



Many Rivers Microfinance Limited Annual Financial Report 2023

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Many Rivers Microfinance Limited

Level 2, 233 Castlereagh Street

Sydney, NSW 2000

Tel: 1300 626 974

ABN 58 128 486 788

# Directors' Report

Annual Financial Report 30 June 2023 | Many Rivers Microfinance Limited

The Directors present their report for Many Rivers Microfinance Limited (the Company) for the financial year ended 30 June 2023 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 Founding 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> <b>Resigned 7 July 2023</b>	John joined Many Rivers in October 2009. He was appointed as Managing Director and Chief Executive Officer on 11 April 2014. Prior to joining Many Rivers, John worked at Commonwealth Bank for 21 years, including 10 years across a range of senior leadership roles.
<b>Mr Michael Bond, Dip Bus &amp; Mgmt, AICD</b> <b>Independent, Non-Executive Director</b> <b>Resigned 11 November 2022</b>	<p>Appointed as a Director on 15 April 2022, Michael is the former General Manager of the New Mapoon Aboriginal Corporation and founding member since 2008 and the current Administration and Operational Manager at Queensland Health since October 2022.</p> <p>He is a former Councillor and Deputy Mayor of the Northern Peninsula Area Regional Council in Queensland (2008 -2012, 2016-2020). He has 27 years as a qualified TAFE Teacher in his trade as a Horticulturist, teaching throughout many North Queensland Indigenous Communities including the Torres Strait Island Communities. Australian Institute of Company Directors (AICD) trained and recently completed the Commissioner for Declarations.</p>
<b>Ms Trischa Botha, BA Intercultural Ministry, MBA</b> <b>Independent, Non-Executive Director</b>	<p>Appointed as a Non-Executive Director on 19 August 2021. Trish brings a varied professional life, from banking and finance through to co-founding multiple community programs and consequently a WA-based charity, where she served as its CEO for 7 years, servicing thousands of families across Perth's northern suburbs.</p> <p>Trish also has experience in creating a nationally recognised Job Active program which sought to transition people from chronic unemployment into sustained and fulfilling vocations. After working in the Federal Government, Trish established her own business, pursuing her passion for creating economic development opportunities, particularly within the Aboriginal &amp; Torres Strait Island community.</p> <p>Trish is an Aboriginal and Torres Strait Islander woman, with family connections to Far North Queensland.</p>

# Directors' Report

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## 1. Directors (continued)

Name, qualifications and independence status	Experience, special responsibilities and other Directorships
<b>Ms Kristal Kinsela, MBA, BEd (Adult Education), MAICD</b> <b>Independent, Non-Executive Director</b>	<p>Appointed as a Non-Executive Director on 19 August 2021. Kristal is a descendant of both the Jawoyn and Wiradjuri nations, Kristal brings her personal story and over 18 years of business expertise. She has worked with well-known global businesses and all levels of government. She authored the first book published in Australia on Indigenous business procurement, "Supplier Diversity How", based on her proven approach.</p> <p>A multi-award winner, Kristal has been awarded the 2022 Women's Agenda Agenda Setter of the Year, 2019 AFR 100 Women of Influence, 2019 Indigenous Defence Leader of the Year, 2017 NSW Aboriginal Woman of the Year and 2017 Supplier Diversity Advocate of the Year.</p>
<b>Mr Sinclair Taylor, LLB</b> <b>Independent, Non-Executive Director</b>	<p>Appointed as a Director on 24 August 2012. Sinclair is the former CEO of the Westpac Foundation for Westpac Banking Corporation. During his time at Westpac, Sinclair pioneered and led Westpac's strategic alliance with Many Rivers Microfinance. He is an experienced commercial banker and business owner.</p>
<b>Mr Terence Winters, AM, FAICD</b> <b>Independent, Non-Executive Director</b>	<p>Appointed as a Director on 23 September 2010. Terry is the Chairman of Converge International Pty Ltd and is on the Board of TSPI Development Corporation Inc, a Micro Enterprise Development NGO in the Philippines. He has over 30 years experience in operation and governance of microfinance organisations, including serving as Chair of Opportunity International Australia and Global Chair of Opportunity International Network.</p>

## 2. Company secretary

Mr Simon Pachos was appointed to the position of Company Secretary on 17 December 2020.

