

**DIABETES AUSTRALIA LIMITED**  
**(Incorporated in Australian Capital Territory**  
**Company Limited by Guarantee)**

**ABN 47 008 528 461**

**Financial Report**  
**For the Year Ended**  
**30 June 2015**



# Diabetes Australia Limited

ABN 47 008 528 461

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**CORPORATE INFORMATION**

**Directors**

S Andrikopoulos

T Aylen

C Jose

R Manning

J Moylan

A Pino

J Townend

L Tutt

M Watson

P Williams

S Zoungas

**Company secretary**

P Southcott

**Registered office**

Level 1, 101 Northbourne Avenue

Turner ACT 2612

**Principal place of business**

Level 1, 101 Northbourne Avenue

Turner ACT 2612

**Bankers**

Commonwealth Bank of Australia

33-35 Northbourne Avenue,

Canberra City ACT 2600

National Australia Bank Limited

179 London Circuit,

Canberra ACT 2600

**Auditors**

RSM Bird Cameron Partners

Australia

**DIRECTORS' REPORT**

Your directors present this report on the Group for the financial year ended 30 June 2015.

**Directors**

The names and details of the Group's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

**Names, qualifications, experience and special responsibilities**

**S Andrikopoulos**

Qualifications - Associate Professor and Senior Research Fellow  
- PhD

Experience - Board member since 1/10/2014

**T Aylen**

Qualifications - Registered Nurse (Credentialed Diabetes Educator)  
- Bachelor of Health Science - Nursing, Grad Cert of Diabetes Education,  
Grad Cert of Health Service Management

Experience - Board member since 17/06/10 (resigned 26/06/10, rejoined on the 29/04/11)

**M d'Emden**

Qualifications - Endocrinologist  
- MB BS, FRACP, PhD

Experience - Board member since 21/02/11, resigned 26/08/14

**J Gunton**

Qualifications - Endocrinologist  
- MBBS, FRACP, PhD

Experience - Board member since 25/11/08 (resigned 11/10/09, joined 21/01/10,  
resigned 28/01/11, rejoined on the 24/10/12, resigned 20/10/15)

Special Responsibilities - Member of the Medical, Educational and Scientific Committee

**C Jose**

Qualifications - Solicitor  
- MBA, Diploma of Law

Experience - Board member since 10/05/11

Special Responsibilities - Chair of the NDSS Governance Committee  
- Member of the Nomination and Remuneration Committee

**C Mackey**

Qualifications - Manager (Retired)  
- BEc, CTch

Experience - Board member since 31/05/10, resigned 19/10/15

Special Responsibilities - Member of the International Affairs Committee  
- Member of the Finance, Audit, and Risk Management Committee

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**DIRECTORS' REPORT (CONT'D)**

**R Manning**

- Qualifications - Solicitor  
- LLB
- Experience - Board member since 16/09/14

**G Melsom**

- Qualifications - Chief Executive Officer  
- Post Grad Dip MGT, MBA
- Experience - Board member since 12/05/11, resigned 16/09/14

**J Moylan**

- Qualifications - Parliamentarian (Retired)  
- Diploma in Real Estate Management
- Experience - Board member since 4/11/13
- Special Responsibilities - Independent president  
- Global Coordinator IDF Parliamentarians for Diabetes Global Network  
- Ex officio Member of all Board Committees

**A Pino**

- Qualifications - Chief Executive Officer  
- M Comm, Cert. Small Bus Man., Grad Dip Comp. Sc (Psych.), BSc, GAICD
- Experience - Board member since 5/5/14

**J Townend**

- Qualifications - Television Producer  
- AM, CFRE, FFIA, LFS (Hons)
- Experience - Board member since 18/06/10
- Special Responsibilities - Director and Chair of Diabetes Australia Research Limited

**L Tutt**

- Qualifications - Company Director  
- BEc, LLB, FCA, FTIA
- Experience - Board member since 5/5/14
- Special Responsibilities - Member of the Finance, Audit and Risk Management Committee

**M Watson**

- Qualifications - Company Director  
- DipTch, B Ed, Grad Dip Dist Ed, Dip Man, GAICD, FAIM, PhD
- Experience - Board member since 03/12/09
- Special Responsibilities - Chair and member of the Finance, Audit, and Risk Management Committee  
- Member of the International Affairs Committee  
- Member of the NDSS Governance Committee  
- Member of the Nomination and Remuneration Committee  
- Director of Diabetes Australia Research Limited
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**DIRECTORS' REPORT (CONT'D)**

**P Williams**

Qualifications	- Hospital Scientist - BSc (Hons), MSc, PhD, ARCPA, FFSc (RCPA)
Experience	- Board member since 22/12/08 (resigned 11/10/09, rejoined 19/01/10)
Special Responsibilities	- Member of the International Diabetes Federation Western Pacific Region Executive Committee - Chair of International Affairs Committee - Director of Diabetes Australia Research Limited

**S Zoungas**

Qualifications	- Medical Practitioner - MBBS, PhD, FRACP
Experience	- Board member since 20/10/15

**Chief Executive Officer**

**Greg Johnson**

B. Pharm; Dip Hosp Pharm; Grad Dip Health Services Management; MBA;  
Adjunct Professor – Deakin University

Greg Johnson has extensive experience in CEO, senior management and governance roles in the private and public sectors for over 25 years.

Greg was appointed Chief Executive in October 2012. Prior to that he was Acting Chief Executive from July 2009 to 2011 and Chief Executive of Diabetes Australia Victoria from 2003 to 2013.

**Company Secretary**

**Paul Southcott**

B. Economics, CPA

Paul Southcott has extensive experience in senior management roles in the private and public sector in financial management, strategic planning, office administration and governance.

He was appointed as Company Secretary on 30 November 2008.

**Dividends**

Diabetes Australia Limited is a company limited by guarantee and does not pay dividends.

**Members' Guarantee**

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute a maximum of \$50 each towards meeting any outstanding obligations of the Company.

At 30 June 2015, the number of members was 9 (2014:9).

**Strategy and Purpose**

Diabetes Australia is committed to reducing the impact of diabetes and is the national body for people affected by all types of diabetes and those at risk.

The 2013-18 strategic plan includes four strategic priorities:

**Diabetes Leadership:**

- National advocacy
- Raise the profile, raise awareness
- Local, national and global influence

**DIRECTORS' REPORT (CONT'D)**

**Diabetes Management:**

- Promote and develop self-management of diabetes
- Prevent complications
- Build capacity

**Diabetes Prevention:**

- Prevention programs for those at high risk
- Diabetes risk assessment
- Healthy communities, workplaces and environments

**Research**

- Tell the research story
- Increase research funding
- Influence the national research agenda

The Board and management continued to implement and monitor achievement against the goals and strategies in the Diabetes Australia Strategic Directions 2013-18.

An annual planning and strategy day was held for directors and senior management, in the 2014-15 financial year.

**Principal activities**

Diabetes Australia is the national body for people affected by all types of diabetes and those at risk. A non-profit organisation, Diabetes Australia works in partnership with consumers, health professionals, and researchers. We are committed to reducing the impact of diabetes.

Diabetes Australia core focus areas are:

- people affected by all types of diabetes - this includes people with type 1 diabetes, people with type 2 diabetes, women with gestational diabetes, people with other forms of diabetes, their families and carers; and
- people at risk of developing diabetes.

