MANY RIVERS MICROFINANCE LIMITED

(ABN 58 128 486 788)

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

30 June 2013

Contents

Many Rivers Microfinance Limited

Level 7, 580 George Street

Sydney NSW 2000

Tel: (02) 9217 1089

ABN 58 128 486 788

The Directors present their report for Many Rivers Microfinance Limited (the Company) for the financial year ended 30 June 2013 and the auditor's report thereon.

Contents of Directors' Report

1. Directors

The Directors of Many Rivers Microfinance Limited (the Company) at any time during or since the end of the financial year are:

Name, qualifications and independence status	Experience, special responsibilities and other Directorships
Mr Peter Colin Cadwallader, B.Ec, FCA **Chairman, Independent, Non-Executive Director**	Appointed as a Director and Chairman of the Board on 15 November 2007. Peter is the owner and Chief Executive of Intercontinental Shipping and Investment Group. He was a Board member of Opportunity International Australia for a number of years.
Mr David Thomas Bussau, AM **Independent, Non-Executive Director**	Appointed as a Director on 15 November 2007. David is a pioneer of microfinance, having founded Opportunity International and has been working in microenterprise development for more than 30 years. He has been recognised for his work in international development being awarded the Order of Australia; named the Ernst & Young Entrepreneur in 2003 and awarded Senior Australian of the Year in 2008.
Mr Ronald Leigh Coleman **Chief Executive Officer and Managing Director**	Appointed as a Director on 15 November 2007. Leigh has over 30 years experience in microfinance, heading up the majority of Opportunity International's program work as their Asia Pacific Regional Director for 20 years.
Mr Ross Granville Hawkey, BBS, CA **Independent, Non-Executive Director**	Appointed as a Director on 15 November 2007. Ross was previously Executive Leader, Corporate Services at Mission Australia. He is currently a business executive with a successful corporate career.
Mr Terence Winters, FAICD **Independent, Non-Executive Director**	Appointed as a Director on 23 September 2010. Terry is the Chairman of Converge International Ltd, Seeing Machines Ltd and a Director of Redflex Holdings Ltd. He has more than 17 years experience in operation and governance of microfinance organisations with Opportunity International Network.
Mr Sinclair Taylor, LLB **Independent, Non-Executive Director**	Appointed as a Director on 24 August 2012. Sinclair is the Head of Self-Managed Superannuation Funds for Westpac Banking Corporation. He pioneered and continues to lead Westpac's strategic alliance with Many Rivers Microfinance. He is an experienced commercial banker and was the founding CEO of Westpac's Davidson Institute.
Ms Catherine Yeomans, LLB **Non-Executive Director**	Appointed as a Director on 21 February 2013. Catherine is head of the Group Shared Services of Mission Australia. Catherine has previously held positions in senior management roles with Thomson Reuters and LexisNexis.

2. Company Secretary

Mr Timothy Morris-Smith ACA, was appointed to the position of Company Secretary in June 2011. He is also the Chief Financial Officer of Mission Australia.

3. Directors' meetings

The number of Directors' meetings and number of meetings attended by each of the Directors of the Company during the financial year are:

Director	Number of meetings attended	Number of meetings held during the time the Director held office during the year
Mr Peter Colin Cadwallader	6	6
Mr David Thomas Bussau	2	6
Mr Ronald Leigh Coleman	6	6
Mr Ross Granville Hawkey	5	6
Mr Terence Winters	4	6
Mr Sinclair Taylor	5	6
Ms Catherine Yeomans	2	3

4. Parent entity

The Company is a not-for-profit company limited by guarantee with no tradeable securities. The Company is classified as a Public Benevolent Institution and is an endorsed Deductible Gift Recipient (DGR). The Company's constitution supports its benevolent purpose. The Company has 7 subscribing members as listed below:

Mission Australia	Mr David Thomas Bussau	Mr Sinclair Taylor
Mr Peter Colin Cadwallader	Mr Ronald Leigh Coleman	
Mr Ross Granville Hawkey	Mr Terence Winters	

The Company is a controlled entity of Mission Australia and its governance is overseen by a Board of Directors, the majority of which are independent. In establishing the Company, an agreement was reached with Mission Australia whereby Mission Australia has certain rights and obligations arising from its provision of infrastructure and support services to the Company. This agreement documents Mission Australia's right to recognise Many Rivers Microfinance Limited as a controlled entity for the purposes of its (Mission Australia) consolidated financial statements. The Company has access to the shared governance and management resources of Mission Australia and the Company benefits from and is subject to the Mission Australia Board Committees.

5. Corporate governance

The Board endorses the Corporate Governance Principles and Recommendations established by the Australian Stock Exchange (ASX) Corporate Governance Council. The Company is not a listed company and has no obligation to adopt these principles but is nevertheless committed to good corporate governance.

5. Corporate governance (continued)

5.1 Foundations for management and oversight

The Board is the guardian of the founding purpose for which the Company was established and is accountable to members for the pursuit of that purpose and the performance of the Company.

