

A young child with dark hair and a small white flower hair clip is sitting on a light-colored floor. The child is wearing a bright blue long-sleeved top with white patterns and text. They are smiling and looking towards the camera. In front of them are several orange plastic bowls. A large red circle is in the top right corner, and another red circle is in the bottom right corner containing the Red Nose logo.

Financial Statements

2023-24

red
nose



Red Nose Limited

**ACN 159 571 883
ABN 81 462 345 159**

**General Purpose Financial Statements -
Simplified Disclosures**

For the Year Ended 31 March 2024

Red Nose Limited
Financial Report
for the Year Ended 31 March 2024

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Red Nose Limited
Directors' Report
for the Year Ended 31 March 2024

The directors present their report on Red Nose Limited (the Company) and the financial statements for the year ended 31 March 2024.

Directors

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

Nick Xerakias – Chair (commenced 1 October 2022; Chair effective 1 April 2023)

Andrew Kennedy – Treasurer

Ian Burgess

Paul Colditz

Tracy Meredith (resigned effective 27 September 2023)

Lyndy Bowden

Andrea Pearman

Sergio Brodsky

Marian Ngo

Arthur Dimitropoulos (commenced 27 March 2024)

Objectives

Short term objectives

- Be recognised as a leader in the provision of bereavement services, and improve and increase support services to families affected by the death of a child;
- Be recognised as a trusted source of safe parenting education;
- Enhance engagement with other industry groups and all Governments;
- Continue to operate efficiently and with appropriate prudential control and oversight;
- Improve and enhance product and service development and commercialisation; and
- Continue to build the Red Nose Day campaign, develop and improve other national fundraising campaigns and increase participation in local community fundraising events.

Long term objectives

- Pre-eminent body for support in the event of late term miscarriage, stillbirth, neo-natal death, SIDS/SUDI and child accidents;
- Recognised leader in the provision of bereavement services to families affected by the death of a child;
- Financially sustainable and efficient operation with appropriate prudential control and oversight;
- Derive significantly increased commercial sponsorship, State and Federal Government funding and revenue from the commercialisation of intellectual property; and
- Recognised as one of the leading charities at a national and local level with an extremely strong brand presence.

Strategy for achieving the objectives

The objectives are achieved through advocacy, supporting world-class research, delivering evidence-based education, and providing best practice bereavement support.

Principal activities

The principal activities of Red Nose Limited during the financial year were to deliver bereavement support services, provide community and public health education, and to raise funds to support the delivery of those services and conduct research.

Performance measures

Performance is measured through planned measurable outcomes that focus on increased organisational efficiency and effectiveness; best practice in the delivery of equitable and accessible support for bereaved families; and enhanced delivery of public health programs aimed at decreasing child deaths and alleviating harm.

Review of operations

The surplus for Red Nose Limited after income tax amounted to \$1,240,319 (31 March 2023: surplus of \$285,271).

Information on Directors

Name: Nick Xerakias

Title: Non-Executive Director and Chair

Qualifications: BCom

Experience and expertise: Nick is a director at Public Affairs and Communication firm GRACosway. He has broad ranging political experience, particularly in strategy and policy advice. Earlier in his career, Nick worked at senior levels for the Federal Opposition and Government across a number of portfolios including Employment, Family and Community Services, Health, Resources and Energy, and has experience in both federal and state political campaign management. Nick is based in Victoria and is a bereaved father. Nick was formerly a Board member of Sands Australia and joined the Red Nose Board when the organisations merged in November 2020.

Special responsibilities: Chair (commenced 1 April 2023).

Name: Andrew Kennedy

Title: Non-Executive Director and Treasurer

Qualifications: BE (Hons) CEng MIEI

Experience and expertise: Andrew is a civil engineer with over 20 years' experience and currently works in a senior management position with CPB Contractors, a large Australian construction company and part of the CIMIC group. In the past, Andrew has served as a director of SIDS and Kids (Victoria), the National SIDS Council of Australia, and the Civil Contractors Federation (Tasmania).

Special responsibilities: Chair of the Audit and Risk Committee (effective 1 November 2018).

Name: Ian Burgess

Title: Non-Executive Director

Qualifications: MBA, BEcon

Experience and expertise: Ian is an experienced director and CEO with a varied career in both not-for-profit and commercial organisations. He is currently CEO of the Medical Technology Association of Australia and has a strong background in governance, having held senior executive positions with the Governance Institute of Australia. Ian has been on the boards of health businesses, an EFT payments gateway, a transport business, and an educational institute in the finance sector.

Special responsibilities: Member of the Audit and Risk Committee.