Some of the key activities in the 2014-15 financial year include:

- Diabetes Australia Board members, senior management, staff and member organisations have made a significant contribution to the development of a new National Diabetes Strategy by the Australia Government through participation in the Advisory Group, consultation sessions, submissions and other support
- Diabetes Australia has presented the case for action related various national diabetes priorities in the federal Parliament and to State/Territory Governments. This has included several events at Parliament House Canberra
- Diabetes Australia has run or partnered in various health and awareness campaigns in 2014-15 including the "You think this is scary" Campaign (with a focus on encouraging individuals to have type 2 diabetes risk assessment), and the "280 a day" Campaign in July 2015 raising awareness of the rate of growth of the diabetes epidemic with another 280 Australians developing diabetes every day
- Diabetes Australia has developed ( or partnered in developing) a significant number of National policies, positions statements and submissions to various government, community and business groups and processes
- Diabetes Australia continued to successfully manage the National Diabetes Services Scheme on behalf of the Australian Government and Diabetes Australia and its Agents have provided practical assistance, information and subsidised products to over almost 1.2 million Australians registered with the NDSS. Over the last twelve months over 100,000 Australians newly registered with the NDSS and there have been 4 million occasions of self-management support services and the National Development Programme has developed and launched a new and exciting suite of resources to meet identified needs across priority groups with diabetes, including children/adolescents/young people with diabetes, women with diabetes in pregnancy, Aboriginal and Torres Strait Islander people with diabetes, older people with diabetes.

### DIRECTORS' REPORT (CONT'D)

The recent feedback from scheme Registrants indicates:

- o continuing high levels of service, with a 97% satisfied when accessing product supply;
- o increased awareness and satisfaction with resources and services.
- Diabetes Australia has invested in new technologies including a new online platform, smartphone “app” and major website upgrade enabling us to keep pace with the rapidly changing communications environment. In November 2014, the Communications Minister Hon Malcolm Turnbull launched the new “App” to support people with diabetes
- Diabetes Australia developed and implemented a new Brand is part of a strategy to strengthen the awareness and promotion of the diabetes cause as the major health issue threatening Australians health system and productivity
- As Australia's member of the International Diabetes Federation (IDF), Diabetes Australia continues to play a significant role in the IDF and IDF Western Pacific Region committees and has many representatives contributing to IDF activities
- In November 2014 the Diabetes Australia Research Program awarded its largest ever contribution of \$3.5 million to over 50 Australian research projects. We aim to foster young and upcoming diabetes research across the full spectrum of diabetes research. A major highlight of the year was the presentation of the inaugural Outstanding Achievement in Diabetes Research Award.
- During the year, the national consumer magazine was refreshed and renamed “Circle” and the health professional publication “Diabetes Management Journal” continued a successful line of publication.

Diabetes Australia has one controlled entity being Diabetes Australia Research Limited which is the trustee for the Diabetes Australia Research Trust.

No significant changes in the nature of the Group's activities occurred during the financial year.

#### Performance measures

Diabetes Australia measures its performance through:

- The efficient and effective delivery of the company objectives and strategy ensuring that Diabetes Australia activities strengthen and support its Member Organisations Influencing public policy and community attitudes concerning diabetes.
- Provision of an efficient and effective diabetes research grant program.
- Meeting the objectives and obligations of the National Diabetes Services Scheme (NDSS).

#### Operating results

The consolidated operating result for the Group was a deficit (loss) of \$918,756 (2014: surplus of \$28,508).

The consolidated result is comprised of a \$876,189 deficit from research grant program and related activities and small deficit of \$42,567 related to all other Diabetes activities including from Policy, Advocacy and Other Activities. The deficit was budgeted and planned in the 2014-15 business plan and the actual deficit result is less than expectation.

The Diabetes Australia Research program objective for research funding is to achieve sustained, incremental growth in funding to researchers which creates certainty for this important program and the research community. This can be challenging due to the irregular nature of donations, particular bequests, which in recent years (2012-13 and 2011-12) has significantly contributed to total research donations. Last year a three year plan/budget was agreed for research activities.

The Policy, Advocacy and Other Activities deficit of \$42,567 is minor and considerably less than budget. Retained earnings have increased significantly in prior years. Consequently, in 2014-15 and 2015-16 Diabetes Australia will invest in capability development activities that will decrease the retained earnings in a responsible and controlled manner.

#### Significant changes in the state of affairs

There were no significant changes in the state of affairs for the Group during the financial year.

**DIRECTORS' REPORT (CONT'D)****After balance date events**

The current 2012-16 NDSS Agreement expires on 30 June 2016. In May 2015 the Australian Government announced as part of a range of budget measures, that Product Supply and Delivery arrangements for the NDSS will be transferred to the Government Community Service Obligation (related to the PBS) effective 1 July 2016. Diabetes Australia is working collaboratively with the Department of Health and the CSO Administrator to facilitate a smooth transition that does not disadvantage NDSS Registrants. Diabetes Australia expects to enter a new NDSS Agreement for the period after 30 June 2016 for the ongoing coordination and service delivery of the NDSS.

**Environmental regulations and performance**

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or a state or territory.

**Share options**

Diabetes Australia Limited is a Company limited by guarantee and does not grant share options.

**Directors' meetings**

During the financial year, 6 meetings of directors were held. Attendance by each director were as follows:

Director	Alternative Director	Director's Meetings	
		Eligible Meetings	Number Attended
S Andrikopoulos		4	4
T Ayles		6	6
M d'Emden	S Andrikopoulos	1	0
J Gunton	S Zoungas	6	4
C Jose	K Arndt	6	6
C Mackey	C Beyers	6	5
R Manning	F Dixon	4	4
G Melsom	R Manning	2	2
J Moylan		6	6
A Pino		6	6
J Townend		6	5
L Tutt		6	4
M Watson	D Vivian	6	5
P Williams		6	6

**Finance, Audit, and Risk Management Committee**

The Board is responsible for the finance, audit and risk management of the Group. The Board has a Finance, Audit and Risk Management (FARM) Committee which advises the Board on a range of matters.

**Other Committees**

Other standing committees of the board are the:

- Medical, Education and Scientific Committee (MESC)
- International Affairs Committee (IAC)
- NDSS Governance Committee
- Nomination and Remuneration Committee

The Board forms ad hoc committees as required during 2014-15, the Board had a Governance Framework Committee to consider various governance matters and advise the Board.

The MESC provides the Board with expert advice on medical, education and scientific matters.

The IAC provides the Board with advice on matters related to the on International Diabetes Federation and global activities in diabetes.

**DIRECTORS' REPORT (CONT'D)**

The NDSS Governance Committee provides advice, assistance and assurance to the Board on corporate governance and oversight responsibilities in respect of the NDSS Agreements.

The Nomination and Remuneration Committee recommends to the Board candidates for key roles (CEO and Independent President), their remuneration and terms and conditions of employment.

**Indemnifying officers or auditor**

During or since the end of the financial year, the company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

- i. The company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company.

Signed in accordance with a resolution of the Board of Directors.



Judi Moylan, Director and President



Moira Watson, Director

Dated this 28th day of October 2015.