The role of the Board is established by the Board Governance Charter, which can be viewed at manyrivers.org.au. It includes:

- Providing strategic guidance for the Company and effective oversight of management;
- Establishing the functions reserved to the Board and those delegated to the Chief Executive Officer;
- Appointing the Chief Executive Officer, approving succession plans, monitoring and evaluating the performance of the Chief Executive Officer and determining the goals and objectives for the setting of senior management remuneration policies and practices;
- Monitoring financial results and the effectiveness of risk management systems and overseeing policies governing Company operations including those for social, environmental sustainability as well as ethics and transparency; and
- Evaluating the Board's effectiveness and aspiring to excellence in corporate governance.

The Board oversees and monitors management's performance by:

- Selecting, appointing, guiding and monitoring the performance of the Chief Executive Officer;
- Formulating the Company's strategic plan together with the Chief Executive Officer and senior management;
- Approving the Company's annual budget and financial statements;
- Meeting at least six times during the year to
  - Monitor progress in achieving the strategic plan and performance against operating and capital budgets;
  - Receive detailed financial and other reports and input from management to verify the Company's financial performance, viability, solvency and short term sustainability; and
  - Assigning responsibility to Board sub-committees to oversee particular aspects of the Company's operations and administration.
- Monitoring internal control, health and safety, risk management, compliance and quality control frameworks and management information systems as well as reviewing delegations, policies and procedures;
- Reporting to stakeholders on a regular basis, including financial reports;
- Overseeing Company compliance with relevant legislation and regulations; and
- Advocating for the Company whenever and wherever appropriate.

The Board delegates responsibility for the Company's day-to-day operations and administration to the Chief Executive Officer and executive management. A schedule of delegated authority sets out financial contractual thresholds for appropriate staff levels throughout the company. No delegate is permitted to authorise an expenditure that affects them personally.

An induction process for senior executives provides an understanding of the financial position, strategies, operations, health and safety and risk-management practices as well as the respective rights, duties, responsibilities and roles of the Board and senior executives. Annual performance evaluation of senior executives has taken place during the year.

5. Corporate governance (continued)

5.2 Board Structure

The majority of Board members including the Chair are Independent Directors. The Company Constitution requires no less than 4 and no more than 12 Directors. There were 7 Directors at 30 June 2013:

- Five Independent Non-Executive Directors
- One executive of Mission Australia
- The Chief Executive Officer, who is the managing director

The Board Chairman's role is articulated in the Board Governance Charter. The role includes providing leadership, facilitating effective contribution of all Directors and promoting constructive and respectful relationships between Directors and between the Board and management.

One third of Directors must retire each Annual General Meeting with those longest in office selected. They are eligible for re-election. No employee of the Company, including the Chief Executive Officer, can be the Chair of the Company Board of Directors.

The Board's knowledge of the Company is maintained by visits to operations, management presentation and through access to continuing education programs.

The Board sets performance criteria for the Chief Executive Officer and annually assesses the outcome.

The skills, experience, and expertise of Directors and Executives are listed at manyrivers.org.au. The Board Governance Charter enables the Directors to seek independent professional advice at the expense of the Company if needed.

5.3 Timely and balanced disclosure

The Company is not subject to ASX Listing Rule disclosure requirements but adopts these principles to report to members to ensure that announcements:

- Are made in a timely manner and are factual;
- Do not omit material information whether positive or negative; and
- Are expressed in a clear and objective manner.

5.4 Respecting rights of members

The Company does not have shareholders but does have members. Open, regular, and timely communication to members is made using electronic and other means. This includes providing the Annual Report to members prior to the Annual General Meeting. The external auditor attends the meeting and is available to answer member questions about the conduct of the audit, the status of internal control and the preparation and content of the auditor's report.

The Company has many stakeholders, including clients and their families, donors, staff, the broader community, suppliers and the government agencies that provide funds and regulate our operations. We adopt a consultative approach in dealing with our stakeholders. We are involved in not-for-profit forums, conduct research, receive feedback from forums and regular surveys, ensure government at all levels are aware of our main concerns and achievements, and remain abreast of industry developments that affect us.

5.5 Recognising and managing risk

The Board is responsible for oversight of material business risk and is assisted by the Mission Australia Board Audit and Risk Committee in this role. Oversight includes ensuring the establishment, implementation, and annual review of the Company's risk-management system designed to protect reputation and manage risks that may preclude goals and objectives from being achieved or opportunities to be missed. Management has established and implemented a risk-management system that regularly assesses monitors and manages material operational, financial reporting and compliance risks.

5. Corporate governance (continued)

5.5 Recognising and managing risk (continued)

The Company is dedicated to social responsibility in the very nature of its activities and is conscious of its environmental impact. Energy and water saving initiatives and recycling mechanisms are in use and environmentally sustainable practices are continually under review. Environmental risks are included in risk assessments conducted during the year. The Company is not subject to any significant environmental legislation.