Name: Paul Colditz

Title: Non-Executive Director

Qualifications: MBBS, FRACP, FRCPCH, MBiomedEng, DPhil (Oxford), GAICD

Experience and expertise: Paul is a neonatal paediatrician, Emeritus Professor of Perinatal Medicine at the University of Queensland and Director of the Perinatal Research Centre. He is actively involved in numerous competitively funded perinatal research projects and in research higher degree supervision.

Special responsibilities: Board delegate to the National Scientific Advisory Group.

Name: Lyndy Bowden

Title: Non-Executive Director

Experience and expertise: Lyndy is a lactation consultant working closely with the Aboriginal community of Tasmania, and holds several other roles including as a Board Director with the Karadi Aboriginal Corporation and as a member of the Consumer Advisory Panel and the Perinatal Palliative Care Special Interest Group with the Perinatal Society of Australia & New Zealand. Lyndy was formerly a Board member of Sands Australia and joined the Red Nose Board when the organisations merged in November 2020.

Name: Sergio Brodsky

Title: Non-Executive Director

Qualifications: L.LB, MBA

Experience and expertise: An award-winning and accomplished senior strategic marketing leader with 15 years' global experience spanning the private, public, and not-for-profit sectors directing teams to create and leverage brands for results and impact.

Name: Andrea Pearman

Title: Non-Executive Director

Experience and expertise: Currently CEO of Netball Victoria, Andrea has held executive leadership roles in some of Australia's leading organisations including Australia Post, NAB, Fosters and Telstra for over 20 years. She has experience in brand and reputation management, stakeholder relations, marketing, corporate social responsibility and community investment practices across a broad spectrum of industries and sectors such as the government, corporate and not for profit sectors.

Name: Marian Ngo

Title: Non-Executive Director

Qualifications: L.LB, MBA

Experience and expertise: Marian is a corporate and commercial law partner at global law firm, K&L Gates. She specialises in commercial contract preparation and negotiation, corporate advisory and transactional advice across a broad variety of industry sectors, including transport, logistics, sports, entertainment and consumer products and services. Marian is experienced advising not-for-profit organisations on corporate governance, commercial contracting, regulatory matters and more.

Special responsibilities: Member of the Audit and Risk Committee.

Arthur Dimitropoulos

Title: Non-Executive Director

Qualifications: MBA, CMA, MAICD

Experience and expertise: Arthur's experience is inclusive of finance, strategy, acquisitions, analytics, and organisational performance. His career includes Non-Executive Directorships, CFO, Company Secretary, CIO, governance committees and other senior engagements in listed, as well as private, not-for-profit and government organisations. across a broad range of industries including international experience.

Company Secretary

Monique Ferguson (27 October 2021 – Present)

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 31 March 2024, and the number of meetings attended by each director, were as follows:

| Directors | Board | | Audit & Risk Committee | | Fundraising & Marketing Committee | |
|--------------------------|-------|----------|------------------------|----------|-----------------------------------|----------|
| | Held | Attended | Held | Attended | Held | Attended |
| Nick Xerakias | 8 | 8 | 8 | 3 | - | - |
| Andrew Kennedy | 8 | 8 | 8 | 8 | - | - |
| Ian Burgess | 8 | 6 | 8 | 6 | - | - |
| Paul Colditz | 8 | 6 | - | - | - | - |
| Tracy Meredith | 4 | 3 | - | - | - | - |
| Sergio Brodsky | 8 | 6 | - | - | - | - |
| Andrea Pearman | 8 | 5 | - | - | 1 | 1 |
| Lyndy Bowden | 8 | 6 | - | - | - | - |
| Marian Ngo | 8 | 6 | 8 | 6 | - | - |
| Arthur Dimitropoulos | 1 | 1 | - | - | - | - |
| | | | | | | |
| Company Secretary | | | | | | |
| – Monique Ferguson | 8 | 8 | 8 | 8 | - | - |

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

The Community Advisory Committee met four times in 2023-2024. The National Scientific Advisory Group ('NSAG') met twice. The NSAG Aboriginal and Torres Strait Islander Initiatives Working Group and NSAG Sudden & Unexpected Death in Infants Working Group met four times each in 2023–2024.

Significant changes in the state of affairs

There were no significant changes in the state of the affairs of Red Nose Limited during the period.

Future developments

The Directors note the intention to establish a Research Accelerator Fund to invest funds that are in excess of operational requirements, to generate returns that can be directed toward research initiatives into the future. There are no other significant new developments foreseen in the near future.

Events after the reporting period

The current Chief Executive Officer, Ms. Keren Ludski, resigned from Red Nose on 26 June 2024 and is expected to finish with the Company before 31 December 2024. No other matter or circumstance has arisen since 31 March 2024 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Environmental regulations

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under the *Australian Charities and Not-for-profits Commission Act 2012* is set out immediately after this directors' report.

