

**red
nose**

Financial Statements

2021-22



Red Nose Limited

ACN 159 571 883

ABN 81 462 345 159

Annual Report – 31 March 2022

Red Nose Limited
Directors' report
31 March 2022

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:

Craig Heatley - Chair
Simela Karasavidis - Deputy Chair
Andrew Kennedy - Treasurer
Ian Burgess
Paul Colditz
Tracy Meredith
Kammeron Cran (resigned 30 April 2021)
Rachel Green (resigned 30 September 2021)
Lyndy Bowden
Nick Xerakias
Andrea Pearman (commenced 23 June 2021)
Sergio Brodsky (commenced 23 June 2021)

Objectives

Short term objectives

- Update and implement the Scientific Strategic Plan, including committing to appropriate research projects;
- 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
- Re-energise Red Nose Day, develop and improve 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;
- Derives 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 activity of Red Nose Limited during the financial year was to deliver bereavement support services, community and public health education, and to raise funds to support the delivery of these community services and to 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 \$415,894 (31 March 2021: surplus of \$2,159,808).

**Red Nose Limited
Directors' report
31 March 2022**

Information on Directors

Name: Craig Heatley

Title: Non-Executive Director and Chairman

Qualifications: B.Bus, CA, RCA (WA)

Experience and expertise: Assurance Partner with PricewaterhouseCoopers (PwC) for over 20 years. Craig has experience in external and internal audit services, accounting and broader business advice across a broad spectrum of industries covering resources, services and construction and engineering.

Special responsibilities: Chairman (effective 23 November 2017).

Name: Simela Karasavidis

Title: Non-Executive Director and Deputy Chair

Qualifications: B. Com (Hons, Macro Economics), Master of Laws (Hons)

Experience and expertise: Simela is a Non-Executive Director, Company Secretary, Committee Member, former Committee Chair, Consultant and Lawyer with over 27 years of executive and board level experience across the public, commercial and not for profit sectors both internationally and domestically with particular experience in the legal profession. Before becoming a consultant, Simela was a partner at a number of large global law firms including White & Case and Pinsent Mason.

Special responsibilities: Deputy Chairman (effective 29 September 2021), member of the Audit and Risk Committee.

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 ASX listed 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 has a strong background in governance, having held senior executive positions with the Governance Institute of Australia, and 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 the foundation Professor of Perinatal Medicine at the University of Queensland and Director of the Perinatal Research Centre. Paul is also a Board member of the Royal Australasian College of Physicians, Chair of the College Research Committee, and President of the Paediatrics and Child Health Division.

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

Name: Tracy Meredith

Title: Non-Executive Director

Qualifications: Mothercraft Nurse

Experience and expertise: Tracy has a broad background and experience in providing health services (nursing, psychology and blindness prevention), strategic planning & policy development of health service delivery, regional development, and Not-For-Profit organisations. Before joining the Board of Red Nose Limited, Tracy was a Peer Supporter and a Board Member of SIDS & Kids WA.

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

Name: Kammeron Cran

Title: Non-Executive Director

Qualifications: BA

Experience and expertise: Kammeron is a certified executive coach, strategy and leadership development consultant, and former marketer with 25 years' experience in the media sector in Australia and the UK. Prior to life as a consultant, Kammeron worked for News Corp for 14 years most recently as General Manager, Consumer - Vic/Tas., leading a team of 25 across consumer sales and marketing as well as sitting on the Executive Leadership Team for the Herald & Weekly Times.

Name: Rachel Green

Title: Non-Executive Director

Qualifications: BA & Sc (Hons), Grad Cert Management

Experience and expertise: Rachel is the CEO of SANE Australia and brings extensive experience in working with people with lived experience as well as working with government at both state and federal levels. Rachel is passionate about supporting bereaved parents following her own experience of miscarriage. Rachel was the Chair of Sands Australia, and joined the Red Nose Board when the organisations merged in November 2020.

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 with PSANZ (Perinatal Society of Australia & New Zealand) Consumer Advisory Panel and the PSANZ Perinatal Palliative Care Special Interest Group. Lyndy was formerly a Board member of Sands Australia and joined the Red Nose Board when the organisations merged in November 2020.

