



MANY RIVERS MICROFINANCE LIMITED

(ABN 58 128 486 788)

ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED

30 June 2015

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Many Rivers Microfinance Limited

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ABN 58 128 486 788

# DIRECTORS' REPORT

MANY RIVERS MICROFINANCE LIMITED

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The Directors present their report for Many Rivers Microfinance Limited (the Company) for the financial year ended 30 June 2015 and the auditor's report thereon.

## 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
<b>Mr Peter Colin Cadwallader, B.Ec, FCA</b> <b>Chairman, Independent, Non-Executive Director</b>	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.
<b>Mr John Andrew Burn, B.Sc, EMBA</b> <b>Managing Director and Chief Executive Officer</b>	Appointed as Managing Director and Chief Executive Officer on 11 April 2014. John joined Many Rivers in October 2009. He has more than 20 years commercial banking experience, including 10 years across a range of senior leadership roles.
<b>Mr David Thomas Bussau AM</b> <b>Independent, Non-Executive Director</b>	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.
<b>Mr Ronald Leigh Coleman</b> <b>Independent, Non-Executive Director</b>	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 Regional Director for 20 years.
<b>Mr Ross Granville Hawkey, BBS, CA</b> <b>Independent, Non-Executive Director</b>	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.
<b>Mr Sinclair Taylor, LLB</b> <b>Independent, Non-Executive Director</b>	Appointed as a Director on 24 August 2012. Sinclair is CEO of the Westpac Foundation 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.
<b>Mr Terence Winters, FAICD</b> <b>Independent, Non-Executive Director</b>	Appointed as a Director on 23 September 2010. He is the Chairman of Seeing Machines Limited, Converge International Pty Ltd, Intelledox Pty Ltd and is a Director of Redflex Holdings Limited, Future Fibre Technologies Ltd and Australian Home Care Services Pty Ltd. He has over 20 years' experience in operation and governance of microfinance organisations with Opportunity International Network.
<b>Ms Catherine Yeomans, LLB</b> <b>Non-Executive Director</b>	Appointed as a Director on 21 February 2013. Catherine is the Chief Executive Officer of Mission Australia. Catherine has previously held positions in senior management roles with Thomson Reuters and LexisNexis.

## DIRECTORS' REPORT

MANY RIVERS MICROFINANCE LIMITED

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### 2. Company secretary

Ms Sally Ascroft was appointed to the position of Company Secretary on 16 December 2014.

### 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	7	7
Mr John Andrew Burn	7	7
Mr David Thomas Bussau	4	7
Mr Ronald Leigh Coleman	7	7
Mr Ross Granville Hawkey	7	7
Mr Sinclair Taylor	6	7
Mr Terence Winters	7	7
Ms Catherine Yeomans	5	7

### 4. Corporate governance

Many River Microfinance is committed to proper and effective corporate governance arrangements. As a registered charity regulated by Australian Charities and Not-for-profit Commission (ACNC), Many River Microfinance applies the ACNC Governance Standards and is guided by and applies, where practicable and relevant to do so, the Corporate Governance Principles and Recommendations established by the Australian Security Exchange Corporate Governance Council.

The Company's full corporate Governance Statement is included on pages 27 to 29 of this report.

### 5. 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.

## DIRECTORS' REPORT

MANY RIVERS MICROFINANCE LIMITED

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### 5. Principal activities and objectives (continued)

The Company provides relief to Australian communities, groups and individuals, which are poor, underprivileged, or marginalised in their standard of living, and in particular has a special focus 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, Ash Utting, Brookes Wilson, CAMYRIS Foundation, Eureka Benevolent Foundation, Greatorex Foundation, James Galvin, Portland House Foundation, The Nature Conservancy, Regal Foundation, Tim Fairfax Family Foundation, Transfield Foundation, The Trust Company, Vincent Fairfax Family Foundation and Yugalbar Foundation.

#### *Corporate donations and grants*

Accenture Foundation, Asia Pacific LNG, Atlas Iron, BHP Billiton Iron Ore, Chevron Australia, Coal and Allied Aboriginal Development Consultative Committee, Coal and Allied Community Development Fund, Count Charitable Foundation, Evolution Mining, Glencore, Port Waratah Coal Services, Rio Tinto Iron Ore, Rio Tinto Argyle, The Chevron Operated Gorgon and Wheatstone Projects, Westpac Banking Corporation and Woodside Energy.