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

On behalf of the directors



Nick Xerakias,
Director
1 August 2024

Melbourne



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Auditor's Independence Declaration

To the Directors of Red Nose Limited

I declare that, to the best of my knowledge and belief, during the year ended 31 March 2024 there have been:

- I. No contraventions of the auditor independence requirements as set out in Section 60-40 of 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.

Crowe Audit Australia

Crowe Audit Australia

David Munday

Managing Partner

Melbourne, Victoria

02 August 2024

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Red Nose Limited
Statement of Profit or Loss and Other Comprehensive Income
for the Year Ended 31 March 2024

| | Note | 2024 \$ | 2023 \$ |
|--|------|--------------------|--------------------|
| Revenue | 2 | 11,014,531 | 8,230,792 |
| Expenses | | | |
| Administration expenses | | (1,263,774) | (457,410) |
| Employee benefits expense | | (6,556,154) | (5,303,867) |
| Depreciation expense | | (220,788) | (215,353) |
| Finance expenses | | (53,922) | (29,935) |
| Property expenses | | (208,832) | (175,486) |
| Operational expenses | | (731,001) | (1,266,018) |
| Other expenses | 3 | (739,741) | (497,452) |
| Total expenses | | (9,774,212) | (7,945,521) |
| Surplus/(deficit) for the year | | 1,240,319 | 285,271 |
| Other comprehensive income for the year, net of tax: | | | |
| <i>Items that will not be reclassified subsequently to profit or loss:</i> | | | |
| Revaluation of property, plant and equipment | 8 | 465,000 | 75,000 |
| Total comprehensive surplus/(deficit) for the year | | 1,705,319 | 360,271 |

Red Nose Limited
Statement of Financial Position
as at 31 March 2024

| | Note | 2024 \$ | 2023 \$ |
|--------------------------------------|------|-------------------|------------------|
| Assets | | | |
| Current Assets | | | |
| Cash and cash equivalents | 4 | 4,732,308 | 3,865,566 |
| Trade and other receivables | 5 | 35,101 | 24,298 |
| Inventory | | 113,171 | 57,502 |
| Financial assets | 6 | 800,877 | 529,138 |
| Other assets | 7 | 224,679 | 94,301 |
| Total Current Assets | | 5,906,136 | 4,570,805 |
| Non-Current Assets | | | |
| Property, plant & equipment | 8 | 4,036,544 | 3,576,219 |
| Right-of-use assets | 9 | 250,480 | 362,679 |
| Total Non-Current Assets | | 4,287,024 | 3,938,898 |
| Total Assets | | 10,193,160 | 8,509,703 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and other payables | 10 | 620,066 | 474,395 |
| Employee entitlements | 13 | 456,408 | 381,616 |
| Contract liabilities | 11 | 236,768 | 415,651 |
| Lease liabilities | 12 | 165,292 | 159,235 |
| Total Current Liabilities | | 1,478,534 | 1,430,897 |
| Non-Current Liabilities | | | |
| Employee entitlements | 13 | 176,960 | 123,200 |
| Lease liabilities | 12 | 108,295 | 231,554 |
| Total Non-Current Liabilities | | 285,255 | 354,754 |
| Total Liabilities | | 1,763,789 | 1,785,651 |
| Net Assets | | 8,429,371 | 6,724,052 |
| Equity | | | |
| Reserves | 14 | 1,974,066 | 1,509,066 |
| Retained surpluses | | 6,455,305 | 5,214,986 |
| Total Equity | | 8,429,371 | 6,724,052 |

Red Nose Limited
Statement of Changes in Equity
for the Year Ended 31 March 2024

| | Retained surpluses | Asset revaluation reserve | Research reserve | Total equity |
|---|-------------------------------|--|-----------------------------|---------------------|
| 2024 | | | | |
| | \$ | \$ | \$ | \$ |
| Balance at 1 April 2023 | 5,214,986 | 1,319,343 | 189,723 | 6,724,052 |
| Surplus/(deficit) for period | 1,240,319 | - | - | 1,240,319 |
| Other comprehensive income for the period | - | 465,000 | - | 465,000 |
| Balance at 31 March 2024 | 6,455,305 | 1,784,343 | 189,723 | 8,429,371 |

| | Retained surpluses | Asset revaluation reserve | Research reserve | Total equity |
|---|-------------------------------|--|-----------------------------|---------------------|
| 2023 | | | | |
| | \$ | \$ | \$ | \$ |
| Balance at 1 April 2022 | 4,929,715 | 1,244,343 | 189,723 | 6,363,781 |
| Surplus/(deficit) for period | 285,271 | - | - | 285,271 |
| Other comprehensive income for the period | - | 75,000 | - | 75,000 |
| Balance at 31 March 2023 | 5,214,986 | 1,319,343 | 189,723 | 6,724,052 |

