

RedR Australia Limited

ABN 89 068 902 921

Financial Statements - 30 June 2020

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General information

The financial report covers RedR Australia Limited ("the Company") as an individual entity. The Company is a public company, limited by guarantee, incorporated in Australia and registered under the Australian Charities and Not-for-Profits Commission Act 2012. The financial statements are presented in Australian dollars, which is RedR Australia Limited's functional and presentation currency.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 26 October 2020. The directors have the power to amend and reissue the financial statements.

Directors	Andrew Stevenson Nicole Hahn Anna Burke James Smart Nicholas Evans Robert Care Nigel Phair Jill Handford
Company Secretary	James Smart
Registered office and Principal Place of Business	55-61 Barry Street Carlton Victoria 3053
Auditor	BDO Audit Pty Ltd Collins Square, Tower 4 Level 18, 727 Collins Street Melbourne Vic 3008
Website	www.redr.org.au

The Directors present their report with respect to the result of RedR Australia Limited as (“the Company”) for the year ended 30 June 2020 and the Independent Audit Report thereon.

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:

Name & Qualification	Date of Appointment, Experience, and Other Directorships	Responsibility
Emeritus Professor Elizabeth Taylor, AO, BE, LLB (Hons), Hon FIEAust, FAICD	12 June 1998, resigned 4 May 2020 Chair - Board of Directors, Engineers Australia Pty Ltd (trading as Engineers Media) Chair - Board of Professional Engineers of QLD to Dec 2011	Independent Chair 9 Dec 2010
Michael Marley BE, M Eng Sc, Hon FIEAust, FAICD, RPEQ	10 February 2009, resigned 4 May 2020 Director, Principal, Golder Associates Pty Ltd	Consult Australia (CA) Nominee
Malcolm Ralston B Leg Studies	22 October 2012, resigned 21 October 2019 Director, Emergency/Disaster Response Advisor; RedR Australia Deployments - UNOPS, Iraq & WFP/UNJLC, Banda Aceh Indonesia	Board Nominee
Andrew Stevenson BE (Civil) (Hon), Diploma of Management, Cert of Mediation, Cert of Arbitration Copland Leadership 2008 Board Orientation Series 2009 (Leadership Vic)	9 May 2011 Director, Principal, Alchimie Pty Ltd	Board Nominee
Nicole Hahn BE (Civil Eng) (Hon)	2 February 2015 RedR Australia Roster Member & Associate Trainer	Board Nominee
Nicholas Evans BEc (Accounting & Economics) Fellow – Australian Institute of Company Directors	19 October 2018 Board Member – JB Were Charitable Endowment Fund	Board Nominee
Professor Robert Care AM, BE (Civil), PhD, FREng, HonFIEAust, FTSE, FIML, MAICD, CPEng, EngExec, NER APEC Engineer IntPE(Aus)	19 October 2018 Trustee Director – Common Purpose Charitable Trust, Director – Care Collaborative Pty Ltd	Independent Chair 4 August 2019

Directors (continued)

Name & Qualification	Date of Appointment, Experience, and Other Directorships	Responsibility
Anna Burke BCom (University of Melbourne) B.A (Hons) (Monash University)	6 August 2017 Director, Former Federal MP and Speaker of the House, Current Member of Administrative Appeals Board	Board Nominee
James Smart B.A (Hons) (University of Melbourne) LLB (Hons) (University of Melbourne)	4 August 2017 Director, Maddocks Lawyers	Company Secretary Board Nominee
Nigel Phair B. Administration Leadership (University of New England), M. Public Policy (University of New England), Masters (The Australian National University), M. Governance & Commercial Law (ANU)	17 February 2020 Director - UNSW Canberra Cyber Non Executive Director - Canberra Institute of Technology Non Executive Director - Molonglo Financial Services Non Executive Director - ACT Public Cemeteries Authority Non Executive Director - .au Domain Administration Managing Director - Centre for Internet Safety Founder and Managing Director - Odin Case Management	Board Nominee
Jill Hannaford BSc (Applied Economic Geography) (Hons 1) - University of NSW, Masters of Urban and Region Planning - University of Sydney	17 February 2020 General Manager, Technical Services, APAC & Australia, GHD Executive Sponsor, Reconciliation and Indigenous Services, GHD Non Executive Director - Bridge Housing Limited Advisory Board Member - Henry Halloran Trust (University of Sydney) Founding Member and various committee roles - IAP2 International Association for Public Participation (Australasia)	Board Nominee

The number of meetings of Directors held during the year and the number of meetings attended by each is as follows:

Name	Meetings Held While a Director	Meetings Attended
Elizabeth Taylor	4	4
Michael Marley	4	2
Malcolm Ralston	3	3
Andrew Stevenson	4	4
Nicole Hahn	4	4
Nicholas Evans	4	4
Robert Care	4	3
Anna Burke	4	4
James Smart	4	3
Nigel Phair	2	2
Jill Handford	2	1

Company Secretary

James Smart was appointed as Secretary on 19 February 2018.