A risk management policy and framework has been implemented and is embedded into existing management processes and procedures. A risk appetite framework that also addresses the opportunity side of risk was developed during the year with risk appetite levels established. There are targets, objectives, milestones, and performance criteria that are assessed regularly. Key risks include securing ongoing funding for our work; credibility and reputational damage potential; retaining high-quality skilled staff; client, staff and contractor safety; fraud or theft exposures; environmental damage to assets; and capacity to respond to change and funding obligations.

Executive management reports to the Board and gives assurance that there is a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

5.6 Remunerating fairly and responsibly

Directors serve as Board members of the Company on a voluntary basis and receive no Director's fees. The Chief Executive Officer of the Company is remunerated for his work in leading the management team but not for his duties as Director. Reimbursement is made to Directors for reasonable expenses directly related to Board activities such as travel, accommodation, and meals. The Board sets remuneration strategies for the Chief Executive Officer and senior executives.

6. Principal activities and objectives

The Company has, as its dominant purpose, to make provision for the direct relief of poverty, suffering, distress, misfortune, or helplessness of persons in Australia. In achieving its dominant purpose, the Company:

- assists individuals (clients) in poverty to acquire capital for a small enterprise so that they may earn a regular income and eliminate their dependence on the welfare system;
- informs, assists and mentors clients in the operations of their enterprises;
- assists clients to achieve an holistic transformation in their lives by becoming self-supporting, thereby increasing their self-worth and self-respect; and
- strengthens the wellbeing of families and communities of clients through the promotion of sustainable self-employment.

The Company will provide relief to Australian communities and groups, which are poor, underprivileged, or marginalised in their standard of living, and in particular will concentrate on Indigenous Australians.

The Company has received financial and non-financial support from a number of organisations and private individuals during the year including the following:

Philanthropic and private foundations

Armstrong Trust, CAMYRIS Foundation, Chestnut Tree Foundation, Dalara Foundation, Edith Cowan University, Eureka Benevolent Foundation, Jacques Stanmore Foundation, Lavan Legal, Leslie Foundation, McKinnon Family Foundation, Portland House Foundation, Regal Foundation, Tim Fairfax Family Foundation, Transfield Foundation, The Trust Company and Vincent Fairfax Family Foundation.

6. Principal activities and objectives (continued)

Corporate donations and grants

Asia Pacific LNG, BHP Billiton Iron Ore, Braemar Seascope, Chevron Australia, Citic Pacific Mining, Coal and Allied Aboriginal Development Consultative Committee, Coal and Allied Community Development Fund, Count Charitable Foundation, Edmonds Property Services, Lotterywest, Port Waratah Coal Services, Port Hedland Port Authority, Rio Tinto Iron Ore, Rio Tinto Argyle, Stanton's International, The Chevron Operated Gorgon Project, Westpac Banking Corporation, Wiluna Regional Partnership Agreement (Industry Partners), Woodside Energy and Xstrata Coal.

Government

Department of Families, Housing, Community Services and Indigenous Affairs (Community Development Financial Institutions Pilot), Department of Education, Employment and Workplace Relations (Indigenous Employment Program in New South Wales and Western Australia) and Western Australia Government (Small Business Development Corporation, Department of Indigenous Affairs, Department of Communities).

Indigenous corporations

Gelganyem, IBN Corporation, MG Corporation and MG Ord Enhancement Scheme (ORS), Nyimarr.

Non-financial support

Valuable non-financial support was also received from Accenture, Mission Australia, Protein One and Squire Sanders.

The Directors acknowledge and thank all these supporters.

7. Operating and financial review

7.1 Operating results

The operating surplus of the Company for the year was $749,279 (2012: $613,654). In 2013, total revenue was $3,886,896 (2012: $2,964,018), in the same period, total expenses were $3,137,617 (2012: $2,350,364).

The Company provides microenterprise development support to assist clients to establish and expand their businesses. During the year, the Company assisted 168 new clients to establish or expand their businesses, of which 125 required loans and 43 were able to commence without a loan. In addition, 23 loans were provided to existing clients to expand their businesses. Loans advanced during the year totalled $826,700. As at June 2013, the Company was also actively meeting and business planning with more than 300 prospective clients.

Since commencement, the Company has provided (itself or facilitated through Westpac) 358 loans totalling $1,876,640. As at 30 June 2013, there were 227 loans outstanding with balances totalling $808,429, of which $419,546 resided on the Company's Statement of Financial Position and $388,883 resided on Westpac's Statement of Financial Position.

7.2 Review of Operations

in AUD	**2013**	**2012**
Revenue	3,886,896	2,964,018
Expenditure	3,137,617	2,350,364
Surplus	**749,279**	**613,654**

Significant impacts on the 2013 results were:

- Operating offices have increased from 10 to 14; and
- Increased number of staff from 17 to 25.