#### *Government*

Department of Social Services (Community Development Financial Institutions Pilot), Australian Small Business Advisory Services Programme and Western Australia Government (Small Business Development Corporation, Department of Aboriginal Affairs, Department of Communities).

#### *Indigenous corporations*

Ely Bauxite Mine Beneficiaries Corporation, Gelganyem Trust, IBN Corporation and Morrgul.

#### *Non-financial support*

Valuable non-financial support was also received from Accenture, Avanaade, Gadens, Mission Australia and Squire Patton Boggs.

The Directors acknowledge and thank all these supporters.

### 6. Operating and financial review

#### 6.1 Operating results

The operating surplus of the Company for the year was \$82,141 (2014: \$257,999). In 2015, total revenue was \$4,011,654 (2014: \$4,226,264), in the same period, total expenses were \$3,929,513 (2014: \$3,968,265).

The Company provides microenterprise development support to assist clients to establish and expand their businesses. During the year, the Company assisted 203 new clients to establish or expand their businesses, of which 131 required loans and 72 were able to commence without a loan. 197 loans advanced to new and existing clients during the year totalled \$1,089,342. As at 30 June 2015, the Company was also actively meeting and business planning with 336 prospective clients.

Since commencement, the Company has provided (itself or facilitated through Westpac) 800 loans totalling \$4,364,481. As at 30 June 2015, there were 352 loans outstanding with balances totalling \$1,390,450, of which \$828,146 resided on the Company's *Statement of Financial Position* and \$562,304 resided on Westpac's *Statement of Financial Position*.

# DIRECTORS' REPORT

MANY RIVERS MICROFINANCE LIMITED

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## 6. Operating and financial review (continued)

### 6.2 Review of Operations

*in AUD*

	2015	2014
Revenue	4,011,654	4,226,264
Expenditure	3,929,513	3,968,265
Surplus	<b>82,141</b>	<b>257,999</b>

Significant impacts on the 2015 results were:

- Field officers were maintained at an average of 16 during the year; and
- Total staff decreased from 27 to 25.

## 7. 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 other 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.

## 8. 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.

## 9. Directors' interests

John Andrew Burn is engaged as Chief Executive Officer and Managing Director via an employment contract through Mission Australia.

Ronald Leigh Coleman was engaged as an Executive Director of the Company via an employment contract through Mission Australia. This contract ceased on 12 January 2015. Leigh has continued as an Independent, Non-Executive Director.

The Company utilises the service of Intelledox Pty Ltd. These services are provided by Intelledox on a discounted price basis. Terence Winters is the chairman of Intelledox and has the potential to benefit from the services provided to the Company.

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.

## 10. 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, 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 2 as disclosed in the Directors' Report through Mission Australia. Mission Australia charges a fee to cover these costs.

## DIRECTORS' REPORT

MANY RIVERS MICROFINANCE LIMITED

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### 10. Indemnification and insurance of officers and Directors (continued)

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.

### 11. Audit services

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

### 12. Performance measurements

The Company monitors its performance against the budget, which is 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.

### 13. Lead Auditor's independence declaration

The Lead Auditor's Independence Declaration is set out on page 7 and forms part of the Directors' Report for financial year ended 30 June 2015.

### 14. Registered office

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

### 15. 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.

### 16. Notice of meeting

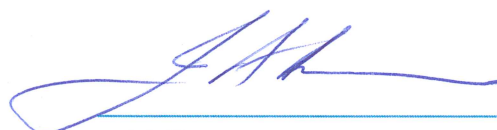
The Annual General Meeting of the Company will be held on 18 December 2015 at Level 7, 580 George Street, Sydney, New South Wales where this report will be presented.