Objectives

In 2019, RedR's Board approved a new organisational three year strategy (2019-2021), which is underpinned by RedR Australia's mission to build resilience and relieve suffering in times of humanitarian crisis and conflict. To realise the strategic framework, RedR Australia developed performance objectives across three key areas, including: to relieve suffering and build resilience; increase our impact; and to be accountable and fit-for-purpose.

Principal Activities

The principal activities of the Company are to relieve suffering by selecting, training and deploying technical specialists across all phases of the disaster cycle.

Results and Review of Operations

The net result of operations for the year ended 30 June 2020 was an operating surplus of \$443,124 compared with a surplus of \$309,959 for the year ended 30 June 2019.

The Company's capacity to continue to operate at the current level of output is dependent on continued funding support from the Department of Foreign Affairs and Trade (DFAT). On 28 August 2017, RedR Australia signed a seven year (three plus four year) agreement with DFAT, commencing on 28 August 2017 and expiring on 30 June 2024. This agreement totalled \$32,650,000 for an initial period to 30 June 2020, however, the agreement total for the three year period was increased to \$32,737,280 during the year ended 30 June 2020.

The four year extension of the DFAT agreement was executed on 29 June 2020. The extension is for a total amount of \$46,737,280.

On 14 February 2020, the Company's existing agreement with the Department for International Development (UK Aid) for funding through to 28 February 2020 for up to £600,000, was extended to 31 October 2022, with the funding limit increased to £1.5 million.

Members' Guarantee

The Company is a not for profit public company limited by guarantee. The total amount of members guarantee as at 30 June 2020 was \$8,400 based on a membership of 140 at a liability of \$60 per member. This guarantee would be called upon to contribute towards meeting any outstanding obligations of the Company in the event of it being wound up.

Non-monetary Donations

The value of pro bono services provided by advisors and volunteers during the financial year is \$499,128 (2019: \$368,806). Non-monetary contributions represent volunteer hours provided at a rate consistent with external costs should the Company have paid for these services.

Matters Subsequent to the End of the Financial Year

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly affected the company up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2020 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.

Signed in accordance with a resolution of the Responsible Persons



Robert Care
Director



Nicholas Evans
Director

26 October 2020



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DECLARATION OF INDEPENDENCE BY TIM FAIRCLOUGH TO THE DIRECTORS OF REDR AUSTRALIA LIMITED

As lead auditor of RedR Australia Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements 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.

A handwritten signature in black ink that reads 'Tim Fairclough'. The signature is written in a cursive, flowing style.

Tim Fairclough
Director

BDO Audit Pty Ltd

Melbourne, 26 October 2020

RedR Australia Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020



	Note	2020 \$	2019 \$
Revenue			
Donations and gifts:			
Monetary		58,373	142,581
Non-monetary		499,128	368,806
Grants:			
Department of Foreign Affairs and Trade		12,087,280	11,854,545
Other overseas		1,569,398	1,192,902
Training and capability		874,844	867,021
Investment income		34,438	49,496
Other income		64,135	10,759
Total revenue		<u>15,187,596</u>	<u>14,486,110</u>
Expenses			
International programs:			
Funds to international programs		(7,890,931)	(8,097,384)
Program support costs		(2,229,817)	(1,763,726)
Fundraising costs:			
Public fundraising		(22,479)	(24,689)
Government, multilaterals & private sector		(587,810)	(308,343)
Accountability and administration		(2,276,615)	(2,421,525)
Training and capability expenditure		(1,237,692)	(1,191,678)
Non-monetary expenditure		(499,128)	(368,806)
Total expenses		<u>(14,744,472)</u>	<u>(14,176,151)</u>
Surplus before income tax expense		443,124	309,959
Income tax expense		-	-
Surplus after income tax expense for the year attributable to the members of RedR Australia Limited	3	443,124	309,959
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the members of RedR Australia Limited		<u><u>443,124</u></u>	<u><u>309,959</u></u>

