

SAVE THE CHILDREN AUSTRALIA IMPACT INVESTMENT FUND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

**Save the Children Australia Impact Investment Fund
Directors' report
30 June 2024**

The directors of Save the Children Impact Fund Limited, the Trustee Company of Save the Children Australia Impact Investment Fund ("the Fund"), present their report, together with the financial statements, on the fund for the year ended 30 June 2024.

Directors

The following persons were directors of the Trustee Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Harvey Collins
Peter Hodgson
Jan Owen
Paul Ronalds
Caitriona Fay (Resigned 7 March 2024)
Amanda Healy
Michael Dugina

Principal activities

During the financial year, the principal continuing activities of the fund consisted of investing in enterprises working in health, education, child protection as well as other enablers in accordance with the provisions of the fund constitution.

Distributions

A distribution of \$234,099 was paid during the financial year.

Review of operations

The fund made a loss of \$191,645 during the financial year (2023: profit of \$590,955)

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the fund during the financial year.

Likely developments and expected results of operations

The fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the fund constitution. It will also continue to seek to maximise the financial returns and social impact and minimise potential adverse effects on the financial performance of the fund.

Indemnity and insurance of officers

The Trustee Company has indemnified the directors and executives of the Trustee Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Trustee Company paid a premium in respect of a contract to insure the directors and executives of the Trustee Company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The fund has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the fund or any related entity against a liability incurred by the auditor.

During the financial year, the fund has not paid a premium in respect of a contract to insure the auditor of the fund or any related entity.

Fees paid to and interests held in the fund by the Trustee Company or its associates

Fees paid to the Trustee Company and its associates out of fund property during the year are disclosed in note 11 to the financial statements.

No fees were paid out of fund property to the directors of Trustee Company during the year.

**Save the Children Australia Impact Investment Fund
Directors' report
30 June 2024**

The number of interests held in the fund by the Trustee Company or its associates as at the end of the financial year is set out below:

<i>Units</i>	Balance at the start of the year	Units Issued	Units Redeemed	Balance at the end of the year
Save the Children Australia (ultimate parent of the Trustee Company)	1,631,920	653,452	-	2,285,372
Paul Ronalds (director of Trustee Company)	27,200	10,890	-	38,090
	<u>1,659,120</u>	<u>664,342</u>	<u>-</u>	<u>2,323,462</u>

Matters subsequent to the end of the financial year

During July 2024, the Fund settled \$596,481 towards an investment in ordinary shares of an unlisted entity. As at 30 June 2024, this investment was included as an asset in *Financial assets at fair value through profit or loss* and a corresponding liability was recognised in *Trade and other payables*.

A further \$364,848 was received from investors in July and August 2024, completing capital call #7.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the fund's operations, the results of those operations, or the fund's state of affairs in future financial years.

Interests in the fund

The movement in units on issue in the fund during the year is disclosed in note 6 to the financial statements.


The value of the fund's assets and liabilities is disclosed in the statement of financial position and derived using the basis set out in note 1 to the financial statements.

Auditor's independence declaration

A copy of the auditor's independence declaration is set out immediately after this directors' report.

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

On behalf of the directors

Signed by:

6F0A47496AE04D7...

 Harvey Collins
 Director
 25-Sep-2024 | 7:33 PM AEST
 Melbourne

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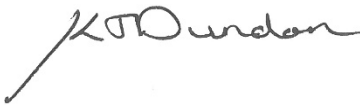
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Save the Children Australia Impact Investment Fund ("the Fund") for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

A handwritten signature in cursive that reads "Rsm".

RSM AUSTRALIA PARTNERS

A handwritten signature in cursive that reads "K J Dundon".

K J DUNDON
Partner

Dated: 25 September 2024
Melbourne, Victoria

Save the Children Australia Impact Investment Fund

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General information

The financial statements cover Save the Children Australia Impact Investment Fund as an individual entity. The financial statements are presented in Australian dollars, which is Save the Children Australia Impact Investment Fund's functional and presentation currency.

Save the Children Australia Impact Investment Fund is a not-for-profit unit trust and an unregistered managed investment scheme.

The Fund is incorporated and domiciled in Australia. The Trustee Company of the fund is Save the Children Impact Fund Limited. The Trustee Company does not hold an Australian financial services licence and acts as trustee of the Fund in reliance on the conditional relief provided under the ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813 (ASIC Instrument 2016/813).