**Diabetes Australia Limited****ABN 47 008 528 461**

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**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015**

	Note	Consolidated	
		2015	2014
		\$	\$
Revenue	2 (a)	236,835,877	226,513,559
Other income	2 (b)	3,519,351	3,954,820
Employee benefits expense	3 (a)	(2,573,929)	(2,359,358)
Depreciation and amortisation	3 (b)	(429,910)	(147,489)
NDSS product supplies	3 (c)	(186,575,111)	(178,964,271)
Agents' remuneration	3 (c)	(41,997,767)	(40,391,909)
Research grants		(2,095,982)	(1,996,022)
Other expenses	3 (d)	(7,601,283)	(6,580,822)
Surplus for the year		(918,754)	28,508
Other comprehensive income		-	-
Total comprehensive income for the year		(918,754)	28,508

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*This statement should be read in conjunction with the notes to the financial statements.*

**Diabetes Australia Limited**

**ABN 47 008 528 461**

**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015**

	<b>Note</b>	<b>Consolidated</b>	
		<b>2015</b>	<b>2014</b>
		<b>\$</b>	<b>\$</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	27,328,650	18,752,818
Trade and other receivables	5	1,026,188	29,176,119
Other assets	8	1,003,666	551,817
<b>TOTAL CURRENT ASSETS</b>		<b>29,358,504</b>	<b>48,480,754</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	108,680	210,346
Intangible assets	7	488,942	320,600
<b>TOTAL NON-CURRENT ASSETS</b>		<b>597,622</b>	<b>530,946</b>
<b>TOTAL ASSETS</b>		<b>29,956,126</b>	<b>49,011,700</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	17,632,284	26,920,342
Borrowings	10	19,704	29,981
Provisions	11	282,442	228,897
Government grants	12	5,272,542	14,140,145
<b>TOTAL CURRENT LIABILITIES</b>		<b>23,206,972</b>	<b>41,319,365</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	10	-	16,197
Provisions	11	47,050	55,280
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>47,050</b>	<b>71,477</b>
<b>TOTAL LIABILITIES</b>		<b>23,254,022</b>	<b>41,390,842</b>
<b>NET ASSETS</b>		<b>6,702,104</b>	<b>7,620,858</b>
<b>EQUITY</b>			
Reserves		100	100
Retained earnings		6,702,004	7,620,758
<b>TOTAL EQUITY</b>		<b>6,702,104</b>	<b>7,620,858</b>

*This statement should be read in conjunction with the notes to the financial statements.*

Diabetes Australia Limited

ABN 47 008 528 461

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

	Consolidated		
	Settlement capital	Retained earnings	Total
	\$	\$	\$
<b>Balance at 1 July 2013</b>	100	7,592,250	7,592,350
Surplus for the year	-	28,508	28,508
Other comprehensive income	-	-	-
Total comprehensive income	-	28,508	28,508
<b>Balance at 30 June 2014</b>	100	7,620,758	7,620,858
Surplus for the year	-	(918,754)	(918,754)
Other comprehensive income	-	-	-
Total comprehensive income	-	(918,754)	(918,754)
<b>Balance at 30 June 2015</b>	100	6,702,004	6,702,104

*This statement should be read in conjunction with the notes to the financial statements.*

**Diabetes Australia Limited**

**ABN 47 008 528 461**

**STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2015**

		<b>Consolidated</b>	
	<b>Note</b>	<b>2015</b>	<b>2014</b>
		<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from grants		254,918,412	191,734,978
Other receipts		24,373,140	24,776,571
Payments to suppliers and employees		(255,136,116)	(223,330,015)
Interest received		742,090	1,352,342
GST received/(paid)		<u>(15,798,173)</u>	<u>(15,406,443)</u>
Net cash flows (used in)/provided by operating activities	13 (b)	<u>9,099,353</u>	<u>(20,872,567)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		545	-
Purchase of property, plant, equipment and intangibles		<u>(497,592)</u>	<u>(537,667)</u>
Net cash flows used in investing activities		<u>(497,047)</u>	<u>(537,667)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of finance lease liabilities		<u>(26,474)</u>	<u>(23,822)</u>
Net cash flows used in financing activities		<u>(26,474)</u>	<u>(23,822)</u>
Net increase/(decrease) in cash and cash equivalents		8,575,832	(21,434,056)
Cash and cash equivalents at beginning of the financial year		<u>18,752,818</u>	<u>40,186,874</u>
Cash and cash equivalents at end of the financial year	4	<u><u>27,328,650</u></u>	<u><u>18,752,818</u></u>

*This statement should be read in conjunction with the notes to the financial statements.*

**NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial report of Diabetes Australia Limited (the Company) for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the directors on 28 October 2015.

Diabetes Australia Limited is a public company limited by guarantee incorporated and domiciled in Australia.

The nature of the operations and principal activities of the company are described in the directors' report.

**Basis of preparation**

The financial report is a general purpose financial report that has been prepared in accordance with the Australian Accounting Standards (including Australian Accounting Interpretations) and the *Australian Charities and Not-for-Profits Commission Act 2012*. The company is a not-for-profit entity for financial reporting purposes under the Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar unless otherwise stated.

**Accounting policies**

**a. New accounting standards and interpretations**

Management have reviewed the new Accounting Standards and Interpretations that have become applicable for the reporting period ended 30 June 2015 and have assessed that the new Accounting Standards and Interpretations will have no material impact on the reporting requirements and financial statement disclosures of Diabetes Australia Limited and its subsidiaries.

**b. Basis of consolidation**

The consolidated financial statements comprise the financial statements of Diabetes Australia Limited and its subsidiaries and special purpose entities (as outlined in note 16) as at and for the period ended 30 June 2015.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

Special purpose entities are those entities over which the Group has no ownership interest but in effect the substance of the relationship is such that the Group controls the entity so as to obtain the majority of benefits from its operations.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and surplus and deficits resulting from intergroup transactions have been eliminated in full.

**c. Cash and cash equivalents**

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

**d. Trade and other receivables**

Trade receivables, which generally have a 30 day term, are recognised initially at fair value, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the entity will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment.

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**NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015 (CONT'D)****NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****e. Investments and other financial assets***Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the Group becomes a party to contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through income statement' in which case transaction costs are expensed to the statement of comprehensive income immediately.

*Derecognition*

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the statement of comprehensive income.

*Classification and subsequent measurement*

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

*Amortised cost* is calculated as:

- i. the amount at which the financial asset or financial liability is measured at initial recognition;
- ii. less principal repayments;
- iii. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method, and
- iv. less any reduction for impairment

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in the statement of comprehensive income.

(i) *Financial assets as fair value through statement of comprehensive income*

Financial assets are classified at 'fair value through the comprehensive income statement' when they are held for trading for the purpose of short-term profit taking, where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of the financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in the statement of comprehensive income and the related assets are classified as current assets in the statement of financial position.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Such assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of comprehensive income when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

**NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015 (CONT'D)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**e. Investments and other financial assets (cont'd)**

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(v) *Financial liabilities*

Non derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

*Fair value*

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

*Impairment*

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

**f. Intangible assets**

Intangible assets are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets have been assessed as finite. Intangible assets with finite lives are amortised over their useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of the future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognised.

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**NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015 (CONT'D)**
**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****g. Property, plant and equipment**

Plant and equipment is stated as historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. All other repairs and maintenance are recognised in the statement of comprehensive income as incurred.