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

RedR Australia Limited
Statement of financial position
As at 30 June 2020



	Note	2020 \$	2019 \$
Assets			
Current assets			
Cash and cash equivalents	4	3,385,291	2,372,278
Trade and other receivables	5	286,894	1,117,508
Other financial assets	18	1,045,881	1,034,320
Other current assets	6	1,019,079	398,688
Total current assets		<u>5,737,145</u>	<u>4,922,794</u>
Non-current assets			
Property, plant and equipment	7	220,603	264,389
Right-of-use assets	8	790,068	-
Intangibles	9	119,841	155,046
Total non-current assets		<u>1,130,512</u>	<u>419,435</u>
Total assets		<u>6,867,657</u>	<u>5,342,229</u>
Liabilities			
Current liabilities			
Trade and other payables	10	751,787	452,383
Unearned income	11	26,405	74,210
Lease liabilities	12	144,168	-
Provisions	13	326,233	292,367
Total current liabilities		<u>1,248,593</u>	<u>818,960</u>
Non-current liabilities			
Lease liabilities	12	654,376	-
Provisions	13	65,260	66,965
Total non-current liabilities		<u>719,636</u>	<u>66,965</u>
Total liabilities		<u>1,968,229</u>	<u>885,925</u>
Net assets		<u>4,899,428</u>	<u>4,456,304</u>
Equity			
Restricted reserves		805,174	821,801
General reserves		937,381	937,381
Retained surpluses		<u>3,156,873</u>	<u>2,697,122</u>
Total equity		<u>4,899,428</u>	<u>4,456,304</u>

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

RedR Australia Limited
Statement of changes in equity
For the year ended 30 June 2020



	Overseas Aid Fund Reserve* \$	Gift Fund Reserve* \$	Special Purpose Reserves^ \$	Retained Surplus \$	Total equity \$
Balance at 1 July 2018	769,800	91,978	937,381	2,347,186	4,146,345
Surplus after income tax expense for the year	-	-	-	309,959	309,959
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	309,959	309,959
Transfer to/(from) reserve	-	(39,977)	-	39,977	-
Balance at 30 June 2019	<u>769,800</u>	<u>52,001</u>	<u>937,381</u>	<u>2,697,122</u>	<u>4,456,304</u>
	Overseas Aid Fund Reserve* \$	Gift Fund Reserve* \$	Special Purpose Reserves^ \$	Retained Surplus \$	Total equity \$
Balance at 1 July 2019	769,800	52,001	937,381	2,697,122	4,456,304
Surplus after income tax expense for the year	-	-	-	443,124	443,124
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	443,124	443,124
Transfer to/(from) reserve	-	(16,627)	-	16,627	-
Balance at 30 June 2020	<u>769,800</u>	<u>35,374</u>	<u>937,381</u>	<u>3,156,873</u>	<u>4,899,428</u>

***Restricted Reserves**

The Overseas Aid Fund reserve represents unspent donations to RedR. The donations are quarantined in the Overseas Aid Fund for a humanitarian aid project to be identified.

The Gift Fund Reserve represents donations received in advance from donors for specified future periods or purposes.

^Unrestricted Reserves

The Special Purpose Reserve represents an unconditional grant allocation which has been designated for on-going working capital use.

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

RedR Australia Limited
Statement of cash flows
For the year ended 30 June 2020



	Note	2020 \$	2019 \$
Cash flows from operating activities			
Government grants and other receipts		15,484,644	15,626,003
Payments to suppliers and employees		(14,230,126)	(14,346,122)
Interest received		34,438	49,496
Interest paid		<u>(33)</u>	<u>(2,963)</u>
Net cash from operating activities		<u>1,288,923</u>	<u>1,326,414</u>
Cash flows from investing activities			
Payments for property, plant and equipment	7	(91,000)	(4,029)
Payments for intangibles	9	<u>(48,662)</u>	<u>(12,850)</u>
Net cash used in investing activities		<u>(139,662)</u>	<u>(16,879)</u>
Cash flows from financing activities			
Repayment of lease liabilities		<u>(136,248)</u>	-
Net cash used in financing activities		<u>(136,248)</u>	-
Net increase in cash and cash equivalents		1,013,013	1,309,535
Cash and cash equivalents at the beginning of the financial year		<u>2,372,278</u>	<u>1,062,743</u>
Cash and cash equivalents at the end of the financial year	4	<u><u>3,385,291</u></u>	<u><u>2,372,278</u></u>

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

Note 1. Significant accounting policies

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.

