	161,009
Total comprehensive Income	(80,887)	161,009

b) Key management personnel

Disclosures relating to key management personnel are set out in note 20.

c) Transactions with related parties

Transactions between the parent entity and various related parties during the year consisted of:

Sefa Ltd provides a range of services to Sefa Loan Fund as per the management agreement signed 14th August 2015 and backdated to the commencement of the Sefa Loan Fund.

These services include:

- i) maintenance of the trust and statutory records of the Fund;
 - ii) liaison with ASIC with respect to compliance with the Australian Financial Services Licence;
 - iii) support for the maintenance and seeking of funds under management; and
 - iv) the provision of information necessary for the accounts of the Fund to be accurately maintained;
- and
- v) governance.

These transactions were made on normal commercial terms and conditions.

As at 30 June 2024, the parent entity had loans and advances to Sefa Loan Fund of \$2,384,893 (2023: \$2,384,893) from which interest was received and receivable amounted to \$161,140 (2023: \$131,623). The Management fee charged by the parent entity to Sefa Loan Fund was \$767,998 (2023: \$649,372). As at June 2024, there is \$231,854 (2023: \$214,173) owed by the Sefa Loan Fund to the parent entity that is to be settled, and the balance is not interest bearing.

22. Related party transactions

d) Loans to/from related parties

	2024 \$	2023 \$
Loans to Sefa Loan Fund		
Balance at beginning of the year	2,384,893	2,384,893
Addition during the year	-	-
Interest charged	161,140	131,623
Interest received	(161,140)	(131,623)
Balance at end of the year	2,384,893	2,384,893
Loans from other related parties		
Loans payable		
BRC Padua Pty Limited	200,000	200,000
Carrawa Pty Ltd	300,000	300,000
Interest paid	30,894	24,128

e.) During the year, the company entered transactions on arm's length terms and conditions with a related entity, Sefa Partnerships, of which the company is a member. The aggregate value of the transactions and outstanding balances are as follows:

	2024 \$	2023 \$
Services delivered	369,899	435,674
Services received	95,288	12,600
Accounts receivable closing balance	10,621	234,082

f.) Terms and conditions

Transactions relating to dividends, calls on partly paid shares and subscriptions for new ordinary shares were on the same terms and conditions that applied to other shareholders.

All other transactions were made on normal commercial terms and conditions and at market rates. Loans are fixed for 5 years at commercial interest rates. Outstanding balances are unsecured and are repayable in cash.

23. Subsequent events

On 2 October 2024, the Company entered into an office facilities lease agreement with a lease term of 1 year commencing on 1 July 2024, with an option to extend for an additional year.

24. Reconciliation of cash flows from operating activities to profit for the year

	2024 \$	2023 \$
Net cash (used) in operations	913,502	(966,375)
Depreciation and amortisation expense	71,291	70,619
Increase/(decrease) in prepayments and other assets	(367,041)	1,251,959
Increase/(decrease) in loan provision	282,904	46,509
Increase/(decrease) in contract assets	(7,500)	10,933
(Increase)/decrease in payables	7,516	(1,292)
(Increase)/decrease in provisions	(386)	(37,152)
(Increase)/decrease in other current liabilities	(215,626)	(788,807)
(Increase)/decrease in contract liabilities	(621,917)	526,325
Profit for the year	62,743	112,719

Directors' Declaration

In the opinion of the directors of Social Enterprise Finance Australia Limited ("the Company"):

- a) the financial statements and notes set out on pages 23 to 58, are in accordance with the Corporations Act 2001, including:
 - i) being prepared in accordance with section 7.6 of the Government Sector Finance Act 2018, the Government Sector Finance Regulation 2018, and applicable Treasurer's directions;
 - ii) giving a true and fair view of the financial position of the Group as of 30 June 2024 and of financial performance and cash flows, for the year ended 30 June 2024; and
 - iii) complying with Australian Accounting Standard requirements-the Corporations Regulations 2001 and other mandatory professional reporting requirements.
- b) There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Dated at Sydney, 29 October 2024

Signed in accordance with a resolution of the directors.



Belinda Drew
Chair of the Board

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

Opinion

We have audited the financial report of Social Enterprise Finance Australia Limited (the Company and its subsidiaries (collectively the Group)), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2024 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

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

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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



Ernst & Young



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Partner

Melbourne
29 October 2024



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