8. Events subsequent to reporting

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

9. Likely developments

In the opinion of the Directors, there are no likely changes in the operations of the Company that will adversely affect the results of the Company in subsequent financial years.

10. Directors' interests

Ronald Leigh Coleman is engaged as Chief Executive Officer via an employment contract through the parent entity Mission Australia. No other Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company with the Director or with a firm of which they are a member, or with a company in which they have substantial financial interest.

11. Indemnification and insurance of officers and Directors

The Company is a company limited by guarantee. Each of the Directors, other than Catherine Yeomans, is also a member of the Company and each of those Directors, as a member, is liable to the extent of their undertaking under the Constitution.

To the extent permitted by law, the Company indemnifies every person who is or has been a Director against any liability to any person incurred while acting in that capacity in good faith and against costs and expenses incurred by that person in that capacity in defending legal proceedings and ancillary matters.

Mission Australia, the parent entity of the Company insures for the benefits of the Directors of the Company against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director other than conduct involving a wilful breach of duty. Premiums were paid for each of the Directors listed on page 3 as disclosed in the Directors' Report through Mission Australia. Mission Australia charges a fee to cover these costs.

The insurance is in the normal course of business and grants insurance for liabilities permitted to be indemnified by the Company under Section 199 of the *Corporations Act 2001*. In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy including the nature of the liability insured against and the amount of the premium.

12. Audit services

The cost of the audit of the Company is borne by Mission Australia. Mission Australia charges a fee to cover these costs.

13. Performance Measurements

The Company monitors its performance against the budget and a rolling forecast, which are approved by the Board of Directors prior to commencement of the financial year. The Board uses this information for future planning, tracking progress over time and determining whether agreed objectives or standards have been met.

14. Lead auditor's independence declaration

The Lead Auditor's Independence Declaration is set out on page 11 and forms part of the Directors' Report for financial year ended 30 June 2013.

15. Registered office

The registered office and principal place of business is Level 7, 580 George Street, Sydney, New South Wales.

16. Founding purpose

The Company exists to lift underprivileged Indigenous and other Australians out of poverty, and in fulfilling this mission, to be inspired by the person and work of Jesus Christ.

17. Notice of Meeting

The Annual General Meeting of the Company will be held on 20 December 2013 at Level 7, 580 George Street, Sydney, New South Wales where this report will be presented.

This report is made in accordance to a resolution of the Directors:

P C Cadwallader
Chairman

Sydney, 25 October 2013

R L Coleman
Managing Director

Sydney, 25 October 2013

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

To: the directors of Many Rivers Microfinance Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2013 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Anthony Travers

Partner

Sydney

25 October 2013

For the year ended 30 June 2013

In AUD	Note	2013	2012
Revenue from grants & donations	7	3,798,480	2,885,090
Total revenue for the year		**3,798,480**	**2,885,090**
Personnel expenses	8	(2,212,025)	(1,570,167)
Occupancy and accommodation expenses		(211,436)	(176,888)
Transport and equipment hire		(346,298)	(288,249)
Doubtful debts expense		(110,822)	(47,552)
Communications		(106,734)	(87,895)
Insurance		(9,567)	(10,143)
Functions and catering		(15,220)	(10,868)
Other expenses from ordinary activities		(125,509)	(158,602)
Total expenses for the year		**(3,137,611)**	**(2,350,364)**
Results from operating activities		**660,869**	**534,726**
Finance income		88,416	78,928
Finance costs		(6)	-
Net finance Income	9	**88,410**	**78,928**
Net surplus for the year		**749,279**	**613,654**
Total comprehensive income for the year		**749,279**	**613,654**
Net surplus attributable to:			
Members of the Company		749,279	613,654
Net surplus for the year		**749,279**	**613,654**
Total comprehensive income attributable to:			
Members of the Company		749,279	613,654
Total comprehensive income for the year		**749,279**	**613,654**

As at 30 June 2013

in AUD	Note	2013	2012
Assets			
Cash and cash equivalents	10	2,821,003	1,861,374
Loan and other receivables	11	259,716	188,357
Total current assets		**3,080,719**	**2,049,731**
Total assets		**3,080,719**	**2,049,731**
Liabilities			
Trade and other payables	12	194,249	183,456
Employee benefits	14	120,720	56,143
Deferred income	13	881,526	683,133
Total current liabilities		**1,196,495**	**922,732**
Employee benefits	14	14,849	6,903
Total non-current liabilities		**14,849**	**6,903**
Total liabilities		**1,211,344**	**929,635**
Net assets		**1,869,375**	**1,120,096**
Equity			
Settled sum	15	10	10
Accumulated surplus		1,869,365	1,120,086
Total equity		**1,869,375**	**1,120,096**