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



**P C Cadwallader**  
Chairman

Sydney, 16 October 2015



**J A Burn**  
Managing Director

Sydney, 16 October 2015





***Auditor's Independence Declaration under Subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012***

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 2015 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* 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

16 October 2015



# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

MANY RIVERS MICROFINANCE LIMITED

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## For the year ended 30 June 2015

<i>In AUD</i>	Note	2015	2014
Revenue from grants & donations	7	3,810,302	4,111,816
Other income	7	88,000	5,000
<b>Total revenue for the year</b>		<b>3,898,302</b>	<b>4,116,816</b>
Personnel expenses	8	(2,853,579)	(2,632,759)
Occupancy and accommodation expenses		(211,098)	(230,223)
Transport and equipment hire		(396,046)	(411,897)
Doubtful debts expense		(185,674)	(121,313)
Communications		(110,576)	(131,904)
Insurance		(33,954)	(30,855)
Functions and catering		(7,904)	(18,133)
Other expenses from ordinary activities		(130,643)	(391,169)
<b>Total expenses for the year</b>		<b>(3,929,474)</b>	<b>(3,968,253)</b>
<b>Results from operating activities</b>		<b>(31,172)</b>	<b>148,563</b>
Finance income	9	113,352	109,448
Finance costs	9	(39)	(12)
<b>Net finance Income</b>		<b>113,313</b>	<b>109,436</b>
<b>Net surplus for the year</b>		<b>82,141</b>	<b>257,999</b>
<b>Total comprehensive income for the year</b>		<b>82,141</b>	<b>257,999</b>
<b>Net surplus attributable to:</b>			
Members of the Company		82,141	257,999
<b>Net surplus for the year</b>		<b>82,141</b>	<b>257,999</b>
<b>Total comprehensive income attributable to:</b>			
Members of the Company		82,141	257,999
<b>Total comprehensive income for the year</b>		<b>82,141</b>	<b>257,999</b>

# STATEMENT OF FINANCIAL POSITION

MANY RIVERS MICROFINANCE LIMITED

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As at 30 June 2015

<i>in AUD</i>	Note	2015	2014
<b>Assets</b>			
Cash and cash equivalents	10	9,112,569	3,298,453
Loans and other receivables	11	419,537	411,312
Prepayments		5,240	4,216
<b>Total current assets</b>		<b>9,537,346</b>	<b>3,713,981</b>
<b>Total assets</b>		<b>9,537,346</b>	<b>3,713,981</b>
<b>Liabilities</b>			
Trade and other payables	12	689,677	395,125
Employee benefits	14	186,333	173,425
Deferred income	13	2,838,848	991,917
<b>Total current liabilities</b>		<b>3,714,858</b>	<b>1,560,467</b>
Deferred income	13	3,575,758	-
Employee benefits	14	37,215	26,140
<b>Total non-current liabilities</b>		<b>3,612,973</b>	<b>26,140</b>
<b>Total liabilities</b>		<b>7,327,831</b>	<b>1,586,607</b>
<b>Net assets</b>		<b>2,209,515</b>	<b>2,127,374</b>
<b>Equity</b>			
Settled sum	15	10	10
Accumulated surplus		2,209,505	2,127,364
<b>Total equity</b>		<b>2,209,515</b>	<b>2,127,374</b>

# STATEMENT OF CHANGES IN EQUITY

MANY RIVERS MICROFINANCE LIMITED

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## For the year ended 30 June 2015

*in AUD*

	Settled Sums	Accumulated surplus	Total equity
Balance at 1 July 2013	10	1,869,365	1,869,375
<b><i>Total comprehensive income for the year</i></b>			
Surplus for the year	-	257,999	257,999
Total comprehensive income for the year	-	257,999	257,999
<b>Balance at 30 June 2014</b>	<b>10</b>	<b>2,127,364</b>	<b>2,127,374</b>
Balance at 1 July 2014	10	2,127,364	2,127,374
<b><i>Total comprehensive income for the year</i></b>			
Surplus for the year	-	82,141	82,141
Total comprehensive income for the year	-	82,141	82,141
<b>Balance at 30 June 2015</b>	<b>10</b>	<b>2,209,505</b>	<b>2,209,515</b>

# STATEMENT OF CASH FLOWS

MANY RIVERS MICROFINANCE LIMITED  
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For the year ended 30 June 2015

in AUD

## Cash flows from operating activities

Cash receipts from operating activities

Cash paid to suppliers and employees

**Cash generated from operations**

Interest received

Interest paid

**Net cash from operating activities**

## Cash flows from financing activities

Proceeds from borrowings - Mission Australia

**Net cash from financing activities**

Net increase in cash and cash equivalents

Cash and cash equivalents at 1 July

**Cash and cash equivalents at 30 June**

Note	2015	2014
	10,039,799	4,446,434
	(4,626,180)	(4,251,161)
	<b>5,413,619</b>	<b>195,273</b>
	113,352	109,448
	(39)	(12)
10	<b>5,526,932</b>	<b>304,709</b>
	287,184	172,741
	<b>287,184</b>	<b>172,741</b>
	5,814,116	477,450
	3,298,453	2,821,003
10	<b>9,112,569</b>	<b>3,298,453</b>

# NOTES TO THE FINANCIAL STATEMENTS

MANY RIVERS MICROFINANCE LIMITED

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## 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 (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profits Commission Act 2012*. 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 16 October 2015.