Depreciation is calculated on a straight-line basis over the useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Office furniture and equipment	2.5 - 5 years
Computer equipment	2 - 2.5 years
Fixture, fittings and furniture	5 years
NDSS computer equipment	remaining life of contract

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

Asset classes carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment and any significant part initial recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is sold or derecognised. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

**h. Leases**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

*Group as a lessee*

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the assets, but not the legal ownership, are classified as finance leases. Finance leases are capitalised by recording an asset and liability equal to the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Group will obtain ownership of the asset.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expense on a straight-line basis over the lease term.

**i. Impairment of assets**

At each reporting date, the Group 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. Any excess of the asset's carrying value over its recoverable amount is expensed to the comprehensive income statement.

Where the future economic benefits of an asset are not primarily dependent upon the assets ability to generate net cash inflows and when the Group would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation reserve in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation reserve for that same class of asset.

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NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015 (CONT'D)

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**j. Trade and other payables**

Trade and other payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

**k. Grants received in advance**

The liability for grants received in advance is the unutilised amounts of grants received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided or the conditions usually fulfilled within 12 months of receipt of the grant. Where the amount received is in respect of services to be provided over a period that exceeds 12 months after the reporting date or the conditions will only be satisfied more than 12 months after the reporting date, the liability is presented as non-current.

**l. Provisions and employee benefits**

Provisions are recognised when there is a present obligation as a result of services rendered as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

*Wages, salaries, superannuation, annual leave and sick leave*

Employee benefits expected to be settled within one year together with benefits arising from wages, salaries and annual leave which may be settled after one year, have been measured at the amounts expected to be paid when the liability is settled.

Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable. Contributions made by the entity to an employee superannuation fund are charged as expenses when incurred.

*Long service leave*

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the project unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of services.

**m. Taxation**

*Income tax*

The Group is a charitable institution for the purposes of Australian taxation legislation and is exempt from income tax in accordance with Section 50-5 of the *Income Tax Assessment Act 1997*. The Group holds deductible gift recipient status.

*Goods and services tax (GST)*

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

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

**NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015 (CONT'D)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**n. Revenue recognition**

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that the Group is legally entitled to the income and can be reliably measured. Revenues are recognised net of the amount of goods and services tax (GST) payable to the Australian Taxation Office.

*Government grants*

Government grant monies are received to fund projects either for contracted periods of time or for specific projects irrespective of the period of time required to complete those projects. Government grants are recognised in the statement of financial position as a liability when the grant is received.

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Where the Group is contractually obliged to provide the services in a subsequent financial period as to when the grant is received, such monies are treated as unexpended grants in the statement of financial position.

When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to deferred income and is released to the income statement over the expected useful life of the relevant asset on a straight-line basis.

*Other grants*

Other grant revenue received on the condition that specified services are delivered, or conditions are fulfilled, are considered reciprocal. Such grants are initially recognised as a liability and revenue is recognised as services are performed or conditions fulfilled. Revenue from non-reciprocal grants is recognised when the group obtains control of the funds.

*Affiliation fees*

Revenue from affiliation fees are recognised upon the due date in accordance with the Parent's constitution.

*Interest revenue*

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 rate inherent to the instrument.

*Donations and bequests*

Donations and bequests are recognised as revenue when the entity obtains control of the donation or the right to receive the donation and it is probable that the economic benefit comprising the donation will flow to the entity and the amount of the donation can be measured reliably. Unless they are designated for a specific purpose, where they are carried forward as a liability on the statement of financial position.

Where non-reciprocal donations and/or contributions are received for a nominal value, such contributions are recognised at the fair value at the date of acquisition upon which time an asset is recognised in the statement of financial position and revenue in the statement of comprehensive income.

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

*Royalty recognition*

Royalties are recognised quarterly on an accrual basis based on information provided by the collector of Royalties.

*Rendering of services*

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer.

*Sale of goods*

Revenue from the sale of goods comprises revenue earned from the sale of goods purchased for resale. Sales revenue is recognised when the control of goods passes to the customer.

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**NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015 (CONT'D)**
**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****o. Research grants**

Research grants are amounts granted in Australia to recipients following a rigorous review process oversighted by the Diabetes Australia Research Advisory panel, specialising in the prevention, management and cure for diabetes. Diabetes Australia has a smaller number of grants that are provided in partnership with likeminded organisations.

Grants are recognised when paid to the recipient or when there is an obligation to make payment under a contract. Unpaid grants are not recognised in the statement of financial position. Rather, the unpaid component is recognised as a commitment.

Diabetes Australia Victoria pays research grant recipients directly, and is not recognised in this financial report.

**p. Fundraising appeals and associated costs**

An appeal is run for regular donations through the "Cure Club" initiative without any face-to-face canvassing activities. Other ad hoc appeals are run from time to time.

Fundraising costs are those incurred in seeking such donations and do not include costs of disseminating information relating to the activities carried on by the Group.

**q. Comparative figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**r. Significant accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expense. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

**s. New accounting standards for applications in future periods**

There are no Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Group for the annual reporting period ended 30 June 2015:

Standard	Title	Effective date	Impact on the Group financial report
AASB 15	Revenue from Contracts with Customers	1 January 2018	There will be no impact on the transactions and balances recognised in the financial statements. Additional disclosures will be required for customer contracts.

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015 (CONT'D)

**NOTE 2: REVENUE AND OTHER INCOME**

	Consolidated	
	2015	2014
	\$	\$
<b>(a) Revenue</b>		
<i>Revenue from government grants and other grants</i>		
— Federal government grants	235,419,112	224,102,983
— Other grants	-	277,552
<i>Other revenue</i>		
— Affiliation fees	400,000	368,566
— Interest received	731,072	1,295,257
— Publications	27,626	75,500
— Royalties	257,865	393,701
— Other revenue	202	-
<b>Total Revenue</b>	<u>236,835,877</u>	<u>226,513,559</u>
<b>(b) Other income</b>		
— Commercial Partnerships	781,655	1,112,500
— Fundraising	108,042	127,621
— Donations and bequests	1,368,638	1,304,341
— NDSS stock sales	494,316	594,714
— NDSS on costing	627,664	662,146
— Gain and Loss on Disposal of Assets	(461)	-
— Other income	139,497	153,498
<b>Total Other Income</b>	<u>3,519,351</u>	<u>3,954,820</u>
<b>Total Revenue and Other Income</b>	<u><u>240,355,228</u></u>	<u><u>230,468,379</u></u>

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015 (CONT'D)

**NOTE 3: EXPENSES**

	Consolidated	
	2015	2014
	\$	\$
<b>(a) Employee benefits expense</b>		
— Wages and salaries	2,161,574	1,987,116
— Superannuation expense	210,594	183,671
— Other employee benefits expense	201,761	188,571
	2,573,929	2,359,358
<b>(b) Depreciation and amortisation</b>		
— NDSS network	77,846	81,825
— Office equipment	642	-
— Computer equipment	34,959	29,896
— Fixtures, furniture and fittings and leasehold improvement	4,507	4,303
— Developed software	304,077	23,959
— Other software	7,879	7,506
	429,910	147,489
<b>(c) National Diabetes Services Scheme (NDSS) variable expenditure</b>		
— NDSS product supplies	(i) 186,575,111	178,964,271
— Agents' remuneration	(ii) 41,997,767	40,391,909
	228,572,878	219,356,180

*(i) NDSS product supplies*

Diabetes Australia purchases NDSS Products on behalf of the Commonwealth at agreed prices and is made available at subsidised prices to eligible people with diabetes through the Scheme.