For the year ended 30 June 2013

in AUD	**Settled Sums**	**Accumulated surplus**	**Total equity**
Balance at 1 July 2011	10	506,432	506,442
Total comprehensive income for the period			
Surplus for the year	-	613,654	613,654
Total comprehensive income for the period	-	613,654	613,654
Balance at 30 June 2012	**10**	**1,120,086**	**1,120,096**
Balance at 1 July 2012	10	1,120,086	1,120,096
Total comprehensive income for the period			
Surplus for the year	-	749,279	749,279
Total comprehensive income for the period	-	749,279	749,279
Balance at 30 June 2013	**10**	**1,869,365**	**1,869,375**

For the year ended 30 June 2013

in AUD	Note	2013	2012
Cash flows from operating activities			
Cash receipts from operating activities		4,196,163	2,673,635
Cash paid to suppliers and employees		(3,341,069)	(2,569,013)
Cash generated from operations		**855,094**	**104,622**
Interest received		88,416	78,928
Interest paid		(6)	-
Net cash from operating activities	10	**943,504**	**183,550**
Cash flows from financing activities			
Proceeds from borrowings - parent		16,125	69,225
Net cash from (used in) financing activities		**16,125**	**69,225**
Net increase in cash and cash equivalents		959,629	252,775
Cash and cash equivalents at 1 July		1,861,374	1,608,599
Cash and cash equivalents at 30 June	10	**2,821,003**	**1,861,374**

The notes on pages 16 to 29 are an integral part of these financial statements

1. Reporting entity

Many Rivers Microfinance Limited (the Company) is a not-for-profit company and is limited by guarantee.

The Company is domiciled in Australia. The address of the Company's registered office is Level 7, 580 George Street, Sydney, New South Wales 2000 Australia.

2. Basis of preparation

2.1 Statement of compliance

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards (AAS) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial statements comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

The financial statements were authorised for issue by the Board of Directors on 25 October 2013.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost and going concern basis.

2.3 Functional and presentation currency

The financial statements are presented in Australian dollars, which is the Company's functional currency.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with AAS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

2.5 Change in accounting policies

From 1 July 2012, the Company applied amendments to AASB 101 *Presentation of Financial Statements outlined in AASB 2011-9 Amendments to Australia Accounting Standards – Presentation of Items of Other Comprehensive Income*.

The change in accounting policy only relates to disclosures and has had no impact on net income. The changes have been applied retrospectively and require the Company to separately present those items of other comprehensive income that may be reclassified to profit or loss in the future from those that will never be reclassified to profit or loss. These changes are included in the *Statement of Profit or Loss and Other Comprehensive Income*.

2.6 Reclassification

We have reclassified some comparative figures in relation to expense classification to make the trading performance comparable in both financial periods disclosed.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Financial instruments

i. Non-derivative financial assets

The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial assets: financial assets at fair value through profit & loss, trade and other receivables and cash and cash equivalents.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

ii. Non-derivative financial liabilities

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: loans and borrowings and trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

3. Significant accounting policies (continued)

3.2 Lease Assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and, except for investment property, the leased assets are not recognised on the Company's statements of financial position. Investment property held under an operating lease is recognised on the Company's statements of financial position at its fair value.

3.3 Impairment

i. Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the assets, and that the loss event had a negative effect on the estimated future cash flow of the asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping receivables with similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3.4 Employee benefits

i. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

ii. Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits other than defined benefit plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted.

3. Significant accounting policies (continued)

3.4 Employee benefits (continued)

ii. Other long-term employee benefits (continued)

The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Company's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

iii. Termination benefits

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

iv. Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

3.5 Revenue recognition

i. Revenue from rendering services

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

ii. Donations

Donations are recognised in the income statement as revenue in the year received.

iii. Government grants

All unconditional government grants are recognised in profit or loss as other income when the grant becomes receivable.

Other government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Company will comply with the conditions associated with the grant. Grants that compensate the Company for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Company for the cost of an asset are recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

3.6 Leases

i. Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

3. Significant accounting policies (continued)

3.6 Leases (continued)

ii. Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Company the right to control the use of the underlying asset. At inception or upon reassessment of the arrangement, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Company's incremental borrowing rate.

3.7 Finance income and expense

Finance income comprises interest income on funds invested and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance cost comprises interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognised on financial assets. All borrowing costs are recognised in profit or loss using the effective interest method.

3.8 Income tax

The Company is appropriately endorsed (as required by the Australian Tax Office) from the date of incorporation, for income tax exemptions.

3.9 Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the balance sheet.

3.10 Cash and cash equivalents

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

3.11 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

A provision for restructuring is recognised when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for. Provisions are made for make good costs on leased property.

3. Significant accounting policies (continued)

3.12 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2012, and have not been applied in preparing these financial statements. Those that may be relevant to the company are set out below. The company does not plan to adopt these standards early.

i. AASB 9 financial instruments (2010), AASB 9 financial instruments (2009)

AASB 9 (2009) introduces new requirements for the classification and measurement of financial asset. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and characteristics of their contractual cash flows. AASB 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project that may result in limited amendments to the classification and measurement requirement of AASB 9 and add new requirements to address the impairment of financial assets and hedge accounting.