Name: Nick Xerakias

Title: Non-Executive Director

Qualifications: BCom

Experience and expertise: Nick is a director at Public Affairs 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.

Name: Andrea Pearman

Title: Non-Executive Director

Qualifications: Bachelor of Science

Experience and expertise: Currently CEO of Inclusive Australia, 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.

Special responsibilities: Chair of the Fundraising and Marketing Committee.

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 non-profit sectors directing teams to create and leverage brands for results and impact.

Company secretary

Simela Karasavidis (23 November 2017– 29 September 2021).

Monique Ferguson (27 October 2021 – Present)

**Red Nose Limited
Directors' report
31 March 2022**

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 2022, and the number of meetings attended by each director, were:

Board Directors	Full Board		Audit & Risk Committee		Fundraising & Marketing Committee	
	Attended	Held	Attended	Held	Attended	Held
Craig Heatley	9	9	-	-	-	-
Ian Burgess	9	9	5	8	-	-
Simela Karasavidis	8	9	8	8	-	-
Andrew Kennedy	9	9	7	8	-	-
Paul Colditz	8	9	-	-	-	-
Tracy Meredith	9	9	-	-	-	-
Sergio Brodsky	7	8	-	-	-	-
Andrea Pearman	6	8	-	-	4	4
Rachel Green	4	5	-	-	-	-
Lyndy Bowden	7	9	-	-	-	-
Nick Xerakias	7	9	-	-	-	-
Company Secretary - Monique Ferguson	4	4	2	2	2	2

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

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

There are no significant new developments foreseen in the near future.

Events after the reporting period

No other matter or circumstance has arisen since 31 March 2022 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.

Red Nose Limited
Directors' report
31 March 2022

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

On behalf of the directors

A handwritten signature in black ink, appearing to be 'P. A.', written in a cursive style.

Director:

Date 1 September 2022
Perth

Auditor 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 2022 there have been:

- 1) 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
- 2) No contraventions of any applicable code of professional conduct in relation to the audit.



CROWE MELBOURNE



DAVID MUNDAY
Partner

Melbourne, Victoria
01 September 2022

Liability limited by a scheme approved under Professional Standards Legislation.

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss Verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Melbourne, an affiliate of Findex (Aust) Pty Ltd.

Red Nose Limited
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General information

The financial statements cover Red Nose Limited as an individual entity. The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – *Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* and the *Australian Charities and Not-for-profits Commission Act 2012*. The financial statements are presented in Australian dollars, which is Red Nose Limited's functional and presentation currency.

Red Nose Limited is a not-for-profit unlisted public company limited by guarantee.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 31 August 2022. The directors have the power to amend and reissue the financial statements.

Red Nose Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 March 2022

	Note	2022	2021
		\$	\$
Revenue			
	4	7,814,174	7,727,297
Expenses			
Administration expense		(496,581)	(376,530)
Employee benefits expense		(4,442,279)	(2,998,532)
Depreciation expense		(279,766)	(259,950)
Finance expenses		(35,017)	(38,614)
Property expenses		(228,409)	(160,594)
Impairment expense		-	(11,853)
Operational expenses		(1,187,798)	(920,186)
Other expenses	5	<u>(728,430)</u>	<u>(801,230)</u>
Surplus before income tax expense		415,894	2,159,808
Income tax expense		<u>-</u>	<u>-</u>
Surplus after income tax expense for the year attributable to the members of Red Nose Limited		<u>415,894</u>	<u>2,159,808</u>
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		<u>-</u>	<u>513,680</u>
Total comprehensive income for the year attributable to the members of Red Nose Limited		<u><u>415,894</u></u>	<u><u>2,673,488</u></u>

