

A red circular logo containing the text "red nose" in white lowercase letters.

red
nose

Financial Statements

2022-23





Red Nose Limited

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

**General Purpose Financial Statements -
Simplified Disclosures**

For the Year Ended 31 March 2023

Red Nose Limited
Financial Report
for the Year Ended 31 March 2023

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

The directors present their report on Red Nose Limited (the Company) and the financial statements for the year ended 31 March 2023.

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 (resigned 31 March 2023)

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

Simela Karasavidis - Deputy Chair (resigned 30 November 2022)

Andrew Kennedy – Treasurer

Ian Burgess

Paul Colditz

Tracy Meredith

Lyndy Bowden

Andrea Pearman

Sergio Brodsky

Marian Ngo (commenced 1 March 2023)

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.

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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 \$285,271 (31 March 2022: surplus of \$415,896).

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: Chair (resigned 31 March 2023).

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.

Special responsibilities: Chair (commenced 31 March 2023)

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 (resigned 30 November 2022), 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).

**Red Nose Limited
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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: 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: Andrea Pearman

Title: Non-Executive Director

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.

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

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.

Company secretary

Monique Ferguson (27 October 2021 – Present)

Title: Company Secretary

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 2023, 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	7	11	-	-	-	-
Ian Burgess	10	11	3	5	-	-
Simela Karasavidis	8	11	3	3	-	-
Andrew Kennedy	10	11	4	5	-	-
Paul Colditz	9	11	-	-	-	-
Tracy Meredith	8	11	-	-	-	-
Sergio Brodsky	7	11	-	-	-	-
Andrea Pearman	5	11	-	-	4	4
Lyndy Bowden	11	11	-	-	-	-
Nick Xerakias	11	11	-	-	-	-
Marian Ngo	1	1	-	-	-	-
Company Secretary - Monique Ferguson	11	11	5	5		

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 2023 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.

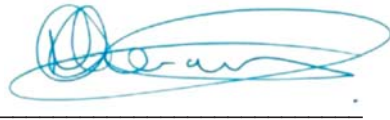
**Red Nose Limited
Directors' Report
for the Year Ended 31 March**

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



Director: NICK XERAKIAS

Date 26/07/2023
Melbourne

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 2023 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



David Munday

Partner

Melbourne, Victoria

26 July 2023

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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 external audit, conducted via the Crowe Australasia external audit division and Unison SMSF Audit. All other professional services offered by Findex Group Limited are conducted by a privately-owned organisation and/or its subsidiaries.

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Red Nose Limited

**Statement of Profit or Loss and Other Comprehensive Income
for the Year Ended 31 March 2023**

	Note	2023 \$	2022 \$
Revenue	2	8,230,792	7,814,176
Expenses			
Administration expenses		(457,410)	(496,583)
Employee benefits expense		(5,303,867)	(4,442,280)
Depreciation expense		(215,353)	(279,767)
Finance expenses		(29,935)	(35,012)
Property expenses		(175,486)	(228,409)
Operational expenses		(1,266,018)	(1,187,798)
Other expenses	3	(497,452)	(728,431)
Total expenses		(7,945,521)	(7,398,280)
Surplus/(deficit) for the year		285,271	415,896
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	75,000	360,663
Total comprehensive surplus/(deficit) for the year		360,271	776,559

Red Nose Limited
Statement of Financial Position
as at 31 March 2023

		2023	2022
	Note	\$	\$
Assets			
Current Assets			
Cash and cash equivalents	4	3,865,566	4,292,432
Trade and other receivables	5	24,298	29,960
Inventory		57,502	125,915
Financial assets	6	529,138	29,016
Other assets	7	94,301	38,354
Total Current Assets		4,570,805	4,515,677
Non-Current Assets			
Property, plant & equipment	8	3,576,219	3,485,443
Right-of-use assets	9	362,679	281,078
Total Non-Current Assets		3,938,898	3,766,521
Total Assets		8,509,703	8,282,198
Liabilities			
Current Liabilities			
Trade and other payables	10	474,395	503,536
Employee entitlements	13	381,616	328,944
Contract liabilities	11	415,651	659,941
Lease liabilities	12	159,235	226,367
Total Current Liabilities		1,430,897	1,718,788
Non-Current Liabilities			
Employee entitlements	13	123,200	90,562
Lease liabilities	12	231,554	109,067
Total Non-Current Liabilities		354,754	199,629
Total Liabilities		1,785,651	1,918,417
Net Assets		6,724,052	6,363,781
Equity			
Reserves	14	1,509,066	1,434,066
Retained surpluses		5,214,986	4,929,715
Total Equity		6,724,052	6,363,781