*(ii) Agents' remuneration*

The National Diabetes Services Scheme (NDSS) is an initiative of the Australian Government administered by Diabetes Australia, and delivered to people with diabetes through state and territory diabetes organisations, as NDSS Agents. The scheme is supported by two Health Professional Agents which are the key national organisations dedicated to diabetes in Australia. The NDSS Agent remuneration is for Product Supply and Delivery (2015: \$26,547,221; 2014: \$25,752,232) and Registrant Support Services activities (2015: \$15,450,547; 2014: \$14,639,677).

Product Supply and Delivery includes the warehouse and delivery of NDSS products, services to support supply of NDSS products to registrants, manage and support Access Points including Pharmacy's and the activities of Health Professionals.

Registrant Support Services provide nationally consistent services tailored to the local needs of registrants providing quality, accessible and culturally appropriate information and education to more than 1.2 million people currently registered on the NDSS, their family and carers to maximise their capacity to self-manage their diabetes.

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**NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015 (CONT'D)**
**(d) Other expenses**

— Bad and doubtful debts expense	5 (a)	-	-
— Rental expense on operating leases		126,957	141,548
— Consultants and contractors	(i)	4,342,443	3,622,528
— Fundraising activities		49,783	23,475
— Office and equipment		752,401	212,165
— Administrative expenses	(ii)	1,313,933	1,433,482
— Establishing NDSS Access points		550,200	644,500
— Other expenses		465,566	503,124
		<u>7,601,283</u>	<u>6,580,822</u>

*(i) Consultants and contractors*

Consultants and Contractors consist primarily of expert resources engaged to deliver specialised aspects of the NDSS (2015: \$3,850,542; 2014: \$2,688,910). This includes the National Development Programme (2015: \$2,037,277; 2014: \$1,334,446) which provides leadership and direction, and develops new resources and approaches for a range of priority areas; and Information Technology, Promotion and Marketing and other activities (2015: \$1,813,265; 2014: \$1,354,464).

*(ii) Establishing NDSS Access Points*

The NDSS provides a once only establishment payment to each newly appointed Access Point including Pharmacy's to support the acquisition of Product and connectivity to IT systems.

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**NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015 (CONT'D)**
**NOTE 4: CASH AND CASH EQUIVALENTS**

	Note	Consolidated	
		2015	2014
		\$	\$
CURRENT			
Cash at bank and on hand		22,828,650	12,752,818
Bank deposits		4,500,000	6,000,000
	21	<u>27,328,650</u>	<u>18,752,818</u>

**Reconciliation to statement of cash flows**

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 30 June:

Cash at bank and on hand		22,828,650	12,752,818
Bank deposits		4,500,000	6,000,000
	14	<u>27,328,650</u>	<u>18,752,818</u>

Cash at bank earns interest at floating rates based on daily deposit rates. Bank deposits are made for varying periods of between one and six months, depending on the Group's cash requirements. These deposits earn interest at market rate, are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Included in cash and cash equivalents is \$28,177 held by the Commonwealth Bank as a security for a guarantee provide by them to Filmwing Pty Ltd. This guarantee is for Diabetes Australia Limited obligations for rental bond under its tenancy agreement for the registered office.

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**NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015 (CONT'D)**
**NOTE 5: TRADE AND OTHER RECEIVABLES**

	Note	Consolidated	
		2015	2014
		\$	\$
CURRENT			
Trade receivables		379,550	28,576,382
Provision for impairment of receivables		-	-
		<u>379,550</u>	<u>28,576,382</u>
Taxation assets		595,843	404,274
Other receivables		<u>50,795</u>	<u>195,463</u>
Total current trade and other receivables	20	<u><u>1,026,188</u></u>	<u><u>29,176,119</u></u>

**(a) Credit risk**

The following table details the Group's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the Group and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

**NOTE 5: TRADE AND OTHER RECEIVABLES (CONT'D)**

	Past due by not impaired					Considered Impaired
	Total	0-30	31-60	61-90	> 90	
	\$	\$	\$	\$	\$	\$
<b>2015</b>						
Trade receivables	379,550	224,864	28,720	-	125,966	-
Other receivables	646,638	646,638	-	-	-	-
Total	<u>1,026,188</u>	<u>871,502</u>	<u>28,720</u>	<u>-</u>	<u>125,966</u>	<u>-</u>
<b>2014</b>						
Trade receivables	28,576,382	15,463,659	966	13,111,757	-	-
Other receivables	599,737	599,737	-	-	-	-
Total	<u>29,176,119</u>	<u>16,063,396</u>	<u>966</u>	<u>13,111,757</u>	<u>-</u>	<u>-</u>

Receivables past due but not considered impaired are \$154,686 (2014: \$13,112,723). Payment terms on these amounts have not been renegotiated. The Group has been in direct contact with the relevant debtor and payment has been received in full.

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

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**Diabetes Australia Limited**

**ABN 47 008 528 461**

**NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015 (CONT'D)**

**NOTE 6: PROPERTY, PLANT AND EQUIPMENT**

**Reconciliation of carrying amounts at the beginning and end of the period**

	Consolidated				
	NDSS network	Office equipment	Computer equipment	Fixtures, fittings and furniture	Total
	\$	\$	\$	\$	\$
<b>Year ended 30 June 2015</b>					
Carrying amount at beginning of year	155,266	-	41,448	13,632	210,346
Additions	-	4,778	12,516	-	17,294
Disposal	-	-	-	(1,006)	(1,006)
Depreciation expense	(77,846)	(642)	(34,959)	(4,507)	(117,954)
Carrying amount at the end of year	77,420	4,136	19,005	8,119	108,680

**At 30 June 2015**

Cost	1,207,112	28,945	131,826	27,724	1,395,607
Accumulated depreciation	(1,129,692)	(24,809)	(112,821)	(19,605)	(1,286,927)
Net carrying amount	77,420	4,136	19,005	8,119	108,680

**Year ended 30 June 2014**

Carrying amount at beginning of year	37,284	-	67,294	14,922	119,500
Additions	199,808	-	4,049	3,013	206,870
Depreciation expense	(81,826)	-	(29,895)	(4,303)	(116,024)
Carrying amount at the end of year	155,266	-	41,448	13,632	210,346

**At 30 June 2014**

Cost	1,207,112	31,229	119,310	29,324	1,386,975
Accumulated depreciation	(1,051,846)	(31,229)	(77,862)	(15,692)	(1,176,629)
Net carrying amount	155,266	-	41,448	13,632	210,346

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015 (CONT'D)