AASB 9 (2010 and 2009) is effective for annual period beginning on or after 1 January 2015 with early adoption permitted. The adoption of AASB 9 (2010) is expected to have an impact on the Company's financial assets, but no impact on the Company's financial liabilities.

ii. AASB 13 Fair value measurement (2011)

AASB 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that is currently dispersed throughout Australian Accounting Standards. Subject to limited exceptions, AASB 13 is applied when fair value measurement or disclosures are require or permitted by other AASBs. The Company is currently reviewing its methodologies in determining fair values. AASB 13 is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

iii. AASB 119 Employee benefits (2011)

AASB 119 (2011) changes the definition of short-term and other long-term employee benefits to clarify the distinction between the two. For defined benefits plans, removal of the accounting policy choice for recognition of actuarial gain and losses is not expected to have any impact on the Company. However, the Company may need to assess the impact of the change in measurement principles of expected return on plan assets. AASB 119 (2011) is effective for annual period beginning on or after 1 January 2013 with early adoption permitted.

4. Determination of fair values

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

4.1 Trade and other receivables

Trade debtors are carried at fair value, which is estimated as the present value of future cash flows. The ability to collect debts is assessed at balance date and specific provisions are made for any doubtful accounts.

4.2 Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

5. Financial risk management

5.1 Overview

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk; and
- Operational risk.

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

5.2 Risk management framework

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

Risk-management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk-management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board oversees how management monitors compliance with the Company's risk-management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

5.3 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

i. Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company's customer base primarily consists of individual clients.

An allowance for impairment is recognised when it is expected that any receivables are not collectable. The Company does not normally require any collateral in respect of loan and other receivables.

ii. Investments

The Company limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have very high credit ratings.

5.4 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically, the Company ensures that it has sufficient cash or cash equivalents on demand to meet expected operational expenses for a period of 90 days, including the servicing of financial obligations. In addition, the Company maintains an inter-company loan account facility with Mission Australia.

5. Financial risk management (continued)

5.5 Market risk

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

5.6 Currency risk

The Company is not exposed to significant currency risk.

5.7 Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest-bearing financial assets and liabilities that the Company utilises. Interest-bearing financial assets are generally short-term liquid assets.

5.8 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to management. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documents of control and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

Compliance with Company standards is supported by a program of periodic reviews undertaken by the parent's internal audit. The results of internal audit reviews are discussed with management with summaries submitted to the Board.

5.9 Exposure to credit risk

Prior to February 2010, clients were provided business loans by the Company. Since February 2010, clients have been provided access to unsecured business loans through the Company's strategic alliance with Westpac Banking Corporation (Westpac). The agreement with Westpac provides that the Company guarantees all loans provided to clients by Westpac. Where a loan provided by Westpac is more than 90 days in arrears, the Company becomes legally bound to pay this loan to Westpac on request. The legal ownership of the loan is assigned to the Company and the loan balance is reflected as a loan receivable on the Company's Statement of Financial Position.

5. Financial risk management (continued)

5.10 Exposure to credit risk (continued)

Loan receivables on the Company's Statement of Financial Position as at 30 June 2013, includes client loans provided by the Company and other loans initially provided by Westpac but subsequently transferred to the Company as per above agreement.

Provision for doubtful debts is assessed monthly based on client repayment frequency over the previous quarter, with consideration given to both the Company's loans and the loans provided through Westpac.

Since commencement, the Company has provided (itself or facilitated through Westpac) 358 loans totalling $1,876,640. As at 30 June 2013, there were 227 loans outstanding with balances totalling $808,429, of which $419,546 resided on the Company's Statement of Financial Position and $388,883 resided on Westpac's Statement of Financial Position.

The provisions for bad debts at 30 June 2013 totalled $208,589 (refer Note 11), of which $177,139 related to loans held by the Company and $31,450 for loans held by Westpac. The Company's maximum exposure to credit risk at the reporting date was:

- $468,305 being loans and other receivables on the Company's Balance Sheet before allowing for provision for doubtful debts of $208,589, and
- $388,883 being loans to clients provided by Westpac currently recorded as receivable in Westpac's accounting books.

As noted above, if the loan receivable in Westpac's books become more than 90 days in arrears, Many Rivers Microfinance Limited is legally bound to pay this loan to Westpac if and when requested. Hence, disclosing this as a credit exposure provides a true and fair view to all stakeholders.

5.11 Impairment losses

The ageing of the Company's loan and other receivables at the reporting date was:

in AUD	Gross 2013	Impairment 2013	Gross 2012	Impairment 2012
Not past due	142,546	-	70,647	-
Past due 0-30 days	-	-	-	-
Past due 31+ days	325,759	208,589	300,099	182,389
	468,305	**208,589**	**370,746**	**182,389**

The credit quality of trade and other receivables is assessed based on a credit policy established by the Company's Board. The Company has monitored client credit risk, by grouping trade and other receivables based on their characteristics. An analysis of the credit quality of trade and other receivables not impaired is as follows:

in AUD	2013	2012
Less than four years of trading history with the Company (low category risk)	48,759	27,626
Higher risk	210,957	160,731
	259,716	**188,357**

Amounts in the above table include all trade and other receivables at the reporting date that were not impaired.