Red Nose Limited
Statement of Changes in Equity
for the Year Ended 31 March 2023

	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

	Retained surpluses	Asset revaluation reserve	Research reserve	Total equity
	\$	\$	\$	\$
2022				
Balance at 1 April 2021	4,513,819	883,680	189,723	5,587,222
Surplus/(deficit) for period	415,896	-	-	415,896
Other comprehensive income for the period	-	360,663	-	360,663
Balance at 31 March 2022	4,929,715	1,244,343	189,723	6,363,781

Red Nose Limited
Statement of Cash Flows
for the Year Ended 31 March 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Receipts from operating activities		8,775,495	8,405,229
Payments to suppliers and employees		(8,403,707)	(7,257,932)
Interest received		14,441	1,353
Interest paid		(29,935)	(35,017)
Net cash provided by/(used in) operating activities		356,294	1,113,633
Cash flow from investing activities			
Purchase of property, plant & equipment		(64,826)	(2,539)
Payments for financial assets		(500,122)	103,044
Net cash provided by/(used in) investing activities		(539,285)	100,505
Cash flow from financing activities			
Repayment of lease liabilities		(218,212)	(126,443)
Net cash provided by/(used in) financing activities		(218,212)	(126,443)
Net increase/(decrease) in cash and cash equivalents held		(426,866)	1,087,695
Cash and cash equivalents at beginning of financial year		4,292,432	3,204,737
Cash and Cash equivalents at end of financial year	4	3,865,566	4,292,432

Red Nose Limited
Notes to the Financial Statements
for the Year Ended 31 March 2023

1 Summary of significant 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 activity 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.

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 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 26 July 2023. 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.

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 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. 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.

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 entitled 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.

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

Accuracy of revenue recognition (continued)

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.

Lease terms

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include: the importance of the asset to the Company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the Statement of Financial Position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Summary of significant accounting policies

The following significant 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.

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 these 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.

Summary of significant accounting policies (continued)

(b) Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value, except for trade receivables which are initially measured at the transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(c) Financial assets

Financial assets only include assets at amortised cost.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as assets at amortised cost. Assets at amortised cost are measured at amortised cost using the effective interest method less impairment.

Interest income is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset that estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of financial assets including uncollectable trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in Statement of Profit or Loss and Other Comprehensive Income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through Statement of Profit or Loss and Other Comprehensive Income to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Summary of significant accounting policies (continued)

(d) 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.

(e) 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.

(f) 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.

Summary of significant accounting policies (continued)
(f) Property, plant and equipment (continued)

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.

(g) 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.

Summary of significant accounting policies (continued)
(g) Right-of-use assets (continued)

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.

(h) Financial liabilities

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period.

(i) 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.

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

Summary of significant accounting policies (continued)

(j) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

- i. Where the amount of GST incurred is not recoverable from the Australian Taxation Office, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified within operating cash flows.

(k) 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.

(l) Volunteer services

The core principle of the recognition requirements in AASB 1058 is 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 a transaction which is a 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.

(m) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably. Sick leave is non-vesting and has not been provided for.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to reporting date.

Summary of significant accounting policies (continued)
(m) Employee benefits (continued)

The Company accounts for the portable long service benefits liability under AASB 119 Employee Benefits as a provision as it is a liability of uncertain timing or amount and satisfies the below conditions:

- a) it has a present obligation as a result of a past event;
- b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- c) a reliable estimate can be made of the amount of the obligation.

Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is recognised in profit or loss net of any reimbursement.

(n) Comparative figures

Where required, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(o) 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 the Company in these financial statements.

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

(p) 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.

(q) 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 2023

	2023	2022
	\$	\$
2 Revenue		
<i>Operating revenue</i>		
Product and clothing collections sales	2,838,322	1,809,322
Charitable income and fundraising	2,035,702	2,400,959
Grants	3,210,187	3,493,122
Other revenue	132,140	109,420
	8,216,351	7,812,823
<i>Other revenue</i>		
Interest received	14,441	1,353
	14,441	1,353
Total revenue	8,230,792	7,814,176
<i>External revenue by timing of revenue</i>		
Good transferred at a point in time	2,838,322	1,983,040
Good transferred over time	-	-
Services transferred at a point in time	2,182,283	2,338,014
Services transferred over time	3,210,187	3,493,122
	8,230,792	7,814,176
3 Expenses		
<i>Other expenses</i>		
Marketing	135,970	472,714
Motor vehicle expenses	131,413	114,149
Pallet storage	4,580	7,137
Repairs and maintenance	15,734	13,089
Travel and accommodation	80,065	11,239
Other costs	129,690	110,103
Total other expenses	497,452	728,431
4 Cash and Cash Equivalents		
Cash on hand	673	573
Cash at bank	1,342,829	4,279,949
Term deposits	2,522,064	11,910
Total cash and cash equivalents	3,865,566	4,292,432
<i>Funds subject to external restrictions:</i>		
Term deposits held as collateral	11,910	11,910
5 Trade and other receivables		
Trade receivables	38,268	29,960
Allowance for doubtful debts	(13,970)	-
Total receivables	24,298	29,960
Net impairment of trade receivables	13,970	-