**NOTE 7: INTANGIBLE ASSETS****(a) Reconciliation of carrying amounts at the beginning and end of the period**

	Consolidated		
	Developed software	Other software	Total
	\$	\$	\$
<b>Year ended 30 June 2015</b>			
Carrying amount at beginning of year	306,838	13,762	320,600
Additions	478,048	2,250	480,298
Amortisation	(304,077)	(7,879)	(311,956)
Carrying amount at the end of year	480,809	8,133	488,942
<b>At 30 June 2015</b>			
Cost	2,152,020	32,275	2,184,295
Accumulated amortisation	(1,671,211)	(24,142)	(1,695,353)
Net carrying amount	480,809	8,133	488,942
<b>Year ended 30 June 2014</b>			
Carrying amount at beginning of year	-	21,268	21,268
Additions	330,797	-	330,797
Amortisation	(23,959)	(7,506)	(31,465)
Carrying amount at the end of year	306,838	13,762	320,600
<b>At 30 June 2014</b>			
Cost	1,673,972	30,025	1,703,997
Accumulated amortisation	(1,367,134)	(16,263)	(1,383,397)
Net carrying amount	306,838	13,762	320,600

**NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015 (CONT'D)**

**NOTE 7: INTANGIBLE ASSETS (CONT'D)**

**(b) Description of intangible assets**

*(i) Developed software*

Software developed by a third party on the entity's behalf and is operational as intended. Developed software costs are carried as cost less accumulated amortisation and accumulated impairment losses. These intangible assets have been assessed as having a finite life and are amortised using the straight line method for the remaining life of the current NDSS contract, which will expire on the 30 June 2016.

**NOTE 8: OTHER ASSETS**

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Prepayments	1,003,666	551,817
	1,003,666	551,817
	1,003,666	551,817

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**NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015 (CONT'D)**
**NOTE 9: TRADE AND OTHER PAYABLES**

	<b>Note</b>	<b>Consolidated</b>	
		<b>2015</b>	<b>2014</b>
		<b>\$</b>	<b>\$</b>
<b>CURRENT</b>			
Trade payables		16,514,156	15,741,857
Sundry payables and accrued expenses		824,247	11,044,778
Taxation liabilities		39,868	68,001
Non Government grants received in advance		53,960	6,655
Employee benefits		95,053	59,051
Other current liabilities		105,000	-
	9 (a)	<u>17,632,284</u>	<u>26,920,342</u>

**(a) Financial liabilities at amortised cost classified as trade and other payables**

	<b>Note</b>	<b>Consolidated</b>	
		<b>2015</b>	<b>2014</b>
		<b>\$</b>	<b>\$</b>
<b>Trade and other payables</b>			
— Total current		17,632,284	26,920,342
— Total non-current		-	-
		<u>17,632,284</u>	<u>26,920,342</u>
Less grants received in advance		(53,960)	(6,655)
Less taxation liabilities		(39,868)	(68,001)
Less annual leave entitlement		(180,377)	(163,425)
Financial liabilities as trade and other payables	20	<u>17,358,079</u>	<u>26,682,261</u>

**NOTE 10: BORROWINGS**

	<b>Note</b>	<b>Consolidated</b>	
		<b>2015</b>	<b>2014</b>
		<b>\$</b>	<b>\$</b>
<b>CURRENT</b>			
Finance lease liabilities		19,704	29,981
		<u>19,704</u>	<u>29,981</u>
<b>NON-CURRENT</b>			
Finance lease liabilities		-	16,197
		<u>-</u>	<u>16,197</u>
Total Borrowings	21	<u>19,704</u>	<u>46,178</u>

Unless otherwise disclosed, the carrying amount of the entities current and non-current borrowings approximates their fair value. Lease liabilities are secured by the underlying leased assets.

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**NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015 (CONT'D)**
**NOTE 11: PROVISIONS**

	Consolidated	
	2015	2014
	\$	\$
CURRENT		
— Annual leave	180,377	163,425
— Long service leave	102,065	65,472
	282,442	228,897
NON CURRENT		
— Long service leave	47,050	55,280
	47,050	55,280

For a description of the nature and timing of cash flows associated with the above provisions, refer to section (b) on this page.

**(a) Movements in provisions**

	Consolidated		
	Annual leave	Long service leave	Total
	\$	\$	\$
Opening balance at 1 July 2014	163,425	120,752	120,752
Arising during the year	16,952	28,363	28,363
Closing balance at 30 June 2015	180,377	149,115	149,115

**(b) Nature and timing of provisions***(i) Annual leave*

A provision has been recognised for employee entitlements relating to annual leave. Annual leave is expected to be taken within one year, is recognised as a current liability and measured at the amounts expected to be paid when the liability is settled.

*(ii) Long service leave*

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in Note 1(l) to this report.

Where an employee has an unconditional entitlement to long service leave, it is expected that the employee will take unconditional long service leave within one year, and has been classified as a current liability. Comparative figures have been updated to reflect this assumption.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015 (CONT'D)

**NOTE 12: GOVERNMENT GRANTS**

	Consolidated	
	2015	2014
	\$	\$
CURRENT		
— Federal government grants (NDSS)	5,272,542	14,140,145
Total government grants deferred	5,272,542	14,140,145
	5,272,542	14,140,145

The accounting policies adopted and the description of government grants received by the Group, including the conditions attached to the grants, have been disclosed in Note 1 (k and n).

**(a) Movement in government grants**

	Consolidated	
	2015	2014
	\$	\$
Government grants as at beginning of year	14,140,145	18,141,247
— Received during the year	235,043,404	229,829,149
— Funds returned from Agents	4,850,807	1,197,267
— Released to the statement of comprehensive income	(235,419,112)	(224,102,983)
— Returned to Government	(13,342,702)	(10,924,535)
Government grants as at end of year	5,272,542	14,140,145
	5,272,542	14,140,145

The National Diabetes Services Scheme (NDSS) is an initiative of the Australian Government administered by Diabetes Australia Limited. The agreement provides that any surplus under the contract may need to be returned to the Government at the end of any financial year.

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**NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015 (CONT'D)**
**NOTE 13: CASH FLOW STATEMENT RECONCILIATION**

	Note	Consolidated	
		2015	2014
		\$	\$
<b>(a) Reconciliation of cash</b>			
Cash at bank		22,828,650	12,752,818
Bank deposits		4,500,000	6,000,000
	5	<u>27,328,650</u>	<u>18,752,818</u>
<b>(b) Reconciliation of cash flow from operations with surplus</b>			
Net Surplus/(Deficit) for the year		(918,754)	28,508
Cash flows excluded from profit attributable to operating activities			
<i>Adjustments for</i>			
Depreciation and amortisation		429,910	147,489
NDSS Registrant co contributions		(28,093,226)	(29,586,908)
Net deficit on disposal of property, plant and equipment		461	-
<i>Changes in assets and liabilities</i>			
(Increase)/decrease in trade and other receivables		28,149,931	(28,417,720)
(Increase)/decrease in other assets		(451,849)	(9,768)
(Decrease)/increase in trade and other payables		9,991,110	36,938,741
(Decrease)/increase in long-term provisions		(8,230)	27,091
Net cash flows from operating activities		<u>9,099,353</u>	<u>(20,872,567)</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015 (CONT'D)**

**NOTE 14: MEMBERS' GUARANTEE**

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute a maximum of \$50 each towards meeting any outstanding obligations of the Company.

At 30 June 2015, the number of members was 9 (2014:9).