Based on the Company's monitoring of client credit risk, the Company believes that, except as indicated above, no impairment allowance is necessary in respect of trade receivables not past due.

5. Financial risk management (continued)

5.12 Exposure to liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments. Contractual amounts are expected payments that have not been discounted.

in AUD **2013**	**Carrying amount**	**Contractual cash flows**	**Six months or less**	**Six to 12 months**	**More than 12 months**
Financial liabilities*					
Trade and other payables	194,249	194,249	194,249	-	-
	194,249	**194,249**	**194,249**	**-**	**-**
2012					
Financial liabilities*					
Trade and other payables	183,456	183,456	183,456	-	-
	183,456	**183,456**	**183,456**	**-**	**-**

* Deferred income and some accruals (i.e. straight-lining of interest expense) are not financial liabilities and therefore are excluded in the analysis.

6. Fundraising information

As required by the Charitable Fundraising Act (NSW) 1991 and regulations (similar but not identical provisions exist in Queensland, Western Australia and South Australia Fundraising Acts).

6.1 Fundraising Appeals conducted during the year

Various fundraising activities were conducted during the year including appeals and events.

Results of Fundraising Appeals

	in AUD	**2013**	**2012**
(a)	Gross proceeds from fundraising appeals	794,760	706,160
	Less: Direct costs of fundraising appeals	(100,307)	(87,384)
	Net surplus obtained from fundraising appeals	694,453	618,776
(b)	Application of net surplus obtained from fundraising appeals		
	Services provided to clients	694,453	618,776
(c)	Comparisons of certain monetary figures and percentages		
	Total direct costs of fundraising/	100,307	87,384
	Gross income from fundraising	794,760	706,160
		12.62%	12.37%
	Net surplus from fundraising/	694,453	618,776
	Gross income from fundraising	794,760	706,160
		87.38%	87.63%
	Total costs of services/	486,927	291,279
	Total expenditure	3,137,617	2,350,364
		15.52%	12.39%
	Total costs of services/	486,927	291,279
	Total income received	3,886,896	2,964,018
		12.53%	9.83%

7. Revenue

in AUD	2013	2012
Government grants	511,295	942,812
Donations	794,760	706,160
Other grants	2,492,425	1,236,118
	3,798,480	**2,885,090**

8. Personnel expenses

in AUD	2013	2012
Wages and salaries	1,923,952	1,117,805
Other associated personnel expenses	121,852	354,966
Contributions to defined contribution plans	166,221	97,396
	2,212,025	**1,570,167**

9. Finance income and finance costs

in AUD	2013	2012
Recognised in profit or loss		
Interest Income	88,416	78,928
Finance income	**88,416**	**78,928**
Interest expense	(6)	-
Finance costs	**(6)**	**-**
Net finance income recognised in surplus	**88,410**	**78,928**
The above finance income and costs include the following interest income and expense in respect of assets (liabilities) not at fair value through profit or loss:		
Total interest income on financial assets	88,416	78,928
Total interest expense on financial liabilities	(6)	-

10. Cash and cash equivalents

in AUD	2013	2012
Cash at bank	2,821,003	1,861,374
Cash and cash equivalents in the statement of cash flows	**2,821,003**	**1,861,374**

10. Cash and cash equivalents (continue)

10.1 Reconciliation of cash flows from operating activities

in AUD	Note	2013	2012
Cash flows from operating activities			
Surplus for the period		749,279	613,654
Adjustments for:			
Doubtful debt provision		26,200	47,552
Add /(less) movement in assets and liabilities:			
Change in loans and other receivables	11	(97,559)	(148,677)
Change in trade and other payables (excluding payable to parent)	12	(5,332)	(56,295)
Change in employee benefit provisions	14	72,523	33,153
Change in deferred income	13	198,393	(305,837)
Net cash inflow from operating activities		**943,504**	**183,550**

11. Loans and other receivables

in AUD	2013	2012
Current		
Loan receivables	419,546	343,120
Other receivables	48,759	27,626
Provision for doubtful debts	(208,589)	(182,389)
	259,716	**188,357**

12. Trade and other payables

in AUD	2013	2012
Current		
Trade payables	3,329	8,791
Payable to Mission Australia	190,920	174,665
	194,249	**183,456**

The company's exposure to liquidity risk related to trade and other payables is disclosed in Note 5.

No security is held against related entity balances.