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

Red Nose Limited
Statement of financial position
As at 31 March 2022

	Note	2022	2021
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	6	4,292,432	3,204,737
Trade and other receivables	7	29,959	622,367
Inventory		142,347	71,328
Financial assets	8	29,016	132,060
Other	9	38,355	38,578
Total current assets		<u>4,515,678</u>	<u>4,069,070</u>
Property, plant and equipment	10	<u>3,766,521</u>	<u>3,469,315</u>
Total non-current assets		<u>3,766,521</u>	<u>3,469,315</u>
Total assets		<u>8,282,199</u>	<u>7,538,385</u>
Liabilities			
Current liabilities			
Trade and other payables	11	503,536	412,041
Employee benefits	13	328,945	330,865
Grants received in advance		659,942	718,743
Finance liabilities	12	226,368	210,650
Total current liabilities		<u>1,718,791</u>	<u>1,672,299</u>
Non-current liabilities			
Employee benefits	13	90,562	86,438
Finance liabilities	12	109,067	192,426
Total non-current liabilities		<u>199,629</u>	<u>278,864</u>
Total liabilities		<u>1,918,420</u>	<u>1,951,163</u>
Net assets		<u>6,363,779</u>	<u>5,587,222</u>
Equity			
Reserves	15	1,434,066	1,073,403
Retained surpluses	14	4,929,713	4,513,819
Total equity		<u>6,363,779</u>	<u>5,587,222</u>

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

Red Nose Limited
Statement of changes in equity
For the year ended 31 March 2022

	Retained Surpluses \$	Asset Revaluation Reserve \$	Research Reserve \$	Total Equity \$
Balance at 1 April 2020	2,354,011	370,000	189,723	2,913,734
Surplus after income tax expense for the year	2,159,808	-	-	2,159,808
Other comprehensive income for the year, net of tax	-	513,680	-	513,680
Total comprehensive income for the year	<u>2,159,808</u>	<u>513,680</u>	<u>-</u>	<u>2,673,488</u>
Balance at 31 March 2021	<u>4,513,819</u>	<u>883,680</u>	<u>189,723</u>	<u>5,587,222</u>
	Retained Surpluses \$	Asset Revaluation Reserve \$	Research Reserve \$	Total Equity \$
Balance at 1 April 2021	4,513,819	883,680	189,723	5,587,222
Surplus after income tax expense for the year	415,894	-	-	415,894
Other comprehensive income for the year, net of tax	-	360,663	-	360,663
Total comprehensive income for the year	<u>415,894</u>	<u>360,663</u>	<u>-</u>	<u>776,557</u>
Balance at 31 March 2022	<u>4,929,713</u>	<u>1,244,343</u>	<u>189,723</u>	<u>6,363,779</u>

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

Red Nose Limited
Statement of cash flows
For the year ended 31 March 2022

	Note	2022	2021
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		8,405,229	6,931,048
Payments to suppliers and employees (inclusive of GST)		(7,257,932)	(5,533,370)
Interest received		1,353	2,266
Interest paid		(35,017)	(24,297)
Interest payments on lease liabilities		-	(14,317)
		<u>1,113,633</u>	<u>1,361,330</u>
Net cash provided by/(used in) operating activities			
Cash flows from investing activities			
Cash acquired in a business combination		-	1,465,238
Payments for plant and equipment		(2,539)	(2,798)
Payments for business combination		-	(1)
Receipts/(Payments) for financial assets		103,044	(40,810)
		<u>100,505</u>	<u>1,421,629</u>
Net cash (used in)/provided by investing activities			
Cash flows from financing activities			
Repayment of finance lease liabilities		-	-
Principal payments on lease liabilities		(126,443)	(145,425)
		<u>(126,443)</u>	<u>(145,425)</u>
Net cash used in financing activities			
Net increase/(decrease) in cash and cash equivalents		1,087,695	2,637,534
Cash and cash equivalents at the beginning of the financial year		<u>3,204,737</u>	<u>567,203</u>
Cash and cash equivalents at the end of the financial year	6	<u><u>4,292,432</u></u>	<u><u>3,204,737</u></u>

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

Red Nose Limited
Notes to the financial statements
31 March 2022

Note 1. Statement of significant Accounting Policies

General information

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

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

Registered office

National Office
Suite 4, 670 Canterbury Road
Surrey Hills
VIC, 3127

Principal place of business

National Office
Suite 4, 670 Canterbury Road
Surrey Hills
VIC, 3127

A description of the nature of the Company'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 August 2022. The directors have the power to amend and reissue the financial statements.

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.

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 consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

Conceptual Framework for Financial Reporting (Conceptual Framework)

The Company has adopted the revised Conceptual Framework from 1 April 2021. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the Company's financial statements.

AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities

The Company has early adopted AASB 1060 from 1 April 2021. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. As a result, there is increased disclosure in these financial statements for key management personnel and related parties. The Company's financial statements for the year ended 31 March 2021 were prepared in accordance with the *General Purpose Financial Statements – Reduced Disclosure Requirements* and the *Australian Charities and Not-for-profits Commission Act 2012*.

Note 1. Significant accounting policies (continued)

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

Revenue recognition

The company recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sales revenue

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

Donations

Donations are recognised when received.

Grants

Grant revenue is recognised in profit or loss when the company satisfies the performance obligations stated within the funding agreements.

If conditions are attached to the grant which must be satisfied before the company is eligible to retain the contribution, the grant will be recognised in the statement of financial position as a liability until those conditions are satisfied.

Interest

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.

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.

Income tax

As the company is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

Note 1. Significant accounting policies (continued)

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Other receivables are recognised at amortised cost, less any provision for impairment.

Property, plant and equipment

Land and Buildings

Land and buildings are shown at their fair value based on periodic valuations by external independent valuers, less subsequent depreciation for buildings.

In periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors' valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in profit or loss.

Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis over each asset's expected useful lives as follows:

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
Right of use Assets	Lease Term

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

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 of 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.

Note 1. Significant accounting policies (continued)

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for long service leave not expected to be settled within 12 months of the reporting date is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Fair value measurement

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

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

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

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Note 1. Significant accounting policies (continued)

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

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Company assesses the assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Company's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Any excess of the fair value of consideration transferred over the acquisition-date fair value of assets acquired and liabilities assumed is recognised as goodwill. Where the acquisition-date fair value of assets acquired and liabilities assumed is higher than the fair value of consideration transferred, any excess is recognised directly in the profit or loss as a gain on bargain purchase.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below. Judgement has also been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. The consideration extends to the nature of the products and service offered, customers, staffing and the geographic region in which the Company operates.

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 lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Valuation of land and buildings

The land and buildings were independently valued at various dates (refer to Note 10 for details)

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.

Employee benefits provision

As discussed in Note 1, 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.

Red Nose Limited
Notes to the financial statements
31 March 2022

Note 3. Going concern

During the financial year the entity recorded a profit after tax of \$415,894 (2021: profit of \$2,159,808) and net cash inflow of \$1,113,633 (2021 cash inflow: \$1,361,330) from operating activities. At 31 March 2022 the Company had net current assets of \$2,796,888 (2021: net current assets of \$2,396,771).

In assessing the entity as a going concern, the Directors have considered the financial performance of the Company for the year ended 31 March 2022, including the profit from operating activities and net positive cash flow from operating activities for the year then ended.

The Company has also prepared a cash flow forecast for the period to 31 March 2023 which indicates that the Company will have sufficient cash assets to meet its debts as and when they arise. This cash flow forecast includes assumptions with respect to the level of revenue and expenditures the Company expects to record. Further, the impact of the Coronavirus (COVID-19) pandemic and its possible impact on the Company's operations has been subject to close consideration in the Directors' assessment of going concern in the preparation of these financial statements.

The Directors acknowledge that the going concern assessment incorporates a number of assumptions and judgements and have concluded that the range of possible outcomes considered in arriving at this assessment do not give rise to a material uncertainty that would cast significant doubt on the entity's ability to continue as a going concern.

Note 4. Revenue

	2022 \$	2021 \$
<i>Operating Revenue - Australia</i>		
Product and clothing collection sales	1,809,321	1,288,277
Charitable income and fundraising	2,400,958	1,750,064
Grants	3,493,122	2,391,850
COVID related government support	-	1,342,400
Other revenue	109,420	67,169
	<u>7,812,821</u>	<u>6,839,710</u>
<i>Other Revenue - Australia</i>		
Interest received	1,353	2,266
Gain on bargain purchase	-	885,321
	<u>1,353</u>	<u>887,587</u>
Total Revenue	<u><u>7,814,174</u></u>	<u><u>7,727,297</u></u>