Red Nose Limited
Notes to the Financial Statements
for the Year Ended 31 March 2023

	2023	2022
	\$	\$
6 Financial assets		
Term deposits	529,138	29,016
Total financial assets	529,138	29,016
<i>Funds subject to external restrictions:</i>		
Term deposits held as collateral	29,016	29,016
7 Other assets		
Prepayments	70,202	23,920
Security deposits	14,384	14,434
Long service leave recoverable	9,715	-
Total other assets	94,301	38,354
8 Property, plant & equipment		
Land and buildings - at fair value	3,500,000	3,450,663
Less: accumulated depreciation	-	(25,663)
	3,500,000	3,425,000
Furniture and fittings - at cost	3,634	12,952
Less: accumulated depreciation	(2,670)	(11,610)
	964	1,342
Plant and equipment - at cost	28,233	47,374
Less: accumulated depreciation	(14,753)	(31,999)
	13,480	15,375
Office equipment - at cost	25,578	68,641
Less: accumulated depreciation	(20,196)	(61,755)
	5,382	6,886
Computer equipment - at cost	100,724	112,138
Less: accumulated depreciation	(44,331)	(75,298)
	56,393	36,840
Total property, plant & equipment	3,576,219	3,485,443

Red Nose Limited
Notes to the Financial Statements
for the Year Ended 31 March 2023

	2023	2022
	\$	\$
8 Property, plant & equipment (continued)		
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	3,425,000	3,090,000
Revaluation	75,000	360,663
Depreciation	-	(25,663)
	3,500,000	3,425,000
Furniture and fittings - at cost		
Opening balance	1,342	851
Additions	-	824
Depreciation	(378)	(333)
	964	1,342
Plant and equipment - at cost		
Opening balance	15,375	1,644
Additions	645	15,458
Depreciation	(2,540)	(1,727)
	13,480	15,375
Office equipment - at cost		
Opening balance	6,886	11,366
Additions	-	-
Depreciation	(1,504)	(4,480)
	5,382	6,886
Computer equipment - at cost		
Opening balance	36,840	23,336
Additions	38,518	24,856
Depreciation	(18,965)	(11,352)
	56,393	36,840
Total property, plant & equipment	3,576,219	3,485,443
Depreciation of property, plant & equipment	23,387	43,555

Red Nose Limited
Notes to the Financial Statements
for the Year Ended 31 March 2023

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 a desktop valuation as at 31 March 2023.

- The property in New South Wales was valued as at 31 March 2023 by Acumentis Newcastle's Marty Creigh, AAPI / Certified Practising Valuer, API No. 86928.
- The property in Western Australia was valued as at 31 March 2023 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 2023 by Acumentis Brisbane's Jun Ang AAPI / CPV, Certified Practising Valuer Registered Valuer No. 5035 Qld.

	2023	2022
	\$	\$
9 Right-of-use assets		
Land and buildings	709,505	594,661
Less: accumulated depreciation	(346,826)	(313,583)
	<u>362,679</u>	<u>281,078</u>
Total right-of-use assets	<u>362,679</u>	<u>281,078</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	281,078	342,118
Additions	311,478	175,171
Decreases	(37,948)	-
Depreciation	(191,966)	(236,211)
	<u>362,642</u>	<u>281,078</u>
Total property, plant & equipment	<u>362,642</u>	<u>281,078</u>
Depreciation of property, plant & equipment	191,966	236,211
Interest charges on right-of-use assets	9,496	13,886

Red Nose Limited
Notes to the Financial Statements
for the Year Ended 31 March 2023

	2023	2022
	\$	\$
10 Trade and other payables		
Trade payables	88,005	143,067
Accrued expenses	227,931	160,385
GST liability	51,464	51,771
PAYG withholding payable	61,836	72,150
Superannuation payable	39,484	70,488
Other payables	5,675	5,675
Total payables	474,395	503,536
11 Contract liabilities		
<i>Current</i>		
Contract liabilities	415,651	659,941
Total contract liabilities	415,651	659,941
12 Leases		
<i>Current</i>		
Lease liabilities	159,235	226,367
Total current lease liabilities	159,235	226,367
<i>Non-current</i>		
Lease liabilities	231,554	109,067
Total non-current lease liabilities	231,554	109,067
<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	179,694	229,620
One to five years	247,094	107,201
	426,788	336,821
<i>Representing</i>		
Non-cancellable operating leases	426,788	336,821
13 Employee entitlements		
<i>Current</i>		
Annual leave	281,134	257,488
Long service leave	100,482	71,456
Total current employee entitlements	381,616	328,944