### 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

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the 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 prospectively.

### 2.5 Change in accounting policies

In the current year, the Company has adopted all of the following and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period:

- AASB 1031 *Materiality*, and AASB 2014-1 *Amendments to Australian Accounting Standards (Part C- Materiality)*.
- AASB 2012-3 *Amendments to Australian Accounting Standards-Offsetting Financial Assets and Financial Liabilities (Amendments to AASB132)*.

The adoption of these new and revised Standards and Interpretations did not have any material financial impact on the amounts recognised and the disclosures presented in the financial statements of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

MANY RIVERS MICROFINANCE LIMITED

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## 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

The Company classifies non-derivative financial assets into the following categories: loans and receivables.

The Company classifies non-derivative financial liabilities into the other financial liabilities category.

#### i. Non-derivative financial assets and financial liabilities – Recognition and derecognition

The Company initially recognises loans and receivables and debts security issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

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 in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

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.

#### ii. Non-derivative financial assets - Measurement

##### *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.

#### iii. Non-derivative financial liabilities - Measurement

Non-derivative financial liabilities are initially recognised 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.

### 3.2 Employee benefits

#### i. Short-term benefits

Short-term employee benefits are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### ii. Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

#### iii. Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

# NOTES TO THE FINANCIAL STATEMENTS

MANY RIVERS MICROFINANCE LIMITED

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## 3. Significant accounting policies (continued)

### 3.3 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.

### 3.4 Leases

#### i. Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease.

At inception or on reassessment of the arrangement that contain a lease, 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, then 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 cost on the liability is recognised using the Company's incremental borrowing rate.

#### ii. Leased payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

### 3.5 Finance income and expense

The Company's finance income and finance cost includes:

- interest income on funds invested and;
- interest expenses.

Interest income or expenses are recognised using the effective interest method.

### 3.6 Income tax

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

### 3.7 Provisions

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.



# NOTES TO THE FINANCIAL STATEMENTS

MANY RIVERS MICROFINANCE LIMITED

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## 3. Significant accounting policies (continued)

### 3.8 New standards and interpretations not yet adopted

At the date of authorisation of the financial report, the following relevant Standards and Interpretations were issued but not yet effective:

- *AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010), AASB 2012-6 Amendments to Australian Accounting Standards-Mandatory Effective Date of AASB 9 and Transition Disclosures, AASB 2013-9 Amendments to Australian Accounting Standards-Conceptual Framework, Materiality and Financial Instruments(Part C-Financial Instruments), AASB 2014-1 Amendments to Australian Standards, AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014), and AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) (effective 1 January 2018)*
- *AASB 15 Revenue from Contracts with Customers, and AASB 2014-15 Amendments to Australian Accounting Standards arising from AASB15 (effective 1 January 2017)*

It is anticipated that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the Company.

## 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.

## 5. Financial risk management (continued)

### 5.2 Risk management framework (continued)

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 client or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from clients.

#### i. Loan and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each client. The Company's client base consists of business clients to which it provides microfinance.

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.

#### ***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 relationship 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*.

Loan receivables on the Company's *Statement of Financial Position* as at 30 June 2015, include client loans provided by the Company and other loans initially provided by Westpac but subsequently transferred to the Company.

Provision for doubtful debts is assessed monthly based on client repayment frequency over the previous three months, 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) 800 loans totalling \$4,364,481. As at 30 June 2015, there were 352 loans outstanding with balances totalling \$1,390,450, of which \$828,146 resided on the Company's *Statement of Financial Position* and \$562,304 resided on Westpac's *Statement of Financial Position*.

The provisions for bad debts at 30 June 2015 totalled \$453,071 (refer Note 11), of which \$406,058 related to loans held by the Company and \$47,031 for loans held by Westpac. The Company's maximum exposure to credit risk at the reporting date was:

- \$872,609 being loans and other receivables on the Company's Balance Sheet before allowing for provision for doubtful debts of \$453,071; and
- \$562,304 being loans to clients provided by Westpac currently recorded as a receivable in Westpac's accounting books.