# Directors' Report

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## 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 Michael Bond	2	2
Ms Trischa Botha	7	7
Ms Kristal Kinsela	7	7
Mr Sinclair Taylor	7	7
Mr Terence Winters	6	7

## 4. Corporate governance

Many Rivers 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 Rivers 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 Securities Exchange Corporate Governance Council.

The Company's full corporate Governance Statement is included on pages 28 to 30 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) and communities in poverty to acquire capital for enterprise and economic development so that they may earn regular income and eliminate dependence on the welfare system;
- Informs, assists and mentors clients and communities in the operations of their enterprises;
- Assists clients and communities 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 through the promotion of sustainable economic development and employment.

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:

# Directors' Report

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## 5. Principal activities and objectives (continued)

### *Philanthropic and private foundations*

CAMYRIS Foundation, Greatorex Foundation, Ian Potter Foundation, Lewin Foundation, McArthur River Mine Community Benefits Trust, Radiata Foundation, Regal Foundation, Tasmanian Community Fund and other anonymous donors.

### *Corporate donations and grants*

Australia Pacific LNG.

### *Government*

Federal Department of Social Services and National Indigenous Australians Agency.

### *Non-financial support*

Valuable non-financial support was also received from Gadens, McCullough Robertson, Minter Ellison, Origin Energy and Squire Patton Boggs.

The Directors acknowledge and thank all these supporters.

## 6. Operating and financial review

### 6.1 Operating results

The operating deficit of the Company for the year was \$369,263 (2022: \$993,623 surplus). In 2023, total revenue (including finance income) was \$12,197,559 (2022: \$12,826,055), in the same period, total expenses were \$12,540,784 (2022: \$11,832,432).

The Company provides Microenterprise Development support in Australia to assist clients to establish and expand their businesses. During the year, the Company supported 333 new clients to establish or expand their businesses, of which 90 required loans and 243 were able to commence without a loan. 151 loans were advanced to new and existing clients during the year totalling \$903,163. As at 30 June 2023, the Company was also actively meeting and business planning with 758 prospective clients.

The Company also provides Community Economic Development services to Indigenous communities in remote and regional Australia. As at 30 June 2023, the Company was actively working with 45 community organisations (2022: 44). These community organisations represent over 10,000 Indigenous community members.

Since commencement, the Company has provided 2,776 business loans totalling \$14,405,547. As at 30 June 2023, there were 341 loans outstanding with balances totalling \$1,313,824.

### 6.2 Review of Operations

*in AUD*

	2023	2022
Revenue and finance income	12,197,559	12,826,055
Expenditure	12,566,822	11,832,432
Surplus/(Deficit)	<b>(369,263)</b>	<b>993,623</b>

The main impact on the 2023 results were related to expansion of the Company's national footprint for the Community Economic Development program. Additionally, the 2023 Australian economy was challenging for employment, leading to some outcomes being lower than forecast. Where accounting revenue recognition is reliant on contract outcomes, a conservative revenue recognition approach has been utilised, with any revenue shortfall expected to be recovered in 2024 and 2025.

# Directors' Report

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## 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 was engaged as Chief Executive Officer and Managing Director throughout the year.

The Company utilises the services of Converge International Pty Ltd. Terence Winters is a Non-executive Director and Chairman of Converge International, however has no ownership interest.

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 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.

During the year, the Company paid insurance premiums in respect of a directors' and officers' liability insurance contract. The contract 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.

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 \$47,025, (2022: \$41,400).

# Directors' Report

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## 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. Auditor's independence declaration

The Auditor's Independence Declaration is set out on page 8 and forms part of the Directors' Report for financial year ended 30 June 2023.

## 14. Registered office

The registered office and principal place of business is Level 2, 233 Castlereagh 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. Acknowledgement of Mr John Burn

The Directors thank the Company's outgoing Chief Executive Officer and Managing Director, Mr John Burn, for his contributions over the last 13 years. The Directors wish him well for his ongoing contributions to for-purpose organisations in the future.

## 17. Notice of meeting

The Annual General Meeting of the Company will be held on 30 November 2023 at Level 2, 233 Castlereagh Street, Sydney, New South Wales where this report will be presented.