The registered office and principal place of business are:

Registered office

9/469 La Trobe St
Melbourne VIC 3000

Principal place of business

9/469 La Trobe St
Melbourne VIC 3000

The financial statements were authorised for issue, in accordance with a resolution of directors of the Trustee Company on 25 September 2024. The directors have the power to amend and reissue the financial statements.

**Save the Children Australia Impact Investment Fund
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2024**

	Note	2024 \$	2023 \$
Income			
Interest income from financial assets at amortised cost		40,140	24,959
Net foreign exchange gains		-	18,888
Net gains/(losses) on financial instruments at fair value through profit or loss		(39,986)	743,505
Total income		<u>154</u>	<u>787,352</u>
Expenses			
Management fees	11	(148,500)	(148,500)
Professional fees		(43,299)	(47,895)
Bank fees		-	(2)
Total expenses		<u>(191,799)</u>	<u>(196,397)</u>
(Loss)/ profit for the year		(191,645)	590,955
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive (loss) / income for the year		<u>(191,645)</u>	<u>590,955</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

**Save the Children Australia Impact Investment Fund
Statement of financial position
As at 30 June 2024**

	Note	2024 \$	2023 \$
Assets			
Cash and cash equivalents	2	513,126	57,501
Interest receivable		10,248	-
Financial assets at amortised cost	3	613,172	213,172
Financial assets at fair value through profit or loss	4	<u>5,099,309</u>	<u>4,392,814</u>
Total assets		<u>6,235,855</u>	<u>4,663,487</u>
Liabilities			
Trade and other payables	5	<u>915,961</u>	170,289
Total liabilities		<u>915,961</u>	<u>170,289</u>
Net assets attributable to unitholders	6	<u>5,319,894</u>	<u>4,493,198</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

Save the Children Australia Impact Investment Fund
Statement of changes in equity
For the year ended 30 June 2024

	Note	2024 \$	2023 \$
Total equity at the beginning of the financial year		4,493,198	2,927,243
(Loss) / profit for the year		(191,645)	590,955
Other comprehensive income for the year		-	-
		<hr/>	<hr/>
Total comprehensive income / (loss) for the year		(191,645)	590,955
<i>Transactions with unitholders in their capacity as unitholders:</i>			
Applications	6	1,252,440	975,001
Redemptions	6	-	-
Distributions paid / reinvested	7	(234,099)	-
		<hr/>	<hr/>
Total equity at the end of the financial year		5,319,894	4,493,198

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Save the Children Australia Impact Investment Fund
Statement of cash flows
For the year ended 30 June 2024

	Note	2024 \$	2023 \$
Cash flows from operating activities			
Receipts from repayment of debt investments		-	71,739
Payments for debt and equity investments		(350,000)	(1,282,052)
		<u>(350,000)</u>	<u>(1,210,313)</u>
Interest received		29,893	24,959
Payments for responsible entity's fees		(242,609)	(143,247)
Bank charges paid		-	(2)
		<u>-</u>	<u>(2)</u>
Net cash used in operating activities	12	<u>(562,716)</u>	<u>(1,328,603)</u>
Cash flows from financing activities			
Proceeds from capital calls		<u>1,018,341</u>	<u>975,001</u>
Net cash from financing activities		<u>1,018,341</u>	<u>975,001</u>
Net increase/(decrease) in cash and cash equivalents		455,625	(353,602)
Cash and cash equivalents at the beginning of the financial year		<u>57,501</u>	<u>411,103</u>
Cash and cash equivalents at the end of the financial year	2	<u>513,126</u>	<u>57,501</u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

**Save the Children Australia Impact Investment Fund
Notes to the financial statements
30 June 2024**

Note 1. Significant accounting policies

The accounting policies that are material to the fund are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The fund has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss.

Going concern

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. As disclosed in the financial statements, the Fund incurred a loss of \$191,645 and had net cash outflows from operating activities of \$562,716 for the year ended 30 June 2024.

The Directors of the Trustee Company believe that it is reasonably foreseeable that the Fund will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factor:

- The budget and cashflow forecast for the twelve-month period from the date of signing the financial statements, which has been prepared based on assumptions about certain investments, capital raise from unit holders and operating performance, shows that the Fund will continue to hold a cash surplus and therefore supports the Directors' assertion.