Red Nose Limited
Statement of Cash Flows
for the Year Ended 31 March 2024

| | 2024 | 2023 |
|--|----------------------------------|-------------------------|
| Note | \$ | \$ |
| Cash flows from operating activities | | |
| Receipts from operating activities | 11,746,463 | 8,775,495 |
| Payments to suppliers and employees | (10,458,958) | (8,403,707) |
| Interest received | 146,242 | 14,441 |
| Interest paid | (53,922) | (29,935) |
| Net cash provided by/(used in) operating activities | <u>1,379,825</u> | <u>356,294</u> |
| Cash flow from investing activities | | |
| Purchase of property, plant & equipment | (47,128) | (64,826) |
| Payments for financial assets | (271,739) | (500,122) |
| Net cash provided by/(used in) investing activities | <u>(318,867)</u> | <u>(564,948)</u> |
| Cash flow from financing activities | | |
| Repayment of lease liabilities | (194,216) | (218,212) |
| Net cash provided by/(used in) financing activities | <u>(194,216)</u> | <u>(218,212)</u> |
| Net increase/(decrease) in cash and cash equivalents held | 866,742 | (426,866) |
| Cash and cash equivalents at beginning of financial year | 3,865,566 | 4,292,432 |
| Cash and Cash equivalents at end of financial year | 4 <u>4,732,308</u> | <u>3,865,566</u> |

Red Nose Limited
Notes to the Financial Statements
for the Year Ended 31 March 2024

1 Summary of material accounting policies

General information

Red Nose Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

National office:
Suite 2, Part Ground Floor North
2 Domville Avenue, Hawthorn VIC 3122

The Company's principal activities during the financial year were to deliver bereavement support services, provide community and public health education, and to raise funds to support the delivery of those services and conduct research.

Statement of compliance

These financial statements are general purpose - simplified disclosure financial statements which have been prepared to satisfy the directors' reporting requirements under the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements cover Red Nose Limited at the end of, or during, the year. The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

A description of the nature of the entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 31 July 2024. The directors have the power to amend and reissue the financial statements.

New or amended Accounting Standards and Interpretations adopted

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

AASB 2021-2 Amendments to Australian Accounting Standards, which applies to annual periods beginning on or after 1 January 2023, includes an update to paragraph 117 of AASB 101 Presentation of Financial Statements such that the requirement to disclose 'significant' accounting policy information has been replaced with a requirement to disclose 'material' accounting policy information.

Red Nose Limited
Notes to the Financial Statements
for the Year Ended 31 March 2024

In view of the above, management has reviewed the disclosures in Note 1 and has determined that the following notes, which have appeared in Red Nose's previous financial statements, are no longer considered material and therefore, have not been included in the 'Summary of material accounting policies' below: Financial Instruments, Financial assets, Financial liabilities, Goods & Services Tax, Employee benefits, Comparatives, Current & non-current.

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

Basis of preparation

The financial statements have been prepared on the basis of historical cost. Cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

For the purposes of preparing these financial statements, the Company is a not-for-profit entity.

Critical accounting judgements and key sources of estimation uncertainty

The Directors of the Company are required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Estimation of useful lives of assets

The Company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite-life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated, or where technically obsolete or non-strategic assets have been abandoned or sold and then written off or written down.

Valuation of land and buildings

The land and buildings were independently valued at various dates. The valuation basis of land and buildings is at fair value, in compliance with AASB 13. The fair value of non-financial assets takes into account a market participant's ability to generate economic benefits by using the assets in its highest and best use, or by selling it to another market participant that would use the asset in its highest and best use. The critical assumptions adopted in determining the valuations included the location of the land and buildings, the current demand for land and buildings in the area, and recent sales data for similar properties.

Inventories

Inventories are measured at the lower of cost and net realisable value. Inventory is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Red Nose Limited
Notes to the Financial Statements
for the Year Ended 31 March 2024

Critical accounting judgements and key sources of estimation uncertainty (continued)

Accuracy of revenue recognition

Revenue recognition is determined based on what the customer expects to be entitled to, while measurement encompasses estimation by the Company of the amount expected to be received for their performance of the obligations specified in the contract.

Significant changes arise where contracts extend over time, where there are rights and obligations that may vary the timing or amount of the consideration, or where there are multiple performance elements.

All revenue from contracts with customers is recognised and measured following a five-step process:

- Step 1: Identify the contract with the customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

Under AASB 15 revenue is recognised when (or as) the performance obligations (or promises) are satisfied. Otherwise, AASB 1058 applies and income is recognised upfront.