Red Nose Limited
Notes to the financial statements
31 March 2022

Note 5. Other Expenses

	2022	2021
	\$	\$
Marketing	472,714	689,481
Motor vehicle expenses	114,148	32,501
Pallet storage	7,137	8,433
Repairs and maintenance	13,089	11,491
Travel and accommodation	11,239	5,525
Other costs	110,103	53,799
	<u>728,430</u>	<u>801,230</u>
Total Other Expenses	728,430	801,230

Note 6. Cash and cash equivalents

	2022	2021
	\$	\$
Cash on hand	573	373
Cash at bank	4,279,949	3,175,464
Term Deposits	11,910	28,900
	<u>4,292,432</u>	<u>3,204,737</u>
Funds subject to external restrictions: Term Deposits held as collateral	11,910	28,900

Note 7. Trade and other receivables

	2022	2021
	\$	\$
Trade receivables	29,959	640,395
GST receivable/(payable)	-	(18,028)
	<u>29,959</u>	<u>622,367</u>

Note 8. Financial assets

	2022	2021
	\$	\$
<i>Current</i>		
Term deposits	29,016	132,060
	<u>29,016</u>	<u>132,060</u>
Total financial assets	29,016	132,060
Funds subject to external restrictions: Term Deposits held as collateral	29,016	53,160

Red Nose Limited
Notes to the financial statements
31 March 2022

Note 9. Other Assets

	2022	2021
	\$	\$
Prepayments	23,921	24,144
Security deposits	14,434	14,434
Other assets	-	-
	<u>38,355</u>	<u>38,578</u>

Note 10. Property, plant and equipment

	2022	2021
	\$	\$
Land and buildings - at fair value	3,450,663	3,090,000
Less: Accumulated depreciation	<u>(25,663)</u>	<u>-</u>
	<u>3,425,000</u>	<u>3,090,000</u>
Right of Use Assets	594,661	1,033,525
Less: Accumulated depreciation	<u>(313,583)</u>	<u>(691,407)</u>
	<u>281,078</u>	<u>342,118</u>
Furniture and fittings - at cost	12,951	12,128
Less: Accumulated depreciation	<u>(11,609)</u>	<u>(11,277)</u>
	<u>1,342</u>	<u>851</u>
Plant and equipment - at cost	47,374	30,858
Less: Accumulated depreciation	<u>(31,999)</u>	<u>(29,214)</u>
	<u>15,375</u>	<u>1,644</u>
Motor vehicles - at cost	120,117	120,117
Less: Accumulated depreciation	<u>(120,117)</u>	<u>(120,117)</u>
	<u>-</u>	<u>-</u>
Office equipment - at cost	68,641	69,993
Less: Accumulated depreciation	<u>(61,755)</u>	<u>(58,627)</u>
	<u>6,886</u>	<u>11,366</u>
Computer Equipment – at cost	112,138	86,699
Less: Accumulated depreciation	<u>(75,298)</u>	<u>(63,364)</u>
	<u>36,840</u>	<u>23,336</u>
Total property, plant and equipment	<u><u>3,766,521</u></u>	<u><u>3,469,315</u></u>

Asset Revaluations

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

The land and buildings were independently valued utilising full valuations at the following dates:

- The property in New South Wales was valued as at 31 March 2021 by Todd Heron White's Bill Sharpe, AAPI / Certified Practising Valuer, API No. 62223, and Ed Thwaites, AAPI / Certified Practising Valuer, API No. 70186.
- The property in Western Australia was valued as at 31 March 2021 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 2021 by LMW's Paul Robbins MRICS AAPI CPV, Certified Practising Valuer Registered Valuer No. 2094 Qld.

The valuations performed during the year ended 31 March 2021 were reported on a 'significant valuation uncertainty' basis arising from the impact of the COVID-19 pandemic on the market.

Due to market movements in the areas where these properties are located, the three properties were subject to a further desktop valuation as at 31 March 2022.

- The property in New South Wales was valued as at 31 March 2022 by Acumentis Newcastle's Louise de Savery, AAPI / Certified Practising Valuer, API No. 63276.
- The property in Western Australia was valued as at 31 March 2022 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 2022 by Acumentis Brisbane's Jun Ang AAPI / CPV, Certified Practising Valuer Registered Valuer No. 5035 Qld.

The valuations performed during the year ended 31 March 2022 are not reported on a 'significant valuation uncertainty' basis arising from the impact of the COVID-19 pandemic on the market.