As noted above, if the loan receivable in Westpac's accounting books become more than 90 days in arrears, Many Rivers Microfinance 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.

# NOTES TO THE FINANCIAL STATEMENTS

MANY RIVERS MICROFINANCE LIMITED

30 JUNE 2015 ANNUAL FINANCIAL REPORT

## 5. Financial risk management (continued)

### 5.3 Credit risk (continued)

#### i. Loan and other receivables (continued)

##### *Exposure to credit risk (continued)*

##### *Impairment losses*

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

<i>in AUD</i>	<b>Gross 2015</b>	<b>Impairment 2015</b>	<b>Gross 2014</b>	<b>Impairment 2014</b>
Not past due	326,163	-	209,592	-
Past due 0-30 days	-	-	-	-
Past due 31+ days	546,446	453,071	531,622	329,902
	<b>872,609</b>	<b>453,071</b>	<b>741,214</b>	<b>329,902</b>

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:

<i>in AUD</i>	<b>2015</b>	<b>2014</b>
Less than four years of trading history with the Company (low category risk)	404,650	209,592
Higher risk	14,887	201,720
	<b>419,537</b>	<b>411,312</b>

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, no impairment allowance is necessary in respect of trade receivables not past due.

#### 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.

# NOTES TO THE FINANCIAL STATEMENTS

MANY RIVERS MICROFINANCE LIMITED

30 JUNE 2015 ANNUAL FINANCIAL REPORT

## 5. Financial risk management (continued)

### 5.4 Liquidity risk (continued)

#### 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.

<i>in AUD</i>	<b>Carrying</b>	<b>Contractual</b>	<b>Six months</b>	<b>Six to 12</b>	<b>More than</b>
<b>2015</b>	<b>amount</b>	<b>cash flows</b>	<b>or less</b>	<b>months</b>	<b>12 months</b>
<b>Financial liabilities*</b>					
Trade and other payables	689,677	689,677	689,677	-	-
	<b>689,677</b>	<b>689,677</b>	<b>689,677</b>	<b>-</b>	<b>-</b>
<b>2014</b>					
<b>Financial liabilities*</b>					
Trade and other payables	395,125	395,125	395,125	-	-
	<b>395,125</b>	<b>395,125</b>	<b>395,125</b>	<b>-</b>	<b>-</b>

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

### 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 any 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. The objective of interest rate risk management is to manage and control interest rate risk exposures within acceptable parameters, while optimising the return.

# NOTES TO THE FINANCIAL STATEMENTS

MANY RIVERS MICROFINANCE LIMITED

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## 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.

<i>in AUD</i>	2015	2014
(a) Gross proceeds from fundraising appeals	487,660	525,130
Less: Direct costs of fundraising appeals	(46,992)	(80,355)
Net surplus obtained from fundraising appeals	440,668	444,775
(b) Application of net surplus obtained from fundraising appeals		
Services provided to clients	440,668	444,775
(c) Comparisons of certain monetary figures and percentages		
Total direct costs of fundraising/ Gross income from fundraising	46,992 487,660	80,355 525,130
	9.64%	15.30%
Net surplus from fundraising/ Gross income from fundraising	440,668 487,660	444,775 525,130
	90.36%	84.70%
Total costs of services/ Total expenditure	375,646 3,929,513	629,949 3,968,265
	9.56%	15.87%
Total costs of services/ Total income received	375,646 4,011,654	629,949 4,226,264
	9.36%	14.91%

## 7. Revenue

<i>in AUD</i>	2015	2014
Government grants	751,250	1,090,700
Donations - Not taken through deferred income	487,660	525,130
Other grants	2,571,392	2,495,986
Other income	88,000	5,000
	<b>3,898,302</b>	<b>4,116,816</b>

## 8. Personnel expenses

<i>in AUD</i>	2015	2014
Wages and salaries	2,368,425	2,227,808
Other associated personnel expenses	275,444	205,678
Contributions to defined contribution plans	209,710	199,273
	<b>2,853,579</b>	<b>2,632,759</b>

# NOTES TO THE FINANCIAL STATEMENTS

MANY RIVERS MICROFINANCE LIMITED

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## 9. Finance income and finance costs