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

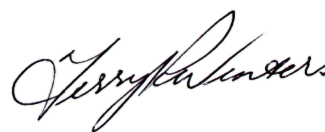


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**P C Cadwallader**

Chairman

19 October 2023



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**T R Winters**

Director

19 October 2023





# 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

I declare that, to the best of my knowledge and belief, in relation to the financial year ended 30 June 2023 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

Stephen Isaac  
Partner

Sydney  
19 October 2023

# Statement of Income and Accumulated Surplus

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## For the year ended 30 June 2023

<i>In AUD</i>	Note	2023	2022
Revenue from grants & donations	5	11,623,930	12,580,317
Other income	5	217,008	140,908
<b>Total revenue for the year</b>		<b>11,840,938</b>	<b>12,721,225</b>
Personnel expenses	6	(9,953,142)	(9,176,999)
Transport and equipment hire		(539,345)	(494,834)
Impairment loss on loans and other receivables		(171,419)	(140,816)
IT and Communications		(554,181)	(461,831)
Insurance		(211,211)	(194,165)
Depreciation and amortisation	11 / 12	(428,336)	(379,883)
Other expenses from ordinary activities		(683,150)	(958,393)
<b>Total expenses for the year</b>		<b>(12,540,784)</b>	<b>(11,806,921)</b>
<b>Results from operating activities</b>		<b>(699,846)</b>	<b>914,304</b>
Finance income	7	356,621	104,830
Finance expenses	7	(26,038)	(25,511)
<b>Net finance income</b>		<b>330,583</b>	<b>79,319</b>
<b>Net (deficit)/surplus for the year</b>		<b>(369,263)</b>	<b>993,623</b>
<b>Total comprehensive income for the year</b>		<b>(369,263)</b>	<b>993,623</b>
<b>Net (deficit)/surplus attributable to:</b>			
Members of the Company		(369,263)	993,623
<b>Net (deficit)/surplus for the year</b>		<b>(369,263)</b>	<b>993,623</b>
<b>Total comprehensive income attributable to:</b>			
Members of the Company		(369,263)	993,623
<b>Total comprehensive income for the year</b>		<b>(369,263)</b>	<b>993,623</b>
<b>Accumulated Surplus</b>			
Accumulated surplus at the beginning of the reporting period		15,324,126	14,330,503
<b>Accumulated surplus at the end of the reporting period</b>		<b>14,954,863</b>	<b>15,324,126</b>

# Statement of Financial Position

Annual Financial Report 30 June 2023 | Many Rivers Microfinance Limited

## As at 30 June 2023

in AUD

	Note	30-Jun-23	30-Jun-22
<b>Assets</b>			
Cash and cash equivalents	8	3,531,225	3,732,260
Investments	10	11,500,000	12,000,000
Loans and other receivables	9	1,222,005	1,349,373
Prepayments		297,959	206,564
<b>Total current assets</b>		<b>16,551,189</b>	<b>17,288,197</b>
Plant and equipment	11	2,093,025	1,788,734
Right-of-use assets	11	46,598	637,594
Intangible assets	12	758,537	430,458
<b>Total non-current assets</b>		<b>2,898,160</b>	<b>2,856,786</b>
<b>Total assets</b>		<b>19,449,349</b>	<b>20,144,983</b>
<b>Liabilities</b>			
Trade and other payables	13	715,276	1,118,852
Employee benefits	15	857,924	769,334
Contract liabilities	14	783,522	2,131,733
Lease obligation		40,230	118,952
<b>Total current liabilities</b>		<b>2,396,952</b>	<b>4,138,871</b>
Employee benefits	15	85,774	119,689
Contract liabilities	14	1,998,733	-
Lease obligation		13,017	562,287
<b>Total non-current liabilities</b>		<b>2,097,524</b>	<b>681,976</b>
<b>Total liabilities</b>		<b>4,494,476</b>	<b>4,820,847</b>
<b>Net assets</b>		<b>14,954,873</b>	<b>15,324,136</b>
<b>Equity</b>			
Settled sum	16	10	10
Accumulated surplus		14,954,863	15,324,126
<b>Total equity</b>		<b>14,954,873</b>	<b>15,324,136</b>