Where the Company receives a transfer of financial assets to enable it to acquire or construct a recognisable non-financial asset that it controls, a liability is recognised for the excess of the initial carrying amount of the financial asset received over any related contributions by owners, increases in liabilities, decreases in assets, and revenue. The liability is recognised until such time that the Company satisfies its obligations under the transfer, at which point it is recorded as revenue.

Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date, are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Summary of material accounting policies

The following material accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following outlines the specific revenue streams.

Sales revenue

Events, sales, fundraising and raffles are recognised when the service or goods have been delivered to the customer.

Red Nose Limited
Notes to the Financial Statements
for the Year Ended 31 March 2024

Summary of material accounting policies (continued)

(a) Revenue recognition (continued)

Grants

Income from grants that are enforceable and with sufficiently specific performance obligations are accounted for under AASB 15 Revenue from Contracts with Customers, with revenue recognised as the performance obligations are met. If these conditions are not met, income is recognised under AASB 1058 Income of Not-for-Profit Entities.

Dividend and interest income

Dividend and distribution income from investments is recognised when the shareholder's or unitholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Donations

Donations are recognised when received.

Other revenue

Other revenue is recognised when it is received or when the related performance obligation has been settled.

Volunteer services

The company has elected not to recognise volunteer services as either revenue or other form of contribution received. As such, any related consumption or capitalisation of such resources received is also not recognised.

(b) Trade and other payables

Trade and other payables represent unpaid liabilities for goods received by and services provided to the Company prior to the end of the financial year. The amounts are unsecured and are normally settled within 30 days.

(c) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Summary of material accounting policies (continued)

(d)Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are carried at fair value based on revaluations.

Properties in the course of construction are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Plant and equipment and leasehold improvements are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition or construction of the item. In the event that the settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value.

Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The following depreciation rates and methods are used in the calculation of depreciation:

| Class | Term |
|------------------------|-------------|
| Buildings | 40 years |
| Furniture and fittings | 3-5 years |
| Plant and equipment | 3-10 years |
| Motor vehicles | 4 years |
| Office equipment | 3-10 years |
| Computer equipment | 3-5 years |

Land is not a depreciable asset.

Property valuations have been prepared for the current financial year and the carrying value adjusted accordingly.

Summary of material accounting policies (continued)

(e) Right-of-use assets

A right-of-use asset and a lease liability is recognised on the balance sheet at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments, variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

The Company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets (less than \$15,000). Lease payments on these assets are expensed to profit or loss as incurred.

(f) Impairment

The carrying values of tangible and intangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

At each reporting date, the Directors review a number of factors affecting tangible and intangible assets, including property, plant and equipment, to determine if these assets may be impaired. If an impairment indicator exists, the recoverable amount of the asset, being the higher of the asset's 'fair value less costs to sell' and 'value in use' is compared to the carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed in the Statement of Profit or Loss and Other Comprehensive Income as an impairment expense.

As the future economic benefits of the Company's assets are not primarily dependent on their ability to generate net cash inflows, and if deprived of the asset, the Company would replace the asset's remaining future economic benefits, 'value in use' may be determined as the depreciated replacement cost of the asset, rather than by using discounted future cash flows.

Depreciated replacement cost is defined as the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. The current replacement cost of an asset is its cost measured by reference to the lowest cost at which the future economic benefits of that asset could currently be obtained in the normal course of business.

Summary of material accounting policies (continued)

Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

(g) Inventory

Purchased inventory is stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost of purchased inventory comprises direct materials and delivery costs and are determined after deducting rebates and discounts received or receivable. The Company has elected not to recognise the value of donated stock as each individual item is considered immaterial. As a result, the value of the contribution is also not recognised in profit or loss.

(h) Volunteer services

The core principle of the recognition requirements in AASB 1058 is that when a Not-for-profit entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset, principally to enable the entity to further its objectives, the excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately. The Standard also prescribes specific accounting requirements for transactions which represent the transfer of a financial asset to enable an entity to acquire or construct a recognisable non-financial asset to be controlled by the entity (i.e. an in-substance acquisition of a non-financial asset), and volunteer services. The Directors have decided not to recognise volunteer services within the financial statements, given the true value of these services is not reliably measurable in financial terms.

(i) Income tax

The Company is an Income Tax Exempt Charity and as such is not liable to pay income tax. Accordingly, no income tax has been provided for by the Company in these financial statements.

The Company is also endorsed as a Deductible Gift Recipient. All donations made to the Company, equal to or exceeding \$2.00, qualify as taxable deductions in the hands of the donor.