**NOTE 15: RELATED PARTY TRANSACTIONS**

The consolidated financial statements include the financial statements of Diabetes Australia Limited and the subsidiaries listed below:

- Diabetes Australia Research Trust
- Diabetes Australia Research Limited

Diabetes Australia Limited as parent company, manages and provides administrative support for Diabetes Australia Research Limited which acts as trustee for the Diabetes Australia Research Trust. The trust activities include the provision of grants to support research in prevention, management and cure of diabetes.

**(b) Other related parties**

No other related party transactions occurred during the financial year.

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**NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015 (CONT'D)**
**NOTE 16: KEY MANAGEMENT PERSONNEL COMPENSATION****(a) Directors' compensation**

The Hon Judi Moylan is the Independent President and received \$50,302 remuneration for the necessary duties to fulfil the role.

All other directors act in an honorary capacity and receive no remuneration for their services.

**(b) Other key management personnel**

The following personnel also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly during the year:

<b>Executive</b>	<b>Position</b>
Greg Johnson	Chief Executive Officer
Paul Southcott	General Manager, Corporate Services
Michael Goldman	General Manager, Commercial Partnerships
Susan Davidson	General Manager, NDSS
Patricia Cotter	National Communications Director

The expense recognised for the above key management personnel received during the year is shown in the table below:

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Short - term employee benefits	839,055	729,110
Post - employment benefits	61,208	52,587
Other long - term benefits	-	-
Termination benefits	-	-
<b>TOTAL COMPENSATION</b>	<b>900,263</b>	<b>781,697</b>

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**NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015 (CONT'D)**
**NOTE 17: COMMITMENTS**

		<b>Consolidated</b>	
		<b>2015</b>	<b>2014</b>
		<b>\$</b>	<b>\$</b>
<b>(a) Finance lease commitments</b>			
Payable — minimum lease payments			
— Within one year		21,217	33,686
— After one year but not more than five years		-	16,844
— After five years		-	-
		<hr/>	<hr/>
Minimum lease payments	21	21,217	50,530
Less future finance charges		<hr/> (1,513) <hr/>	<hr/> (4,352) <hr/>
Present value of minimum lease payments		<hr/> <u>19,704</u> <hr/>	<hr/> <u>46,178</u> <hr/>

Diabetes Australia completed an Information Technology Infrastructure refresh in October 2011. A finance lease on computer equipment commenced on 1 December 2011, for four years with the lease payments payable quarterly in advance. An additional lease commenced on 26 June 2014, for two years with the lease payments payable quarterly in advance. All equipment is being leased through Capital Easy Finance & Leasing.

**(b) Operating lease commitments**

Payable — minimum lease payments			
— Within one year		55,980	109,784
— After one year but not more than five years		-	55,980
— After five years		-	-
		<hr/>	<hr/>
Minimum lease payments		<hr/> <u>55,980</u> <hr/>	<hr/> <u>165,764</u> <hr/>

The Diabetes Australia property lease, is a non-cancellable operating lease with a five-year term, with rent payable one month in advance. Contingent rental provisions within the lease agreement require that the minimum lease payments shall be increased by Consumer Price index (Canberra All Groups) per annum. It is likely Diabetes Australia will agree to the option that exists to renew the lease at the end of the four-year term for an additional term of three years.

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**NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015 (CONT'D)**
**NOTE 17: COMMITMENTS (CONT'D)**

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>(c) Research grants</b>		
Payable - General research grants		
— Within one year	851,888	801,613
— After one year but not more than five years	-	-
	<u>851,888</u>	<u>801,613</u>
Payable - Millennium research grants		
— Within one year	224,287	224,916
— After one year but not more than five years	74,665	74,958
	<u>298,952</u>	<u>299,874</u>
Payable - Other research grants		
— Within one year	165,000	165,000
— After one year but not more than five years	65,000	215,000
	<u>230,000</u>	<u>380,000</u>
Total research grant commitments	<u>1,380,840</u>	<u>1,481,487</u>

As part of the national research program administered through Diabetes Australia Research, two types of grants are awarded. General research grant payments are made on a half yearly basis for one year; Millennium grant payments are made on a half yearly basis for two years.

Other research grants are commitments to other organisations for research related activities including:

- The Royal Australia College of Physicians (co-funded award);
- The Royal Australian College of General Practitioners (joint grant);
- Baker IDI Heart & Diabetes Institute (Australia Diabetes, Obesity and Lifestyle Study); and
- University of Sydney (WHO Diabetes Centre of Excellence).

**NOTE 18: CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There are no contingent liabilities or contingent assets as at 30 June 2015.

**NOTE 19: EVENTS AFTER THE BALANCE DATE**

The current 2012-16 NDSS Agreement expires on 30 June 2016. In May 2015 the Australian Government announced as part of a range of budget measures, that Product Supply and Delivery arrangements for the NDSS will be transferred to the Government Community Service Obligation (related to the PBS) effective 1 July 2016. Diabetes Australia is working collaboratively with the Department of Health and the CSO Administrator to facilitate a smooth transition that does not disadvantage NDSS Registrants. Diabetes Australia expects to enter a new NDSS Agreement for the period after 30 June 2016 for the ongoing coordination and service delivery of the NDSS.

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**NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015 (CONT'D)**
**NOTE 20: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group's financial instruments consist solely of deposits with banks, accounts receivable, payable and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

		<b>Consolidated</b>	
	<b>Note</b>	<b>2015</b>	<b>2014</b>
		<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>			
Cash and cash equivalents	4	27,328,650	18,752,818
Loans and receivables	5	1,026,188	29,176,119
		28,354,838	47,928,937
<b>Financial Liabilities</b>			
Trade and other payables	9 (a)	17,358,079	26,682,261
Lease liabilities	17 (a)	21,217	50,530
		17,379,296	26,732,791

**Risk exposures and responses**

The main risks arising from the company's financial instruments are interest rate risk, liquidity risk, and credit risk. The Group does not use derivative instruments to manage risks associated with its financial instruments.

The directors have overall responsibility for risk management, including risks associated with financial instruments, which seeks to ensure maximum return on funds held, whilst minimising potential adverse effects on financial performance.

Risk management policies are established to identify and analyse the risks associated with the Group's financial instruments, to set appropriate risk limits and controls and to monitor the risks and adherence to limits. The Finance, Audit and Risk Management (FARM) Committee is responsible for monitoring the effectiveness of the Group's risk management policies and processes and to regularly review risk management policies and systems, taking into account changes in market conditions and the Group's activities. The FARM committee is responsible for developing and monitoring investment policies.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015 (CONT'D)

**NOTE 20: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

(i) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to the risk of changes in market interest rates relates to the Group's cash, and short-term deposits.

The Group has no debt obligations exposed to interest rate risk.

At balance date, the Group had the following mix of financial assets exposed to Australian variable interest rate risk:

	<b>Consolidated</b>		
<b>Financial Assets</b>	<b>Note</b>	<b>2015</b>	<b>2014</b>
		<b>\$</b>	<b>\$</b>
Cash		22,828,650	12,752,818
Bank deposits		4,500,000	6,000,000
	4	27,328,650	18,752,818

(ii) *Interest rate sensitivity*

A 0.25% decrease in interest rates and 0.25% increase in interest rates have been determined to be a reasonable possible movement in interest rates over a 12 month period based on information from various financial institutions, review of movements over the past two years and economic forecasters' expectations. If this change has occurred at the reporting date, it would, with all other variables held constant, have increase or decreased the Group's surplus as follows:

	<b>Consolidated</b>	
	<b>Net Surplus Higher/(Lower)</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
+ 0.25% (25 basis points)	78,869	130,774
- 0.25% (25 basis points)	(78,869)	(130,774)

The movements in net surplus are due to higher/(lower) interest from variable rate cash, and bank deposits.