Red Nose Limited
Notes to the financial statements
31 March 2022

Note 10. Property, plant and equipment (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Land and buildings \$	Right of Use Assets \$	Furniture and fittings \$	Plant and equipment \$	Motor vehicles \$	Office equipment \$	Computer Equipment \$	Total \$
Balance at 1 Apr 2021	3,450,663	342,118	851	1,644	-	11,366	23,336	3,829,978
Additions	-	175,171	824	15,458	-	-	24,856	216,309
Disposals	-	-	-	-	-	-	-	-
Depreciation expense	(25,663)	(236,211)	(333)	(1,727)	-	(4,480)	(11,352)	(279,766)
Balance at 31 Mar 2022	3,425,000	281,078	1,342	15,375	-	6,886	36,840	3,766,521

Red Nose Limited
Notes to the financial statements
31 March 2022

Note 11. Trade and other payables

	2022	2021
	\$	\$
Trade payables	143,067	89,382
Accrued expenses	160,385	221,779
GST receivable/(payable)	51,771	-
PAYG withholding tax payable	72,150	53,632
Superannuation payable	70,488	41,573
Other payables	5,675	5,675
	<u>503,536</u>	<u>412,041</u>

Note 12. Finance liabilities

	2022	2021
	\$	\$
<i>Current</i>		
Lease Liabilities under AASB 16 Leases	226,368	210,650
<i>Non-current</i>		
Lease Liabilities under AASB 16 Leases	109,067	192,426
Total financial liabilities	<u>335,435</u>	<u>403,076</u>

Future minimum lease payments at 31 March 2022 are:

	31-Mar-22
	\$
Within one year	229,620
One to five years	107,201
Over five years	-
	<u>336,821</u>

Note 13. Employee benefits

	2022	2021
	\$	\$
<i>Current</i>		
Annual leave	257,488	296,979
Long service leave	71,457	33,886
	<u>328,945</u>	<u>330,865</u>
<i>Non-current</i>		
Long service leave	90,562	86,438
	<u>90,562</u>	<u>86,438</u>
Total employee benefits liability	<u>419,507</u>	<u>417,303</u>

Red Nose Limited
Notes to the financial statements
31 March 2022

Note 14. Equity - retained surpluses

	2022	2021
	\$	\$
Retained surpluses at the beginning of the financial year	4,513,819	2,354,011
Transitional adjustment on adoption of AASB 16 <i>Leases</i>	-	-
Adjusted opening balance	<u>4,513,819</u>	<u>2,354,011</u>
Surplus after income tax expense for the year	415,894	2,159,808
Transfer to/(from) reserves	-	-
Retained surpluses at the end of the financial year	<u><u>4,929,713</u></u>	<u><u>4,513,819</u></u>

Note 15. Equity – reserves

	2022	2021
	\$	\$
Asset revaluation reserve		
Opening balance	883,680	370,000
Revaluation	360,663	513,680
Transfers to/(from) reserves	-	-
Closing balance	<u><u>1,244,343</u></u>	<u><u>883,680</u></u>
Research reserve		
Opening balance	189,723	189,723
Transfers to/(from) reserves	-	-
Closing balance	<u><u>189,723</u></u>	<u><u>189,723</u></u>
Total reserves	<u><u>1,434,066</u></u>	<u><u>1,073,403</u></u>

The research reserve represents funds set aside for funding of research

Note 16. Auditor remuneration

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

	2022	2021
	\$	\$
Audit of the financial statements – Crowe	<u>35,000</u>	<u>40,000</u>
	<u><u>35,000</u></u>	<u><u>40,000</u></u>

Note 17. Key management personnel disclosures

Compensation.

The aggregate compensation made to directors and other members of key management personnel of the company is set out below (the Directors are all unpaid volunteers).

	2022	2021
	\$	\$
Short-term benefits	865,196	661,915
Post-employment benefits	85,284	62,882
Termination Benefits	126,900	-
	<u><u>1,077,380</u></u>	<u><u>724,797</u></u>

Red Nose Limited
Notes to the financial statements
31 March 2022

Note 18. Contingent liabilities

At 31 March 2022, the Company had contingent liabilities of \$40,926 relating to bank guarantees for leased properties. These are also represented as restrictions on cash which are held as security. Refer Notes 6 and 8.