(j) Going concern

The financial statements have been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Red Nose Limited
Notes to the Financial Statements
for the Year Ended 31 March 2024

| | 2024 | 2023 |
|--|--------------------------|-------------------------|
| | \$ | \$ |
| 2 Revenue | | |
| <i>Operating revenue</i> | | |
| Product and clothing collections sales | 3,199,276 | 2,838,322 |
| Charitable income and fundraising | 2,650,901 | 2,035,702 |
| Grants | 4,882,602 | 3,210,187 |
| Other revenue | 135,510 | 132,140 |
| | <u>10,868,289</u> | <u>8,216,351</u> |
| <i>Other revenue</i> | | |
| Interest received | 146,242 | 14,441 |
| | <u>146,242</u> | <u>14,441</u> |
| Total revenue | <u>11,014,531</u> | <u>8,230,792</u> |
| <i>External revenue by timing of revenue</i> | | |
| Good transferred at a point in time | 3,199,276 | 2,838,322 |
| Good transferred over time | - | - |
| Services transferred at a point in time | 2,932,653 | 2,182,283 |
| Services transferred over time | 4,882,602 | 3,210,187 |
| | <u>11,014,531</u> | <u>8,230,792</u> |
| 3 Expenses | | |
| <i>Other expenses</i> | | |
| Marketing | 282,773 | 135,970 |
| Motor vehicle expenses | 154,955 | 131,413 |
| Pallet storage | 8,126 | 4,580 |
| Repairs and maintenance | 10,902 | 15,734 |
| Travel and accommodation | 158,271 | 80,065 |
| Other costs | 124,714 | 129,690 |
| Total other expenses | <u>739,741</u> | <u>497,452</u> |
| 4 Cash and Cash Equivalents | | |
| Cash on hand | 815 | 673 |
| Cash at bank | 1,638,602 | 1,342,829 |
| Term deposits | 3,092,891 | 2,522,064 |
| Total cash and cash equivalents | <u>4,732,308</u> | <u>3,865,566</u> |
| <i>Funds subject to external restrictions:</i> | | |
| Term deposits held as collateral | - | 11,910 |

Red Nose Limited
Notes to the Financial Statements
for the Year Ended 31 March 2024

| | 2024 | 2023 |
|--|----------------|-----------------|
| | \$ | \$ |
| 5 Trade and other receivables | | |
| Trade receivables | 35,101 | 38,268 |
| Allowance for doubtful debts | - | (13,970) |
| Total receivables | 35,101 | 24,298 |
| Net impairment of trade receivables | - | (13,970) |
| 6 Financial assets | | |
| Term deposits | 800,877 | 529,138 |
| Total financial assets | 800,877 | 529,138 |
| <i>Funds subject to external restrictions:</i> | | |
| Term deposits held as collateral | 39,091 | 29,016 |
| 7 Other assets | | |
| Prepayments | 190,329 | 70,202 |
| Security deposits | 15,829 | 14,384 |
| Long service leave reimbursable | 18,521 | 9,715 |
| Total other assets | 224,679 | 94,301 |
| 8 Property, plant & equipment | | |
| Land and buildings - at fair value | 3,965,000 | 3,500,000 |
| Less: accumulated depreciation | - | - |
| | 3,965,000 | 3,500,000 |
| Furniture and fittings - at cost | 3,634 | 3,634 |
| Less: accumulated depreciation | (2,962) | (2,670) |
| | 672 | 964 |
| Plant and equipment - at cost | 28,233 | 28,233 |
| Less: accumulated depreciation | (16,751) | (14,753) |
| | 11,482 | 13,480 |
| Office equipment - at cost | 34,703 | 25,578 |
| Less: accumulated depreciation | (22,186) | (20,196) |
| | 12,517 | 5,382 |

Red Nose Limited
Notes to the Financial Statements
for the Year Ended 31 March 2024

| | 2024 | 2023 |
|--|-------------------------|-------------------------|
| | \$ | \$ |
| 8 Property, plant & equipment (continued) | | |
| Computer equipment - at cost | 118,501 | 100,724 |
| Less: accumulated depreciation | (71,628) | (44,331) |
| | <u>46,873</u> | <u>56,393</u> |
| Total property, plant & equipment | <u>4,036,544</u> | <u>3,576,219</u> |

Reconciliations

Reconciliations of the carrying amount of each class of property, plant & equipment at the beginning and end of the current and previous financial year are set out below.