*in AUD*

Recognised in profit or loss

Interest Income

Finance income

Interest expense

Finance costs

**Net finance income recognised in surplus**

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

Total interest expense on financial liabilities

	2015	2014
Interest Income	113,352	109,448
Finance income	<b>113,352</b>	<b>109,448</b>
Interest expense	(39)	(12)
Finance costs	<b>(39)</b>	<b>(12)</b>
<b>Net finance income recognised in surplus</b>	<b>113,313</b>	<b>109,436</b>
Total interest income on financial assets	113,352	109,448
Total interest expense on financial liabilities	(39)	(12)

## 10. Cash and cash equivalents

*in AUD*

Cash at bank

**Cash and cash equivalents in the statement of cash flows**

	2015	2014
Cash at bank	9,112,569	3,298,453
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>9,112,569</b>	<b>3,298,453</b>

A government grant totalling \$5,363,637 was received in June 2015 for services to be provided from 1 July 2015 to 30 June 2018. This has been included as deferred income in the Company's balance sheet as at 30 June 2015.

### 10.1 Reconciliation of cash flows from operating activities

*in AUD*

Cash flows from operating activities

Surplus for the period

Adjustments for:

Doubtful debt provision

Add /(less) movement in assets and liabilities:

Change in loans and other receivables

Change in trade and other payables

Change in employee benefit

Change in prepayments

Change in deferred income

**Net cash inflow from operating activities**

Note	2015	2014
Cash flows from operating activities		
Surplus for the period	82,141	257,999
Adjustments for:		
Doubtful debt provision	123,169	121,313
Add /(less) movement in assets and liabilities:		
Change in loans and other receivables	11 (131,394)	(272,909)
Change in trade and other payables	12 7,368	28,135
Change in employee benefit	14 23,983	63,996
Change in prepayments	(1,024)	(4,216)
Change in deferred income	13 5,422,689	110,391
<b>Net cash inflow from operating activities</b>	<b>5,526,932</b>	<b>304,709</b>

# NOTES TO THE FINANCIAL STATEMENTS

MANY RIVERS MICROFINANCE LIMITED

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## 11. Loans and other receivables

*in AUD*

### Current

Loan receivables

Other receivables

Provision for doubtful debts

2015	2014
828,146	697,422
44,462	43,792
(453,071)	(329,902)
<b>419,537</b>	<b>411,312</b>

## 12. Trade and other payables

*in AUD*

### Current

Trade payables

Payable to Mission Australia

2015	2014
38,832	31,464
650,845	363,661
<b>689,677</b>	<b>395,125</b>

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

No Security is held against the payable to Mission Australia.

## 13. Deferred income

A portion of grants received during the year, totalling \$2,838,848 (2014: \$991,917) related to services to be provided in 2016. In addition, grants received during the year, totalling \$3,575,758 (2014: Nil) related to services to be provided in 2017 and 2018.

*in AUD*

### Current

Corporate and Foundation grants

Government grants

2015	2014
830,969	916,917
2,007,879	75,000
<b>2,838,848</b>	<b>991,917</b>

### Non-Current

Government grants

<b>3,575,758</b>	<b>-</b>
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## 14. Employee benefits provisions

*in AUD*

### Current

Liability for annual leave

2015	2014
<b>186,333</b>	<b>173,425</b>

### Non-Current

Liability for long service leave

<b>37,215</b>	<b>26,140</b>
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## 15. Settled Sum

*in AUD*

2015	2014
<b>10</b>	<b>10</b>

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



# NOTES TO THE FINANCIAL STATEMENTS

MANY RIVERS MICROFINANCE LIMITED

30 JUNE 2015 ANNUAL FINANCIAL REPORT

## 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	Mr Terence Winters
Mr John Andrew Burn	Mr Ross Granville Hawkey	Ms Catherine Yeomans
Mr David Thomas Bussau	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 Terence Winters
Mr John Andrew Burn	Mr Ross Granville Hawkey	

## 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**  
MANY RIVERS MICROFINANCE LIMITED  
30 JUNE 2015 ANNUAL FINANCIAL REPORT

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**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 8 to 22, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
  - i. giving a true and fair view of the Company's financial position as at 30 June 2015 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 Australian Charities and Not-for-profits Commission Regulation 2013.
- 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:

Sydney, 16 October 2015.