# Statement of Cash Flows

Annual Financial Report 30 June 2023 | Many Rivers Microfinance Limited

## For the year ended 30 June 2023

in AUD

	Note	2023	2022
<b>Cash flows from operating activities</b>			
Cash receipts from operating activities		13,849,894	10,079,837
Cash paid to suppliers and employees		(13,657,201)	(11,880,332)
Interest received		189,335	150,690
Interest paid		(26,038)	(25,511)
<b>Net cash from/(used in) operating activities</b>		<b>355,990</b>	<b>(1,675,316)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(555,467)	(308,127)
Payments for development of intangible assets		(397,037)	(430,458)
Return from/(investment in) term deposits		500,000	(2,100,000)
<b>Net cash used in investing activities</b>		<b>(452,504)</b>	<b>(2,838,585)</b>
<b>Cash flows from financing activities</b>			
Repayment of leases		(104,521)	(167,698)
<b>Net cash used in financing activities</b>		<b>(104,521)</b>	<b>(167,698)</b>
Net decrease in cash and cash equivalents		(201,035)	(4,681,599)
Cash and cash equivalents at 1 July		3,732,260	8,413,859
<b>Cash and cash equivalents at 30 June</b>	8	<b>3,531,225</b>	<b>3,732,260</b>

# Notes to the Financial Statements

Annual Financial Report 30 June 2023 | 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 2, 233 Castlereagh Street, Sydney, New South Wales 2000, Australia.

## 2. Basis of preparation

### 2.1 Statement of compliance

As a not-for-profit entity, the Company has elected to prepare Tier 2 general purpose financial statements in accordance with Australian Accounting Standards – Simplified Disclosures adopted by the Australian Accounting Standards Board and the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements were authorised for issue by the Board of Directors on 19 October 2023.

### 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 Changes in accounting policies

No changes to accounting policies were made during the year.

## 3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as noted below:

### 3.1 Financial instruments

The Company classifies non-derivative financial assets into the amortised cost category.

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.

# Notes to the Financial Statements

Annual Financial Report 30 June 2023 | Many Rivers Microfinance Limited

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## 3. Significant accounting policies (Continued)

### 3.1 Financial instruments (Continued)

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 other receivables are initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

#### 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.

# Notes to the Financial Statements

Annual Financial Report 30 June 2023 | Many Rivers Microfinance Limited

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## 3. Significant accounting policies (Continued)

### 3.2 Employee benefits (Continued)

#### 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.

### 3.3 Revenue recognition

#### i. Revenue from contracts with customers

To determine whether to recognise revenue, the Company follows a 5-step process:

- b Identifying the contract with a customer,
- 2 Identifying the performance obligations,
- 3 Determining the transaction price,
- 4 Allocating the transaction price to the performance obligations, and
- 5 Recognising revenue when/ as performance obligation (s) are satisfied.

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its 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.

Donations which are not enforceable and do not contain sufficiently specific performance obligations are recognised at their fair value when the asset is received. All donations received are in cash.

No amounts are included in the financial report for services donated by volunteers.

#### iii. Government grants

Recurrent grants

Recurrent grants are received from State and Federal Governments, Private Sector and various Not-for profit entities to deliver outcome based services on a range of programs. Revenue is recognised over time as performance obligations are met. Funding is usually received in advance with a contract liability recorded for unspent funds.

Non-Recurrent grants

The Company receives several non-recurrent and unconditional grants. Where an agreement is enforceable and contains sufficiently specific performance obligations, the revenue is recognised over time as the performance obligations to the grant agreement are fulfilled.

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

# Notes to the Financial Statements

Annual Financial Report 30 June 2023 | Many Rivers Microfinance Limited

## 3. Significant accounting policies (Continued)

### 3.4 Property, plant and equipment

#### i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. If significant parts of items of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit and loss.

#### ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

#### iii. Depreciation

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values, using the straight line method over the estimated useful lives, and is recognised in profit or loss.

The estimated useful lives are as follows:

- Plant and equipment 3-5 years
- Right-of-use assets 2-6 years

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

#### iv. Impairment

##### *Non-financial assets*

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

### 3.5 Intangible Assets

#### i. Recognition and measurement

##### *Research and development Expenditure*

Research expenditure is recognised in profit or loss as incurred.

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

#### ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

#### iii. Amortisation

Amortisation is calculated to write off the intangible asset less their estimated residual values, using the straight line method over the estimated useful lives, and is recognised in profit or loss.

The estimated useful lives of intangible assets are as follows:

- Software customisations 5-7 years



# Notes to the Financial Statements

Annual Financial Report 30 June 2023 | Many Rivers Microfinance Limited

## 3. Significant accounting policies (Continued)

### 3.6 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial 'amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

# Notes to the Financial Statements

Annual Financial Report 30 June 2023 | Many Rivers Microfinance Limited

## 3. Significant accounting policies (Continued)

### 3.6 Leases (continued)

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'lease obligation' in the statement of financial position.