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

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

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

AASB 15 Revenue from Contracts with Customers

The company has adopted AASB 15 from 1 July 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

AASB 16 Leases

The company has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening retained earnings at 1 July 2019 was as follows:

	1 July 2019 \$
Operating lease commitments discount based on the weighted average incremental borrowing rate of 2.53% (AASB 16)	958,933
Right-of-use assets (AASB 16)	<u>958,933</u>
Lease liabilities - current (AASB 16)	(45,398)
Lease liabilities - non-current (AASB 16)	<u>(913,535)</u>
Reduction in opening retained profits as at 1 July 2019	<u><u>-</u></u>

Note 1. Significant accounting policies (continued)

AASB 1058 Income of Not-for-Profit Entities

The company has adopted AASB 1058 from 1 July 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives. For transfers of financial assets to the entity which enable it to acquire or construct a recognisable non-financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the entity satisfies its performance obligation. If the transaction does not enable the entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately. Where the fair value of volunteer services received can be measured, a private sector not-for-profit entity can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense.

Impact of adoption

AASB 1058 was adopted using the full retrospective approach and as such the comparative have been restated. There was no impact from the adoption on the Company's surplus or opening retained surplus as at 1 July 2019.

	2019 \$
Non-monetary donation	368,806
Non-monetary expenditure	<u>(368,806)</u>
Surplus before income tax expense	<u><u>-</u></u>

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), the Australian Charities and Not-for-profits Commission Act 2012 and Australian Council for International Developments (ACFID) reporting requirements, as appropriate for not-for profit oriented entities.

The financial report has been prepared in Australian dollars on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in this financial report.

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 Company evaluates estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Note 2. Critical accounting judgements, estimates and assumptions

The Company evaluates estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Note 3. Surplus from ordinary activities

	2020 \$	2019 \$
Net surplus has been determined after:		
Depreciation and amortisation of non-current assets:		
- plant and equipment	134,786	186,924
- software	83,867	31,530
Interest expense	21,290	2,963
Rental expense on operating leases	277,731	245,908
Payments to defined contribution superannuation plans	633,339	568,094
Foreign exchange loss/(gain)	-	6,850
Employee benefits expense	7,774,751	7,779,452

Note 4. Cash and cash equivalents

	2020 \$	2019 \$
<i>Current assets</i>		
Petty cash	2,652	6,612
Cash at bank	2,792,817	1,784,035
Cash on deposit	589,822	581,631
	<u>3,385,291</u>	<u>2,372,278</u>

Recognition and measurement

Cash and cash equivalents comprise cash on hand, cash at bank and call deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, normally when they have a maturity of three months or less from the date of acquisition. The fair value at the reporting date of cash and cash equivalents approximately their carrying amount.

Note 5. Trade and other receivables

	2020 \$	2019 \$
<i>Current assets</i>		
Trade and other receivables	286,894	1,117,508
	<u>286,894</u>	<u>1,117,508</u>

Recognition and measurement

Receivables are recognised initially at fair value and subsequently measured at amortised cost, less any allowance for expected credit losses.

Key estimate and judgement

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent expenses and historical collection rates.

Note 6. Other current assets

	2020 \$	2019 \$
<i>Current assets</i>		
Prepayments	630,902	209,562
Other debtors	388,177	189,126
	<u>1,019,079</u>	<u>398,688</u>

Note 7. Property, plant and equipment

	2020 \$	2019 \$
<i>Non-current assets</i>		
Leasehold improvements - at cost	122,073	122,073
Less: Accumulated depreciation	(105,219)	(82,538)
	<u>16,854</u>	<u>39,535</u>
Office equipment - at cost	611,497	591,915
Less: Accumulated depreciation	(475,183)	(373,424)
	<u>136,314</u>	<u>218,491</u>
Deployment assets - at cost	117,812	46,393
Less: Accumulated depreciation	(50,377)	(40,030)
	<u>67,435</u>	<u>6,363</u>
	<u>220,603</u>	<u>264,389</u>

Reconciliations

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

	Leasehold Improve- ments \$	Office Equipment \$	Deployment Assets \$	Total \$
Balance at 1 July 2019	39,535	218,491	6,363	264,389
Additions	-	19,582	71,418	91,000
Depreciation expense	(22,681)	(101,759)	(10,346)	(134,786)
Balance at 30 June 2020	<u>16,854</u>	<u>136,314</u>	<u>67,435</u>	<u>220,603</u>

Recognition and measurement

Each class of plant and equipment is carried at cost less, where applicable any accumulated depreciation and impairment losses. Plant and equipment is measured on the cost basis. All other non-current assets are carried at cost.