13. Deferred income

A portion of grant received during the year, totalling $881,526 (2011: $683,133) (as detailed below) related to services to be provided in 2014.

in AUD	2013	2012
Corporate and Foundation grants	806,526	683,133
Government grants	75,000	-
	881,526	**683,133**

14. Employee benefits provisions

in AUD	2013	2012
Current		
Liability for annual leave	120,720	56,143
Non-Current		
Liability for long service leave	14,849	6,903

15. Settled Sum

in AUD	2013	2012
	10	**10**

The settled sum represents the initial capital settled by the founders on establishment of the entity.

16. Capital and reserves

16.1 Accumulated surplus

Accumulated surplus comprises an aggregate of the retained earnings, total recognised income and expenses.

17. Contingencies

The Directors are of the opinion that provisions are not required in respect of contingencies, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

18. Related party information

The Directors who held office during the financial year were:

Mr Peter Colin Cadwallader	Mr Ronald Leigh Coleman	Ms Catherine Yeomans
Mr David Thomas Bussau	Mr Ross Granville Hawkey	
Mr Terry Winters	Mr Sinclair Taylor	

The subscribing Members of Many Rivers Microfinance Limited are:

Mission Australia	Mr David Thomas Bussau	Mr Sinclair Taylor
Mr Peter Colin Cadwallader	Mr Ronald Leigh Coleman	
Mr Ross Granville Hawkey	Mr Terence Winters	

19. Member's guarantee

Many Rivers Microfinance Limited is a company limited by guarantee incorporated and domiciled in Australia. In the event of the Company being wound up, each Member might be liable to contribute an amount not exceeding 10 cents.

20. Auditor's Remuneration

The cost of the audit of the Company is borne by Mission Australia.

Directors' Declaration

In the opinion of the Directors of Many Rivers Microfinance Limited (the Company):

a) the financial statements and notes set out on pages 12 to 29, are in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the Company's financial position as at 30 June 2013 and of its performance, for the financial year ended on that date, and

   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to Section 298 (2) of the Corporations Act 2001:

Sydney, 25 October 2013.

P C Cadwallader
Chairman

R L Coleman
Managing Director

Chairman's Declaration

Declaration to be furnished under the Charitable Fundraising Act 1991. This declaration is made in accordance with Authority Conditions 7(4) and 7(5) issued by the Minister under Section 19 of the Charitable Fundraising Act 1991.

I, Peter C Cadwallader, Chairman of the Board together with Ronald L Coleman, Managing Director of Many Rivers Microfinance Limited declare that in our opinion:

a) the financial statements give a true and fair view of all income and expenditure of Many Rivers Microfinance Limited with respect to fundraising appeals;
b) the Statement of Financial Position gives a true and fair view of the state of affairs with respect to fundraising appeals;
c) the provisions of the Charitable Fundraising Act 1991, the Regulations under the Act and the conditions attached to the fundraising authority have been complied with by Many Rivers Microfinance Limited; and
d) the internal controls exercised by Many Rivers Microfinance Limited are appropriate and effective in accounting for all income received and applied by Many Rivers Microfinance Limited from any of its fundraising appeals.

Signed:

Sydney, 25 October 2013.

P C Cadwallader
Chairman

R L Coleman
Managing Director

Independent auditor's report to the members of Many Rivers Microfinance Limited

Report on the financial report

We have audited the accompanying financial report of Many Rivers Microfinance Limited (the Company), which comprises the statement of financial position as at 30 June 2013, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, Notes 1 to 20 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility 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 is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

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

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

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

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

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Many Rivers Microfinance Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

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

In our opinion:

(a) the financial report gives a true and fair view of the financial result of fundraising appeal activities for the financial year ended 30 June 2013;

(b) the financial report has been properly drawn up, and the associated records have been properly kept for the period from 1 July 2012 to 30 June 2013, in accordance with the Charitable Fundraising (NSW) Act 1991 and Regulations;

(c) money received as a result of fundraising appeal activities conducted during the period from 1 July 2012 to 30 June 2013 has been properly accounted for and applied in accordance with the Charitable Fundraising (NSW) Act 1991 and Regulations; and

(d) there are reasonable grounds to believe that Mission Australia will be able to pay its debts as and when they fall due.

Audit opinion pursuant to the WA Charitable Collections Act 1946 and WA Charitable Collections Regulation 1947

In our opinion:

(e) the financial report gives a true and fair view of the financial result of fundraising appeal activities for the financial year ended 30 June 2013;

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(f) the financial report has been properly drawn up, and the associated records have been properly kept for the period from 1 July 2012 to 30 June 2013, in accordance Section 15(2) of the WA Charitable Collections Act 1946 and Section 11 and Section 16 of the WA Charitable Collections Regulation 1947;

(g) money received as a result of fundraising appeal activities conducted during the period from 1 July 2012 to 30 June 2013 has been properly accounted for and applied in accordance with Section 15(2) of the WA Charitable Collections Act 1946 and Section 11 and Section 16 of the WA Charitable Collections Regulation 1947; and

(h) there are reasonable grounds to believe that Mission Australia will be able to pay its debts as and when they fall due.

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Anthony Travers
Partner

Sydney

25 October 2013