### 3.7 Finance income and expense

The Company's finance income and finance cost includes:

- interest income on loans;
- interest income on funds invested; and
- interest expense on leases.

Interest income or expenses are recognised 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 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.

### 3.10 New standards and interpretations not yet adopted

At the date of authorisation of the financial report, there were no relevant Standards issued but not yet effective, which the Company considered would have a future impact on the financial statements.

## 4. 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).

### 4.1 Fundraising Appeals conducted during the year

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

<i>In AUD</i>	2023	2022
(a) Gross proceeds from fundraising appeals	1,163,333	997,273
Less: Direct costs of fundraising appeals	(77,744)	(56,857)
Net surplus obtained from fundraising appeals	1,085,589	940,416
(b) Application of net surplus obtained from fundraising appeals		
Services provided to clients	1,085,589	940,416

# Notes to the Financial Statements

Annual Financial Report 30 June 2023 | Many Rivers Microfinance Limited

## 5. Revenue and other income

<i>in AUD</i>	2023	2022
Government grants	9,899,236	10,433,044
Donations	1,163,333	1,097,273
Other grants	561,361	1,050,000
Other income	217,008	140,908
	<b>11,840,938</b>	<b>12,721,225</b>

## 6. Personnel expenses

<i>in AUD</i>	2023	2022
Wages and salaries	8,246,870	8,075,274
Other associated personnel expenses	877,592	332,363
Contributions to defined contribution plans	828,680	769,362
	<b>9,953,142</b>	<b>9,176,999</b>

## 7. Finance income and finance costs

<i>in AUD</i>	2023	2022
Recognised in profit or loss		
Interest Income	356,621	104,830
<b>Finance income recognised in surplus</b>	<b>356,621</b>	<b>104,830</b>
Interest expense for leasing arrangements	(26,038)	(25,511)
<b>Interest expense recognised in surplus</b>	<b>(26,038)</b>	<b>(25,511)</b>
<b>Net finance income</b>	<b>330,583</b>	<b>79,319</b>

## 8. Cash and cash equivalents

<i>in AUD</i>	2023	2022
Cash at bank	3,531,225	3,732,260
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>3,531,225</b>	<b>3,732,260</b>

## 9. Loans and other receivables

<i>in AUD</i>	2023	2022
<b>Current</b>		
Loan receivables	1,313,824	1,475,408
Other receivables	447,582	378,343
Provision for impairment loss	(539,401)	(504,378)
	<b>1,222,005</b>	<b>1,349,373</b>

## Notes to the Financial Statements

Annual Financial Report 30 June 2023 | Many Rivers Microfinance Limited

### 9. Loans and other receivables (continued)

#### 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.

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.

The Company makes use of a simplified approach in accounting for impairment of loan and other receivables and records the loss allowance at an amount equal to the expected lifetime credit loss. In using this practical expedient, the Company uses historical experience, external indicators and forward-looking information to calculate the expected credit losses using provision matrices.

The Company does not normally require any collateral in respect of loan and other receivables.

#### Exposure to credit risk

The Company provides unsecured business loans to clients.

Loan receivables on the Company's Statement of Financial Position as at 30 June 2023, include client loans held by the Company and other loans initially provided under a previous strategic relationship with Westpac Banking Corporation (Westpac) but subsequently transferred to the Company.

Impairment losses on trade receivables are assessed monthly based on client repayment history.

Since commencement, the Company has provided (itself or facilitated through Westpac) 2,776 loans totalling \$14,405,547. As at 30 June 2023, there were 341 loans outstanding with balances totalling \$1,313,824.

Impairment losses on trade receivables at 30 June 2023 totalled \$539,401.

The Company's maximum exposure to credit risk at the reporting date was \$1,761,406 (2022: \$1,853,751) being loans and other receivables provided by the Company before allowing for impairment losses on trade receivables of \$539,401.

#### Impairment losses

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

<i>in AUD</i>	<b>Gross 2023</b>	<b>Impairment 2023</b>	<b>Gross 2022</b>	<b>Impairment 2022</b>
Not past due	786,457	20,392	877,843	41,685
Past due 0-30 days	132,843	22,394	231,509	38,397
Past due 31+ days	842,106	496,615	744,399	424,296
	<b>1,761,406</b>	<b>539,401</b>	<b>1,853,751</b>	<b>504,378</b>

The credit quality of trade and other receivables is assessed based on a credit policy established by the Company's Board.