Income recognition

The fund recognises income as follows:

Interest

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate.

Other income

Other income is recognised when it is received or when the right to receive payment is established.

Income tax

Under current legislation, the fund is not subject to income tax provided it attributes the entirety of its taxable income, including realised capital gains, to its unitholders.

Cash and cash equivalents

Cash and cash equivalents includes 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.

Trade and other receivables

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

**Save the Children Australia Impact Investment Fund
Notes to the financial statements
30 June 2024**

Note 1. Significant accounting policies (continued)

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the fund has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Impairment of financial assets

The fund recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the fund's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Trade and other payables

These amounts represent liabilities for goods and services provided to the fund prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted.

Provisions

Provisions are recognised when the fund has a present (legal or constructive) obligation as a result of a past event, it is probable the fund will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

**Save the Children Australia Impact Investment Fund
Notes to the financial statements
30 June 2024**

Note 1. Significant accounting policies (continued)

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Net assets attributable to unitholders

The funds units are puttable financial instruments that have been classified as equity, as they have all of the following features:

- entitle the holder to a pro-rata share of the fund's net assets in the event of the fund's liquidation;
- are in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- do not include any contractual obligation to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the fund, and it is not a contract settled in the fund's own equity instruments; and
- the total expected cash flows attributable to the units over the life are based substantially on the profit or loss.

No withdrawals or redemptions are permitted during the Term of the Fund, however units may be transferred in accordance with the trust deed.

Applications and redemptions

Applications received for units in the fund are recorded net of any entry fees payable prior to the issue of units in the fund. Redemptions from the fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

Distributions

Distributions are recognised when declared during the financial year and no longer at the discretion of the fund.

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

Goods and Services Tax ('GST') and other similar taxes

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the 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 tax authority is included in other receivables or other 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 tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the fund for the annual reporting period ended 30 June 2024. The fund has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, income and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below:

Save the Children Australia Impact Investment Fund
Notes to the financial statements
30 June 2024

Note 1. Significant accounting policies (continued)

Fair value measurement hierarchy

The fund is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined using valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Note 2. Cash and cash equivalents

	2024	2023
	\$	\$
Cash at bank	513,126	57,501
	<u>513,126</u>	<u>57,501</u>

Note 3. Financial assets at amortised cost

	2024	2023
	\$	\$
Debt investments	613,172	213,172
	<u>613,172</u>	<u>213,172</u>

Note 4. Financial assets at fair value through profit or loss

	2024	2023
	\$	\$
Ordinary shares in unlisted entities - designated at fair value through profit or loss	5,099,309	4,392,814
	<u>5,099,309</u>	<u>4,392,814</u>

Refer to note 8 for further information on fair value measurement.

Save the Children Australia Impact Investment Fund
Notes to the financial statements
30 June 2024

Note 5. Trade and other payables

	2024	2023
	\$	\$
Investments payable ^(a)	596,481	-
Payable to trustee company	285,160	153,789
Audit fees	17,820	16,500
Professional fees payable	16,500	-
	<u>915,961</u>	<u>170,289</u>

^(a) See note 14 for further information.

Note 6. Net assets attributable to unitholders

Movements in the number of units and net assets attributable to unitholders during the current financial year are set out below:

	2024	2024	2023	2023
	Units	\$	Units	\$
Net assets attributable to unitholders at the beginning of the financial year	4,039,008	4,493,198	3,064,007	2,927,243
Profit / (loss) for the year	-	(191,645)	-	590,955
Applications	1,252,440	1,252,440	975,001	975,001
Redemptions	-	-	-	-
Distributions paid	-	(234,099)	-	-
	<u>5,291,448</u>	<u>5,319,894</u>	<u>4,039,008</u>	<u>4,493,198</u>
Net assets attributable to unitholders at the end of the financial year				

In accordance with the provisions of the fund constitution, each unit represents a right to an individual share in the fund and does not extend to a right to the underlying assets of the fund. There are no separate classes of units, and each unit has the same rights attaching to it as all other units of the fund.

Capital risk management

The fund considers its net assets attributable to unitholders as capital. Net assets attributable to unitholders are representative of the expected cash outflows on redemption. The capital risk management policy remains unchanged from the 30 June 2023 Annual Report.