| | | |
|--|-------------------------|-------------------------|
| Land and buildings - at fair value | | |
| Opening balance | 3,500,000 | 3,425,000 |
| Revaluation | 465,000 | 75,000 |
| Depreciation | - | - |
| | <u>3,965,000</u> | <u>3,500,000</u> |
| Furniture and fittings - at cost | | |
| Opening balance | 964 | 1,342 |
| Additions | - | - |
| Depreciation | (292) | (378) |
| | <u>672</u> | <u>964</u> |
| Plant and equipment - at cost | | |
| Opening balance | 13,480 | 15,375 |
| Additions | - | 645 |
| Depreciation | (1,998) | (2,540) |
| | <u>11,482</u> | <u>13,480</u> |
| Office equipment - at cost | | |
| Opening balance | 5,382 | 6,886 |
| Additions | 9,125 | - |
| Depreciation | (1,990) | (1,504) |
| | <u>12,517</u> | <u>5,382</u> |
| Computer equipment - at cost | | |
| Opening balance | 56,393 | 36,840 |
| Additions | 17,777 | 38,518 |
| Depreciation | (27,295) | (18,965) |
| | <u>46,875</u> | <u>56,393</u> |
| Total property, plant & equipment | <u>4,036,544</u> | <u>3,576,219</u> |
| Depreciation of property, plant & equipment | <u>31,575</u> | <u>23,387</u> |

Red Nose Limited
Notes to the Financial Statements
for the Year Ended 31 March 2024

8 Property, plant & equipment (continued)

Assets revaluations

The Company determines fair value by reference to market-based evidence. This means that valuations performed by the valuers are based on active market prices, adjusted for any difference in the nature, location or condition of the specific property.

Due to market movements in the areas where these properties are located, the three properties were subject to external valuation as at 31 March 2024.

- The property in New South Wales was valued as at 31 March 2024 by Acumentis Newcastle's Marty Creigh, AAPI / Certified Practising Valuer, API No. 86928.
- The property in Western Australia was valued as at 31 March 2024 by Property Valuation & Advisory's Richard Hagon, A.A.P.I. Certified Practising Valuer, Licensed valuer number 677 (WA).
- The property in Queensland was valued as at 31 March 2024 by Acumentis Brisbane's Jun Ang AAPI/ CPV, Certified Practising Valuer Registered Valuer No. 5035 Qld.

| 9 Right-of-use assets | 2024 | 2023 |
|----------------------------------|-----------------------|-----------------------|
| | \$ | \$ |
| Land and buildings | 720,307 | 709,505 |
| Less: accumulated depreciation | (469,827) | (346,826) |
| | <u>250,480</u> | <u>362,679</u> |
| Total right-of-use assets | <u>250,480</u> | <u>362,679</u> |

Reconciliations

Reconciliations of the carrying amount of each class of right-of-use asset at the beginning and end of the current and previous financial year are set out below.

| | | |
|--|-----------------------|-----------------------|
| Land and buildings | | |
| Opening balance | 362,642 | 281,078 |
| Additions | 143,226 | 311,478 |
| Decreases | (66,175) | (37,948) |
| Depreciation | (189,213) | (191,966) |
| | <u>250,480</u> | <u>362,642</u> |
| Total property, plant & equipment | <u>250,480</u> | <u>362,642</u> |
| Depreciation of property, plant & equipment | 189,213 | 191,966 |
| Interest charges on right-of-use assets | 23,573 | 9,496 |

Red Nose Limited
Notes to the Financial Statements
for the Year Ended 31 March 2024

| | 2024 | 2023 |
|--|----------------|----------------|
| | \$ | \$ |
| 10 Trade and other payables | | |
| Trade payables | 210,451 | 88,005 |
| Accrued expenses | 257,521 | 227,931 |
| GST liability | 18,033 | 51,464 |
| PAYG withholding payable | 82,830 | 61,836 |
| Superannuation payable | 51,231 | 39,484 |
| Other payables | - | 5,675 |
| Total payables | 620,066 | 474,395 |
| 11 Contract liabilities | | |
| <i>Current</i> | | |
| Contract liabilities | 236,768 | 415,651 |
| Total contract liabilities | 236,768 | 415,651 |
| 12 Leases | | |
| <i>Current</i> | | |
| Lease liabilities | 165,292 | 159,235 |
| Total current lease liabilities | 165,292 | 159,235 |
| <i>Non-current</i> | | |
| Lease liabilities | 108,295 | 231,554 |
| Total non-current lease liabilities | 108,295 | 231,554 |
| <i>The Company as a lessee</i> | | |
| All operating lease contracts contain clauses for annual market or CPI rental reviews. At expiry leases convert to month-to-month on the same terms. The Company does not have an option to purchase at the expiry of the lease. | | |
| Within one year | 178,160 | 179,694 |
| One to five years | 111,702 | 247,094 |
| | 289,862 | 426,788 |
| <i>Representing</i> | | |
| Non-cancellable operating leases | 289,862 | 426,788 |
| 13 Employee entitlements | | |
| <i>Current</i> | | |
| Annual leave | 327,452 | 281,134 |
| Long service leave | 128,956 | 100,482 |
| Total current employee entitlements | 456,408 | 381,616 |