**P C Cadwallader**  
Chairman



**J A Burn**  
Managing Director

**Chairman's Declaration**

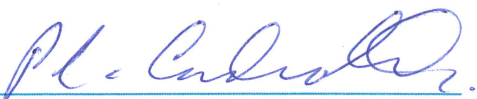
Declaration to be furnished under the *Charitable Fundraising Act 1991*. This declaration is made in accordance with Authority Conditions 7(4) and 7(5) issued by the Minister under Section 19 of the *Charitable Fundraising Act 1991*.

I, Peter C Cadwallader, Chairman of the Board together with John A Burn, 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, 16 October 2015



**P C Cadwallader**  
Chairman



**J A Burn**  
Managing Director



## **Independent audit 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 2015, 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 of the Company.

This audit report has also been prepared for the members of the Company in pursuant to *Australian Charities and Not-for-profits Commission Act 2012* and the *Australian Charities and Not-for-profits Commission Regulation 2013* (ACNC) and Section 24(2) of the *Charitable Fundraising (NSW) Act 1991* and Regulations and with Section 15(1) and 15(2) of the *WA Charitable Collections Act 1946* and Regulations 1947 (collectively the Acts and Regulations).

#### *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, the ACNC, and the Acts and Regulations and have determined that the basis of preparation described in Note 2 to the financial statements is appropriate to meet the requirements of the ACNC, the Acts and Regulations and is appropriate to meet the needs of the members. The Directors' responsibility also includes such internal control as the Directors determine necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### *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 Company'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 Company's internal control. An audit also includes evaluating the appropriateness of the 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 gives a true and fair view, in accordance with Australian Accounting Standards and the ACNC, a true and fair view which is consistent with our understanding of the Company's financial position and of its performance.

In addition, our audit report has also been prepared for the members of the Company to meet the requirements of the Acts and Regulations. Accordingly, we have performed additional work beyond that which is performed in our capacity as auditors pursuant to the ACNC. These additional procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Acts and Regulations.

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

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

#### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

#### *Auditor's opinion*

In our opinion the financial report of Many Rivers Microfinance Limited is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

### **Reporting under Charitable Fundraising (NSW) Act 1991**

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

In our opinion:

- (a) the financial report gives a true and fair view of the Many Rivers Microfinance Limited financial result of fundraising appeal activities for the financial year ended 30 June 2015;
- (b) the financial report has been properly drawn up, and the associated records have been properly kept for the period from 1 July 2014 to 30 June 2015, in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations;
- (c) money received as a result of fundraising appeal activities conducted during the period from 1 July 2014 to 30 June 2015 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations; and



- (d) there are reasonable grounds to believe that Many Rivers Microfinance Limited will be able to pay its debts as and when they fall due.

**Reporting under Charitable Collections Act (WA) 1946**

*Audit opinion pursuant to the Charitable Collections Act (WA) 1946 and Charitable Collections Regulations (WA) 1947*

In accordance with the requirements of Section 15(2) of the *Charitable Collections Act (WA) 1946* and *Charitable Collections Regulations (WA) 1947* (the Act and Regulations), we have reviewed the Act and Regulations for the purpose of reporting whether, as a result of completing our audit procedures on the financial report of the Company for the year ended 30 June 2015, we have not become aware of any condition or event that constitute a material default by the Company in the performance of, or compliance with, any requirements of the Act or Regulations.

In our opinion, the Company, for the year ended 30 June 2015, has complied in all material respects with the requirements of the *Charitable Collections Act (WA) 1946* and *Charitable Collections Regulations (WA) 1947*.

KING

KPMG

Anthony Travers  
Partner

Sydney

16 October 2015

## 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.

### 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](http://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.



## Corporate governance (continued)

### 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 8 Directors at 30 June 2015:

- Six Independent, Non-Executive Directors;
- One executive of Mission Australia Group; and
- 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](http://manyrivers.org.au). The Board Governance Charter enables the Directors to seek independent professional advice at the expense of the Company if needed.

### 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.

### 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 government agencies that provide funds and regulate operations. The Company adopts a consultative approach in dealing with stakeholders. The Company is involved in not-for-profit forums, conducts research, receives feedback from forums and regular surveys, ensures government at all levels are aware of concerns and achievements and remains abreast of industry developments.

### Recognising and managing risk

The Board is responsible for oversight of material business risk. 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.



## Corporate governance (continued)

### 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.

### 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.