Note 7. Distributions

	2024	2023
	\$	\$
Distributions paid, subsequently reinvested during the financial year	<u>234,099</u>	<u>-</u>
	<u>234,099</u>	<u>-</u>

Save the Children Australia Impact Investment Fund
Notes to the financial statements
30 June 2024

Note 8. Fair value measurement (continued)

Note 8. Fair value measurement

Fair value hierarchy

The following tables detail the fund's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability.

2024	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Ordinary shares – Australian entities	-	-	3,080,661	3,080,661
Ordinary shares – International entities	-	-	2,018,648	2,018,648
Total assets	-	-	5,099,309	5,099,309

<i>Liabilities</i>	-	-	-	-
Total liabilities	-	-	-	-

2023	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Ordinary shares – Australian entities	-	-	1,972,140	1,972,140
Ordinary shares – International entities	-	-	2,420,674	2,420,674
Total assets	-	-	4,392,814	4,392,814

<i>Liabilities</i>	-	-	-	-
Total liabilities	-	-	-	-

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorized within level 2 and level 3

Unquoted investments have first been valued with reference to recent equity transactions. In the absence of reliable and recent equity transactions, investments have been valued using a combination of results from discounted cash flow models and the "market approach". Under the market approach valuation technique, the Fund has used market multiples (e.g., earnings / revenue) derived from a set of comparable transactions, considering qualitative and quantitative factors specific to the measurement. These factors include annual recurring revenue, revenue growth rate, liquidity, annual turnover, sustainability of earnings and performance against milestones.

Save the Children Australia Impact Investment Fund
Notes to the financial statements
30 June 2024

Note 9. Remuneration of auditors

During the financial year, the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the fund:

	2024	2023
	\$	\$
<i>2024 Audit services – RSM Australia Partners</i>		
Audit of the financial statements	17,820	16,500
	<u>17,820</u>	<u>16,500</u>

Note 10. Contingent liabilities

The fund had no contingent liabilities as at 30 June 2024 (2023: \$Nil).

Note 11. Related party transactions

Trustee Company

Save the Children Impact Fund Limited is the Trustee Company.

Transactions with related parties

The following transactions occurred with related parties:

	2024	2023
	\$	\$
Payment for other expenses:		
Management fees paid / payable to the Trustee Company	148,500	148,500
Other transactions:		
Investments made by Trustee Company on behalf of the Fund	200,000	-

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2024	2023
	\$	\$
Payables:		
Trade payables to the Trustee Company	285,160	153,789
	<u>285,160</u>	<u>153,789</u>

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting dates.

Save the Children Australia Impact Investment Fund
Notes to the financial statements
30 June 2024

Note 11. Related party transactions (continued)

Terms and conditions

In accordance with the provisions of the fund constitution, a management fee of 2% per annum of committed capital is paid to the responsible entity.

Units held by related parties:

The following related parties hold units in Save the Children Australia Impact Investment Fund.

<i>Units</i>	Balance at the start of the year	Units Issued	Units Redeemed	Balance at the end of the year
Save the Children Australia (ultimate parent of the Trustee Company)	1,631,920	653,452	-	2,285,372
Paul Ronalds (director of Trustee Company)	27,200	10,890	-	38,090
	<u>1,659,120</u>	<u>664,342</u>	<u>-</u>	<u>2,323,462</u>

Note 12. Reconciliation of profit / (loss) to net cash used in operating activities

	2024 \$	2023 \$
(Loss) / profit for the year	(191,645)	590,955
Adjustments for:		
Unrealised exchange differences	-	(18,888)
Unrealised valuation differences	39,986	(743,505)
Receipts from repayment of debt investments	-	71,739
Payments for investments	(350,000)	(1,282,052)
Change in operating assets and liabilities:		
(Increase) in trade and other receivables	(10,248)	-
Increase / (decrease) in trade and other payables	(50,809)	53,148
Net cash used in operating activities	<u>(562,716)</u>	<u>(1,328,603)</u>

Note 13. Financial instruments

Financial risk management objectives

The fund's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The fund's overall risk management program focuses on ensuring compliance with the fund constitution. It also seeks to maximise the financial returns and social impact and minimise potential adverse effects on the financial performance of the fund. The fund uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board') of the Trustee Company. These policies include identification and analysis of the risk exposure of the fund and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the fund's operating units. Finance reports to the Board on a monthly basis.