The carrying amount of property, plant and equipment is reviewed annually by management to ensure it is not in excess of the remaining service potential of these assets.

Key estimate and judgement

The depreciable amount of all assets is depreciated on a straight line basis over the useful lives of the assets to the Company commencing from the time the asset is held ready for use.

All classes of property, plant and equipment are depreciated using the straight line method.

Note 7. Property, plant and equipment (continued)

The depreciation rates used for each class of depreciable assets are:

Class of fixed assets	Depreciation rates
Office equipment and fittings	25% - 50%
Equipment used on overseas deployments	Dependant on length of overseas deployment
Leasehold Improvements	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Note 8. Right-of-use assets

	2020 \$	2019 \$
<i>Non-current assets</i>		
Buildings - 55 Barry Street	913,535	-
Less: Accumulated depreciation	(146,166)	-
	<u>767,369</u>	<u>-</u>
Buildings - Fiji Office	45,398	-
Less: Accumulated depreciation	(22,699)	-
	<u>22,699</u>	<u>-</u>
	<u>790,068</u>	<u>-</u>

Recognition and measurement

A right-of-use asset is recognised 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 remeasurement of lease liabilities.

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. Lease payments on these assets are expensed to profit or loss as incurred.

Note 9. Intangibles

	2020 \$	2019 \$
<i>Non-current assets</i>		
Computer software - at cost	291,098	242,436
Less: Accumulated amortisation	(171,257)	(87,390)
	<u>119,841</u>	<u>155,046</u>

Note 9. Intangibles (continued)

Reconciliations

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

	Computer Software \$
Balance at 1 July 2019	155,046
Additions	48,662
Amortisation expense	<u>(83,867)</u>
Balance at 30 June 2020	<u><u>119,841</u></u>

Recognition and measurement

Computer software represents identifiable non-monetary assets without physical substance.

Key estimate and judgement

The in-house software is being amortised over a period of 3-4 years. Amortisation begins when the asset is ready for use, that is, when it is in the condition necessary for it to be capable of operating in the manner intended by management.

Note 10. Trade and other payables

	2020 \$	2019 \$
<i>Current liabilities</i>		
Trade payables	329,412	30,053
Accrued expenses	20,376	24,650
GST liability	393,484	397,680
Other payables	<u>8,515</u>	<u>-</u>
	<u><u>751,787</u></u>	<u><u>452,383</u></u>

Recognition and measurement

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.

Note 11. Unearned income

	2020 \$	2019 \$
<i>Current liabilities</i>		
Membership fees in advance	480	1,780
Training fees in advance	<u>25,925</u>	<u>72,430</u>
	<u><u>26,405</u></u>	<u><u>74,210</u></u>

The funding agreement with DFAT, which commenced in October 2017, requires monthly invoicing in arrears of actual costs incurred.

Note 12. Lease liabilities

	2020 \$	2019 \$
<i>Current liabilities</i>		
Lease liabilities	144,168	-
<i>Non-current liabilities</i>		
Lease liabilities	654,376	-
	<u>798,544</u>	<u>-</u>
	2020 \$	2019 \$
Reconciliation		
Balance at the beginning of the year	-	-
Adjustment to opening balance on adoption of AASB 16	913,535	-
Interest expense	21,257	-
Lease repayments	(136,248)	-
Total lease liabilities	<u>798,544</u>	<u>-</u>

Recognition and measurement

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 13. Provisions

	2020 \$	2019 \$
<i>Current liabilities</i>		
Annual leave	245,240	206,376
Long service leave	80,993	85,991
	<u>326,233</u>	<u>292,367</u>
<i>Non-current liabilities</i>		
Long service leave	65,260	66,965
	<u>391,493</u>	<u>359,332</u>

Note 13. Provisions (continued)

Recognition and measurement

Employee benefits comprise wages and salaries, annual, non-accumulating sick and long service leave and contributions to superannuation plans.