## Notes to the Financial Statements

Annual Financial Report 30 June 2023 | Many Rivers Microfinance Limited

### 10. Investments

<i>in AUD</i>	<b>2023</b>	<b>2022</b>
<b>Current</b>		
Term deposits	11,500,000	12,000,000
	<b>11,500,000</b>	<b>12,000,000</b>

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

### 11. Property, plant and equipment

<i>in AUD</i>	<b>Right of Use Assets</b>	<b>Plant and Equipment</b>	<b>Total</b>
Carrying amount as at 1 July 2021	568,668	1,683,136	2,251,804
Additions	51,700	308,127	359,827
Disposals			
- Cost	(85,498)	-	(85,498)
- Accumulated Depreciation	85,498	-	85,498
Change for: Remeasurement	194,580	-	194,580
Depreciation	(177,354)	(202,529)	(379,883)
<b>Balance at 30 June 2022</b>	<b>637,594</b>	<b>1,788,734</b>	<b>2,426,328</b>
Assets cost	1,074,121	2,711,069	3,785,190
Accumulated depreciation	(436,527)	(922,335)	(1,358,862)
<b>Balance at 30 June 2022</b>	<b>637,594</b>	<b>1,788,734</b>	<b>2,426,328</b>
Carrying amount as at 1 July 2022	637,594	1,788,734	2,426,328
Additions	-	598,621	598,621
Disposals			
- Cost	(42,664)	(221,744)	(264,408)
- Accumulated Depreciation	21,114	174,391	195,505
Change for: Remeasurement	(457,045)	-	(457,045)
Depreciation	(112,401)	(246,977)	(359,378)
<b>Balance at 30 June 2023</b>	<b>46,598</b>	<b>2,093,025</b>	<b>2,139,623</b>
Assets cost	574,412	3,087,946	3,662,358
Accumulated depreciation	(527,814)	(994,921)	(1,522,735)
<b>Balance at 30 June 2023</b>	<b>46,598</b>	<b>2,093,025</b>	<b>2,139,623</b>

\* The Company remeasured the Right of Use Asset and Lease Liability relating to the existing lease for its Sydney Head Office on the 1<sup>st</sup> of June 2023, which reduced the lease term and reduced the value of the lease amount.

## Notes to the Financial Statements

Annual Financial Report 30 June 2023 | Many Rivers Microfinance Limited

### 12. Intangible Assets

<i>in AUD</i>	<b>Total</b>
Carrying amount as at 1 July 2021	-
Assets under development	430,458
<b>Balance at 30 June 2022</b>	<b>430,458</b>
Assets cost	430,458
<b>Balance at 30 June 2022</b>	<b>430,458</b>
Carrying amount as at 1 July 2022	430,458
Additions	397,037
Amortisation	(68,958)
<b>Balance at 30 June 2023</b>	<b>758,537</b>
Assets cost	827,495
Accumulated amortisation	(68,958)
<b>Balance at 30 June 2023</b>	<b>758,537</b>

The Intangible Asset relates to customisation of the Company's Customer Relationship Management software.

Research and Development expenses incurred but not capitalised relating to the Intangible Asset totalled \$12,380 in 2023.

### 13. Trade and other payables

<i>in AUD</i>	<b>2023</b>	<b>2022</b>
<b>Current</b>		
Trade payables	678,792	947,659
GST payable	36,484	171,193
	<b>715,276</b>	<b>1,118,852</b>

### 14. Contract liabilities

Grants received, relating to services to be provided in 2024, totalled \$783,522 (2022: \$2,131,733). In addition, one grant received totalling \$1,998,733 related to services to be provided beyond 2024.