Save the Children Australia Impact Investment Fund
Notes to the financial statements
30 June 2024

Note 13. Financial instruments (continued)

Market risk

Foreign currency risk

The fund undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. Foreign exchange risk arises from future investment transactions and recognised financial assets and financial liabilities denominated in a currency that is not the fund's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the fund's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	2024 \$	2023 \$	2024 \$	2023 \$
US dollars	1,019,878	890,594	-	-
	<u>1,019,878</u>	<u>890,594</u>	<u>-</u>	<u>-</u>

Price risk

The Fund is not exposed to any significant price risks.

Interest rate risk

The fund's main interest rate risk arises from debt securities with variable interest rates.

As at the reporting date, the fund had the following variable rate contracts outstanding:

	2024		2023	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Cash and cash equivalents	0%	<u>513,126</u>	0%	<u>57,501</u>
Net exposure to cash flow interest rate risk		<u>513,126</u>		<u>57,501</u>

Apart from cash and cash equivalents, the fund does not have any exposure to interest rate risk. Current investment in debt securities are at a fixed rate.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the fund. The fund has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The fund obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The fund holds collateral for its Financial Assets amortised at cost.

Liquidity risk

Vigilant liquidity risk management requires the fund to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable. The fund manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities. Financial support is provided by the Trustee Company or ultimate parent entity, as and when necessary to ensure the Fund maintains liquidity levels and is able to meet its obligations as and when they fall due.

Remaining contractual maturities

Save the Children Australia Impact Investment Fund
Notes to the financial statements
30 June 2024

Note 13. Financial instruments (continued)

The following tables detail the fund's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

2024	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade and other payables	-	915,961	-	-	-	915,961
Total non-derivatives		915,961	-	-	-	915,961
Derivatives						
Total derivatives		-	-	-	-	-

2023	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade and other payables	-	170,289	-	-	-	170,289
Total non-derivatives		170,289	-	-	-	170,289
Derivatives						
Total derivatives		-	-	-	-	-

Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position where the fund currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. There has been no exercise of set off rights as at 30 June 2024 and 30 June 2023.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 14. Events after the reporting period

During July 2024, the Fund settled \$596,481 towards an investment in ordinary shares of an unlisted entity. As at 30 June 2024, this investment was included as an asset in *Financial assets at fair value through profit or loss* and a corresponding liability was recognised in *Trade and other payables*.

A further \$364,848 was received from investors in July and August 2024, completing capital call #7.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the fund's operations, the results of those operations, or the fund's state of affairs in future financial years.

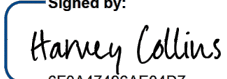
**Save the Children Australia Impact Investment Fund
Directors' declaration
30 June 2024**

In the opinion of the directors of the responsible entity:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards – Simplified Disclosures, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the fund's financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors of the Trustee Company

On behalf of the directors

Signed by:

6E0A47496AE04D7
Harvey Collins
Director

25-Sep-2024 | 7:33 PM AEST

Melbourne

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INDEPENDENT AUDITOR'S REPORT

To the Unit Holders of Save the Children Australia Impact Investment Fund

Opinion

We have audited the financial report of Save the Children Australia Impact Investment Fund ("the Fund"), which comprises the statement of financial position as at 30 June 2024, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a material accounting policy information, and the declaration of the directors of the Trustee Company.

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

- i. giving a true and fair view of the Fund's financial position as at 30 June 2024 and of its financial performance and cash flows for the year ended on that date; and
- ii. complying with Australian Accounting Standards – Simplified Disclosures under *AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* 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 Fund 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* (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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Trustee Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other Information

The directors of the Trustee Company are responsible for the other information. The other information comprises the information included in the Fund's annual report for the year ended 30 June 2024, but does not include the financial report and the auditor's report thereon.

Other Information (continued)

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 of the Trustee Company for the Financial Report

The directors of the Trustee Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosures under *AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* 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 of the Trustee Company are responsible for assessing the ability of the Fund to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

**RSM AUSTRALIA PARTNERS****K J DUNDON**

Partner

Dated: 25 September 2024

Melbourne, Victoria