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year, together with benefits arising from wages and salaries and annual leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Long service leave benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the Company to employees' superannuation funds and are charged as recognised when they are due. Liabilities for employee benefits expected to be settled within 12 months of balance date are recognised in current payables. The liability for long service leave is recognised in non-current provisions.

Note 14. Key management personnel disclosures

Key management received compensation totalling \$1,415,954 during the financial year (2019: 1,238,687).

Note 15. Related party transactions

Related parties include key management personnel as described above. No other transactions occurred with related parties.

Note 16. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly affected the company up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2020 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.

Note 17. Lease commitments

The Company has the following commitments as at 30 June 2020:

	2020 \$	2019 \$
Operating Lease Commitments		
Within 1 year	-	167,663
Within 1 to 5 years	-	35,022
	<u>-</u>	<u>202,685</u>

As of 1 July 2019, RedR Australia Limited's operating lease commitments have been captured within the lease liability amount on the balance sheet following the adoption of AASB - 16 Leases. The lease liability has been presented within Note 12.

Note 18. Borrowing facilities

The company has available the following bank facilities:

(a) Bank overdraft facility of \$1,000,000 (2019: \$1,000,000) which is undrawn at 30 June 2020. The facility is secured by a \$1,045,881 (2019: \$1,034,320) term deposit held with the bank;

(b) A debtor finance facility whereby up to \$1,000,000 (2019: \$1,000,000) at a loan ratio of 80% per debtor may be borrowed against approved debtors. The facility was not drawn upon at balance date.

Note 19. Economic dependency

The company is dependent upon the ongoing receipt of funds from the Department of Foreign Affairs and Trade (DFAT) to ensure the continuance of its deployment operations. RedR Australia Limited have a deployment agreement in place with DFAT until 30 June 2024.

Note 20. Other accounting policies

(a) Income Tax

As the Company is a not-for-profit entity in terms of subsection 50-5 of the Income Tax Assessment Act of 1997, as amended, it is exempt from paying income tax.

(b) Revenue Recognition

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.

Fee for service income

Fee for service income including income received as project grants is brought to account as revenue in the year in which the related services are performed. Any revenue which has been received but which is unearned at balance date is carried forward as unearned fee for service income (current liability) at year end. Grant income for which the conditions of the grant are not met and therefore the Company does not control the revenue are deferred.

Sponsorship income and donations

Sponsorship income is recognised as income in full when the sponsorship funds have been formally committed by the sponsor. Where the value can be reliably estimated, non-monetary donations and gifts are recognised as income, with an equal amount of expenditure being brought to account.

Non-monetary donations

Non-monetary donations are recorded and valued in line with the in-kind revenue and expenses recognition policy. Goods and services donated at zero cost but that the company would otherwise need to purchase are included at the fair value to the company where this can be quantified and a third party is bearing the costs. Services performed by volunteers are recorded at hourly rates consistent with the external costs should the Company have paid for these services. Through the Company's rigorous management of non-monetary donations, a fair measurement for the volunteer services can be determined.

Other income

All other sources of income are brought to account as income when the related goods or services have been provided and the income earned. Interest is accrued as it is earned.

Note 20. Other accounting policies (continued)

(c) Foreign Currency Transactions and Balances

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(d) Goods and Services Tax

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.

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

(e) Impairment

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication 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 asset's carrying value. As a not-for-profit entity, value in use for the Company according to Accounting Standard AASB 136 Impairment of Assets, is depreciated replacement cost. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

(f) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Other financial assets and trade and other receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Reduced Disclosure Requirements, the Australian Charities and Not-for-profits Commission Act 2012 and Australian Council for International Developments (ACFID) reporting requirements, the Corporations Regulations 2001 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 30 June 2020 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 subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*:

On behalf of the directors



Robert Care
Director



Nicholas Evans
Director

26 October 2020

INDEPENDENT AUDITOR'S REPORT

To the members of RedR Australia Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of RedR Australia Limited, which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of RedR Australia Limited, is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) Giving a true and fair view of the registered entity's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the registered entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have 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.

Other information

Those charged with governance are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors' Report, 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 on the other information obtained prior to the date of this auditor's report, 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 responsible entities for the Financial Report

The responsible entities of the registered entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the ACNC Act, and for such internal control as the responsible entities determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the registered 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

A handwritten signature in black ink that reads 'BDO' on the top line and 'Tim Fairclough' on the bottom line.

Tim Fairclough
Director

Melbourne, 26 October 2020