Red Nose Limited
Notes to the Financial Statements
for the Year Ended 31 March 2024

| | 2024 | 2023 |
|--|------------------|------------------|
| | \$ | \$ |
| 13 Employee entitlements (continued) | | |
| <i>Non-current</i> | | |
| Long service leave | 176,960 | 123,200 |
| Total non-current employee entitlements | 176,960 | 123,200 |
| 14 Reserves | | |
| <i>Asset revaluation reserve</i> | | |
| Opening balance | 1,319,343 | 1,244,343 |
| Revaluation | 465,000 | 75,000 |
| Transfer to/(from) reserves | - | - |
| Closing balance | 1,784,343 | 1,319,343 |
| <i>Research reserve</i> | | |
| Opening balance | 189,723 | 189,723 |
| Transfer to/(from) reserves | - | - |
| Closing balance | 189,723 | 189,723 |
| Total reserves | 1,974,066 | 1,509,066 |

The research reserve represents funds set aside for funding of research.

15 Financial instruments

| | Carrying amount 2024 | Fair value amount 2024 | Carrying amount 2023 | Fair value amount 2023 |
|------------------------------|----------------------------|------------------------------|----------------------------|------------------------------|
| | \$ | \$ | \$ | \$ |
| <i>Financial assets</i> | | | | |
| Cash | 4,732,308 | 4,732,308 | 3,865,566 | 3,865,566 |
| Trade and other receivables | 35,101 | 35,101 | 24,298 | 38,268 |
| Term deposits > 3 months | 800,877 | 800,877 | 529,138 | 529,138 |
| | 5,568,286 | 5,568,286 | 4,419,002 | 4,432,972 |
| <i>Financial liabilities</i> | | | | |
| Trade and other payables | 620,065 | 620,065 | 474,395 | 474,395 |
| Lease Liabilities | 273,587 | 273,587 | 390,789 | 390,789 |
| | 893,652 | 893,652 | 865,184 | 865,184 |

| | 2024 | 2023 |
|--------------------------------|------|------|
| | \$ | \$ |
| 16 Auditor remuneration | | |

During the financial year the following fees were paid or payable for services provided by the auditor of the Company.

| | | |
|---|--------|--------|
| Audit of the financial statements - Crowe Australia | 38,375 | 36,900 |
| Preparation of financial statements - Findex | 2,600 | 2,500 |

Red Nose Limited
Notes to the Financial Statements
for the Year Ended 31 March 2024

| | 2024 | 2023 |
|--|----------------|----------------|
| | \$ | \$ |
| 17 Key management personnel compensation | | |
| The aggregate compensation made to key management personnel of the company is set out below (the Directors are all unpaid volunteers). | | |
| Short-term benefits | 820,079 | 842,412 |
| Post-employment benefits | 89,296 | 87,510 |
| Termination benefits | - | - |
| | 909,375 | 929,922 |

The current Chief Executive Officer, Ms. Keren Ludski, resigned from Red Nose on 26 June 2024 and is expected to finish with the Company before 31 December 2024.

18 Contingent liabilities

At 31 March 2024, the Company had contingent liabilities of \$39,091 (2023: \$40,926) relating to bank guarantees for leased properties. These are also represented as restrictions on cash which are held as security.

19 Related party disclosures

There were no transactions between related parties during the current and previous financial years.

There were no receivables from or payables to related parties during the current and previous financial years.

There were no loans from or loans to related parties during the current and previous financial years.

20 Subsequent events

No other matter or circumstance has arisen since 31 March 2024 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Red Nose Limited
Directors' Declaration

In the opinion of the Directors:

- (a) the attached financial statements and notes comply with the *Corporations Act 2001*, the Australian Accounting Standards - Simplified Disclosures, the Corporations Regulations 2001, the *Australian Charities and Not-for-profits Commission Act 2012* and other mandatory professional reporting requirements;
- (b) the attached financial statements and notes give a true and fair view of the Company's financial position as at 31 March 2024 and of its performance for the financial year ended on that date; and
- (c) 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.



Director:
Nick Xerakias
Dated: 1 August 2024

Crowe Audit Australia

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Independent Auditor's Report to the Members of Red Nose Limited

Opinion

We have audited the financial report of Red Nose Limited (the Company), which comprises the statement of financial position as at 31 March 2024, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies and the directors' declaration. In our opinion, the accompanying financial report of the Company has been prepared in accordance with the Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the financial position of the Company as at 31 March 2024 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards – *Simplified Disclosures for For-Profit and Not-for-Profit Entities* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2022*.

Basis for Opinion

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

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

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Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 March 2024, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – *Simplified Disclosures for For-Profit and Not-for-Profit Entities* and the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

The Directors are responsible for overseeing the entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors of the 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 the audit.

Crowe Audit Australia

Crowe Audit Australia

David Munday

David Munday
Partner

Melbourne, Victoria
02 August 2024



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