<i>in AUD</i>	<b>2023</b>	<b>2022</b>
<b>Current</b>		
Corporate and Foundation grants	73,639	25,000
Government grants	709,883	2,106,733
	<b>783,522</b>	<b>2,131,733</b>
<b>Non-Current</b>		
Government grants	<b>1,998,733</b>	-

## Notes to the Financial Statements

Annual Financial Report 30 June 2023 | Many Rivers Microfinance Limited

### 15. Employee benefits provisions

<i>in AUD</i>	2023	2022
<b>Current</b>		
Liability for annual leave	532,061	556,649
Liability for long service leave	226,440	212,685
Other provisions	99,423	-
	<b>857,924</b>	<b>769,334</b>
<b>Non-Current</b>		
Liability for long service leave	<b>85,774</b>	<b>119,689</b>

### 16. Settled Sum

<i>in AUD</i>	2023	2022
	<b>10</b>	<b>10</b>

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

### 17. Capital and reserves

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

### 18. 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.

### 19. Related party information

The Directors who held office during the financial year were:

Mr Peter Colin Cadwallader	Ms Trischa Botha	Mr Terence Winters
Mr John Andrew Burn	Ms Kristal Kinsela	
Mr Michael Bond	Mr Sinclair Taylor	

The subscribing Members of Many Rivers Microfinance Limited are:

Mr Michael Bond	Mr Peter Colin Cadwallader	Mr Angus Shane Phillips
Ms Trischa Botha	Mr Ronald Leigh Coleman	Mr Sinclair Taylor
Mr John Andrew Burn	Mr Ross Granville Hawkey	Mr Terence Winters
Mr David Thomas Bussau	Ms Kristal Kinsela	

## Notes to the Financial Statements

Annual Financial Report 30 June 2023 | Many Rivers Microfinance Limited

### 19. Related party information (continued)

#### Transactions with key management personnel

*in AUD*

	2023	2022
Total key management personnel remuneration	1,733,094	1,469,950

Key management of the Company receiving remuneration were the Non-Executive Directors, Chief Executive Officer and Executive Team.

### 20. 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.

### 21. Auditor's Remuneration

*In AUD*

#### Audit and review services

##### Auditors of the Company - KPMG

Audit and review of financial statements

Audit of grant acquittal reports

	2023	2022
Audit and review of financial statements	47,025	41,400
Audit of grant acquittal reports	-	23,288
	47,025	64,688



## Directors' Declaration

Annual Financial Report 30 June 2023 | Many Rivers Microfinance Limited

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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 9 to 23 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 2023 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, 19 October 2023.



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**P C Cadwallader**  
Chairman



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**T R Winters**  
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 Terence R Winters, 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, 19 October 2023



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**P C Cadwallader**  
Chairman



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**T R Winters**  
Director



# Independent Auditor's Report

To the members of Many Rivers Microfinance Limited

## Opinion

We have audited the **Financial Report** of Many Rivers Microfinance Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with Division 60 of the *Australian Charities and Not for Profits Commission (ACNC) Act 2012*, and sections 23(1)(d) and 24B of the *Charitable Fundraising Act (NSW) 1991* including:

- giving a true and fair view of the Company's financial position as at 30 June 2023 and of its financial performance and its cash flows for the year ended on that date; and
- complying with *Australian Accounting Standards – Simplified Disclosures Framework* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013 (ACNCR)*.

The **Financial Report** comprises:

- Statement of financial position as at 30 June 2023
- Statement of income and retained earnings, and Statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration of the Company.

## Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Company in accordance with the auditor independence requirements of the *ACNC Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.



## Other Information

Other Information is financial and non-financial information in Many Rivers Microfinance Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

## Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosures Framework and the ACNC and ACNCR and sections 23(1)(d) and 24B of the *Charitable Fundraising Act (NSW) 1991* and section 21 of the *Charitable Fundraising Regulation (NSW) 2021*
- implementing necessary internal control 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
- Assessing the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.



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

We also:

- i) Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii) Obtain an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered Company's internal control.
- iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- iv) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- v) Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

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

KPMG

Stephen Isaac  
Partner

Sydney  
19 October 2023

# Corporate Governance Statement

Annual Financial Report 30 June 2023 | Many Rivers Microfinance Limited

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## Corporate governance

The Board endorses the Corporate Governance Principles and Recommendations established by the Australian Securities 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.

# Corporate Governance Statement

Annual Financial Report 30 June 2023 | Many Rivers Microfinance Limited

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## Corporate governance (continued)

### Foundations for management and oversight (continued)

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.

### 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 6 Directors at 30 June 2023:

- Five Independent, Non-Executive Directors; 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.

# Corporate Governance Statement

Annual Financial Report 30 June 2023 | Many Rivers Microfinance Limited

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## Corporate governance (continued)

### 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 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.

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. 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. 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 and receive Director's fees in line with an equivalent market rate and within the maximum collective remuneration approved by Members. 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.