Red Nose Limited
Notes to the Financial Statements
for the Year Ended 31 March 2023

	2023	2022
	\$	\$
13 Employee entitlements (continued)		
<i>Non-current</i>		
Long service leave	123,200	90,562
Total non-current employee entitlements	123,200	90,562
14 Reserves		
<i>Asset revaluation reserve</i>		
Opening balance	1,244,343	883,680
Revaluation	75,000	360,663
Transfer to/(from) reserves	-	-
Closing balance	1,319,343	1,244,343
<i>Research reserve</i>		
Opening balance	189,723	189,723
Transfer to/(from) reserves	-	-
Closing balance	189,723	189,723
Total reserves	1,509,066	1,434,066

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

15 Financial instruments

	Carrying amount 2023 \$	Fair value amount 2023 \$	Carrying amount 2022 \$	Fair value amount 2022 \$
<i>Financial assets</i>				
Cash	3,865,566	3,865,566	4,292,432	4,292,432
Trade and other receivables	24,298	38,268	29,960	29,960
Term deposits > 3 months	529,138	529,138	29,016	29,016
	4,419,002	4,432,972	4,351,408	4,351,408
<i>Financial liabilities</i>				
Trade and other payables	474,395	474,395	503,536	503,536
Lease Liabilities	390,789	390,789	335,434	335,434
	865,184	865,184	838,970	838,970

	2023	2022
	\$	\$
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	36,900	30,450
Preparation of the financial statements - Findex	2,500	2,000

Red Nose Limited
Notes to the Financial Statements
for the Year Ended 31 March 2023

	2023	2022
	\$	\$
17 Key management personnel 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).		
Short-term benefits	842,412	865,196
Post-employment benefits	87,510	85,284
Termination benefits	-	126,900
	929,922	1,077,380

18 Contingent liabilities

At 31 March 2023, the Company had contingent liabilities of \$40,926 (2022: \$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 2023 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 2023 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: 26/07/2023

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 2023, 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 2023 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 Qualified Opinion

Cash donations are included as a source of revenue for the Company, in part contributing to charitable income and fundraising revenue of \$2,035,702 for the year ending 31 March 2023. 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.

Some of the Crowe personnel involved in preparing this document may be members of a professional scheme approved under Professional Standards Legislation such that their occupational liability is limited under that Legislation. To the extent that applies, the following disclaimer applies to them. If you have any questions about the applicability of Professional Standards Legislation to Crowe's personnel involved in preparing this document, please speak to your Crowe adviser.

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 external audit, conducted via the Crowe Australasia external audit division and Unison SMSF Audit. 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 Audit Australia, an affiliate of Findex (Aust) Pty Ltd.

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 2023, 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'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 Audit Australia
Crowe Audit Australia

David Munday
David Munday
Partner

Melbourne, Victoria
26 July 2023



RED NOSE LIMITED

Treasurer's Report for the year ended 31 March 2023

For the 2022-23 reporting period ending 31 March 2023, a surplus of \$285,271 has been recorded in the Financial Statements approved by the Board on 26th July 2023. This surplus was a solid result that was greater than the budgeted surplus set in March 2022. The Company recorded net cash inflows of \$356,294 from operating activities as compared to \$1,113,633 in FY2022. The Company also recorded growth in net assets to \$6,724,052 compared to \$6,363,781 for FY2022.

Improved financial position was driven through:

- the improved revenue generating performance of Prevention & Advocacy, dominated by new revenue generation of eLearning sales, and the Services business units, and
- the ongoing careful management of operating expenses implemented by the management team.

Challenging operating conditions weighed down on the performance of the Red Nose Clothing Collections business in both Victoria and South Australia. These businesses require ongoing close monitoring by the management team and the Directors.

The Directors have assessed the financial performance of the organisation on a going concern basis, taking account of future cash flow forecasts, and are satisfied that any debts can be met as and when they fall due. This assessment is supported by the Company's Auditors.

The Company's Auditors have provided confirmation of their assessment that the accounts comply with the relevant Australian Accounting Standards and represent a true and fair view of the financial position of the Company as at 31 March 2023, and of the financial performance for the preceding year. Once again it was pleasing to also hear the auditors commend the management team for the ongoing improvement in relation to the quality of the accounts, supporting documentation and reporting.

Finally, it is noted that no other matters have arisen since 31 March 2023 that have significantly affected the Company's operations or may significantly affect the Company's operations in future financial years.

I propose that members receive and accept this Treasurer's Report and the Audited Financial Statements for the Year Ended 31 March 2023.

Andrew Kennedy - Treasurer



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