Note 19. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in Note 17.

Transactions with related parties

There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

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

Note 20. Business combination

Effective 30th November 2020, Red Nose Limited entered into a Business and Asset Transfer Agreement and a Deed of Assignment of IP with SANDS – Miscarriage, Stillbirth, Newborn Death Support Limited to transfer their assets and liabilities to Red Nose from that date. Under the terms of these agreements, Red Nose Limited transferred all the employees, assets, and liabilities from SANDS into Red Nose for a nominal consideration of \$1.

This was accounted for as a business combination in accordance with AASB 3 *Business Combinations*. Details of the acquisition is as follows:

	Fair value of assets/ (liabilities) acquired
	\$
<i>Acquisition of SANDS – Miscarriage, Stillbirth, Newborn Death Support Limited</i>	
Cash and cash equivalents	1,465,238
Trade and other receivables	62,980
Other assets	31,802
Plant and equipment	32,955
Right of use assets	204,226
Trade and other payables	(30,215)
Employee benefits	(151,274)
Income in advance	(532,586)
Lease liabilities	(197,804)
Net assets acquired	<u>885,322</u>
Acquisition-date fair value of the total consideration transferred	(1)
Gain on bargain purchase	<u><u>(885,321)</u></u>

Note 21. Events after the reporting period

The Coronavirus (COVID-19), which is a respiratory illness caused by a new virus, was declared a world-wide pandemic by the World Health Organisation in March 2020. COVID-19, as well as measures to slow the spread of the virus, have since had an impact on the Australian and local economy.

As at the date of preparation of these financial statements the impact of the Coronavirus (COVID-19) pandemic is ongoing and the situation is rapidly changing. The speed and recovery of economic activity is largely dependent on measures imposed by the Australian Government, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Given the dynamic and evolving nature of COVID-19, and limited recent experience of the economic and financial impacts of such a pandemic on the preparation of these financial statements, changes to the estimates and judgements that have been applied in the measurement of assets and liabilities may arise in the future. Other than adjusting events that provide evidence of conditions that existed at the end of the reporting period, the impact of events that arise after the reporting period will be accounted for in future reporting periods.

No other matter or circumstance has arisen since 31 March 2022 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
31 March 2022

In the directors' opinion:

- the attached financial statements and notes comply with the *Australian Charities and Not-for-profits Commission Act 2012*, Australian Accounting Standards – Simplified Disclosures for For-Profit and Not-for-profit Tier 2 Entities, the *Australian Charities and Not-for-profits Commission Regulations 2013* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 March 2022 and of its performance for the financial year ended on that date; and
- 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 directors.

On behalf of the directors



Craig Heatley
Director

1 September 2022
Perth

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

Qualified Opinion

We have audited the financial report of Red Nose Limited (the Company), which comprises the statement of financial position as at 31 March 2022, 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 significant accounting policies and the directors' declaration.

In our opinion, except for the possible effects on the financial statements of the matters described in the Basis for Qualified Opinion paragraphs, 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 2022 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 Regulation 2013*.

Basis for Qualified Opinion

Cash donations are included as a source of revenue for the Company, in part contributing to charitable income and fundraising revenue of \$2,400,958 for the year ending 31 March 2022. The Company has determined that it is impracticable to establish control over the collection of cash donations prior to entry into its financial records. Accordingly, as the evidence available to us regarding fundraising revenue from this source was limited, our audit procedures with respect to cash donations had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion whether cash donations to the Company as recorded are complete.

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.

Liability limited by a scheme approved under Professional Standards Legislation.

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss Verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Melbourne, an affiliate of Findex (Aust) Pty Ltd.

Emphasis of Matter – Coronavirus (COVID-19) and Going Concern

We draw attention to Note 2 of the financial statements, under the heading “Critical accounting judgements, estimates and assumptions” which describes the effects of the COVID-19 pandemic relating to the spread of the Coronavirus on communities and businesses around the world. Our opinion is not modified in respect of this matter.

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 2022, 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 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's 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 MELBOURNE



DAVID MUNDAY
Partner

Melbourne, Victoria
01 September 2022