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015 (CONT'D)

**NOTE 20: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)***(iii) Liquidity risk*

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- investing surplus cash only with major financial institutions;
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets; and
- Directors are in receipt of monthly management reports.

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the statement of financial position.

	Note	Consolidated			Total
		Within 1 year	1 - 5 years	> 5 years	
		\$	\$	\$	\$
<b>Year ended 30 June 2015</b>					
Liquid financial assets					
Cash and cash equivalents	4	27,328,650	-	-	27,328,650
Loan and receivables	5	1,026,188	-	-	1,026,188
Total anticipated inflows		28,354,838	-	-	28,354,838
Financial liabilities					
Lease liabilities	17	(21,217)	-	-	(21,217)
Trade and other payables	9	(17,358,079)	-	-	(17,358,079)
Total expected outflows		(17,379,296)	-	-	(17,379,296)
<b>Net inflow/(outflow)</b>		<b>10,975,542</b>	-	-	<b>10,975,542</b>
<b>Year ended 30 June 2014</b>					
Liquid financial assets					
Cash and cash equivalents	4	18,752,818	-	-	18,752,818
Loan and receivables	5	29,176,119	-	-	29,176,119
Total anticipated inflows		47,928,937	-	-	47,928,937
Financial liabilities					
Lease liabilities	17	(33,686)	(16,844)	-	(50,530)
Trade and other payables	9	(26,682,261)	-	-	(26,682,261)
Total expected outflows		(26,715,947)	(16,844)	-	(26,732,791)
<b>Net inflow/(outflow)</b>		<b>21,212,990</b>	<b>(16,844)</b>	-	<b>21,196,146</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015 (CONT'D)**

**NOTE 20: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

*(iv) Credit risk*

Exposure to credit risk relating to financial assets arises from the potential non-performance by counter parties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and removal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counter parties), ensuring to the extent possible, that customers and counter parties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms are generally 30 days from the invoice date.

The maximum exposure to credit risk by class of recognised financial assets at balance date is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed in Note 6.

At the reporting date, the Group did not have any material credit risk exposures to any single receivable or group of receivables or any bank or financial institution.

**NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015 (CONT'D)**

**NOTE 21: CAPITAL MANAGEMENT**

Management controls the capital of the Group to ensure that adequate cash flows are generated to fund its programs and that returns from investments are maximised. The Board considers adequacy of cash reserves in conjunction with the annual budget process and monthly financial reports.

The Group's capital consists of financial liabilities, supported by financial assets.

Management effectively manages the Group's capital by assessing the Group's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels.

There have been no changes to the strategy adopted by management to control the capital of the Group since the previous year.

The gearing ratios for the years ended 30 June 2015 and 30 June 2014 are as follows:

		<b>Consolidated</b>	
	<b>Note</b>	<b>2015</b>	<b>2014</b>
		<b>\$</b>	<b>\$</b>
Total financial liabilities	21	17,379,296	26,732,791
Less cash and cash equivalents	5	<u>(27,328,650)</u>	<u>(18,752,818)</u>
Net debt		(9,949,354)	7,979,973
Total equity (reserves + retained earnings)		<u>6,702,104</u>	<u>7,620,858</u>
<b>Capital and net debt</b>		<u><u>(3,247,250)</u></u>	<u><u>15,600,831</u></u>
Gearing ratio*		306.4%	51.2%

\* The majority of the outstanding Trade Receivable (\$28,496,696) held at 30 June 2014 was received in early July 2014.

**NOTE 22: ECONOMIC DEPENDENCE**

A significant portion of the Group's income is from the Federal Department of Health to operate the National Diabetes Services Scheme (NDSS). The Group has successfully renegotiated a further five year agreement with the Department to continue to conduct NDSS services from 1 July 2011 to 30 June 2016. Activities managed under the NDSS are dependent on these funds, and for Diabetes Australia Limited to operate at its current capacity.

The level of income from bequest and donations is not directly under the control of the Group and may substantially vary from year to year.

The Group is also reliant on members' affiliation fees as sources of revenue.

**Diabetes Australia Limited**

**ABN 47 008 528 461**

**NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015 (CONT'D)**

**NOTE 23: PARENT ENTITY**

	<b>2015</b>	<b>2014</b>
Information relating to Diabetes Australia Limited	<b>\$</b>	<b>\$</b>
Current assets	24,168,751	42,143,032
Total assets	24,758,242	42,660,218
Current liabilities	23,109,742	40,942,676
Total liabilities	23,129,446	40,988,854
Issued capital	-	-
Retained earnings	1,628,796	1,671,364
Total shareholders' equity	1,628,796	1,671,364
Surplus or deficit of the parent entity	(42,568)	596,027
Total comprehensive income of the parent entity	(42,568)	596,027

**NOTE 24: AUDITORS' REMUNERATION**

The auditor of Diabetes Australia Limited is RSM Bird Cameron

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<i>Amounts received or due and receivable by RSM Bird Cameron for:</i>		
— auditing or reviewing the financial report of the entity and any other entity in the consolidated group	57,720	42,000
— Other services in relations to the entity and any other entity in the consolidated group		
— Assurance related	-	-
— Operational Consultancy	2,500	-
 <i>Amounts received or due and receivable by non RSM Bird Cameron audit firms:</i>		
— auditing or reviewing the financial report of the entity and any other entity in the consolidated group	-	1,178
— Other services in relations to the entity and any other entity in the consolidated group		
— Assurance related	-	-
— Operational Consultancy	-	1,648

**DIRECTORS' DECLARATION**

The directors of the Group declare that:

1. The financial statements and notes are in accordance with both the *Australian Charities and Not-for-Profits Commission Act 2012* and:
  - (a) comply with Australian Accounting Standards; and
  - (b) give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the Group.
2. In the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
3. The Comprehensive Income Statement give a true and fair view of all income and expenditure of the Group with respect to fundraising appeals; and
4. The Statement of Financial Position gives a true and fair view of the state of affairs with respect to fundraising appeals; and
5. The internal controls exercised by the Group are appropriate and effective in accounting for all income received and applied by the Group from any of its fundraising appeals.

This declaration is made in accordance with a resolution of the Board of Directors.



Judi Moylan, Director and President



Moira Watson, Director

Dated this 28th day of October 2015.

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF**  
**DIABETES AUSTRALIA LIMITED**

We have audited the accompanying financial report of Diabetes Australia Limited ("the entity"), which comprises the consolidated balance sheet as at *30 June 2015*, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

*Directors' Responsibility 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 and the *Australian Charities and Not-for-profits Commission Regulation 2013* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

**THE POWER OF BEING UNDERSTOOD**  
**AUDIT | TAX | CONSULTING**

RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Pty Ltd ACN 009 321 377 atf Birdanco Practice Trust ABN 65 319 382 479 trading as RSM

Liability limited by a scheme approved under Professional Standards Legislation

*Opinion*

In our opinion:

the financial report of Diabetes Australia Limited is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

RSM AUSTRALIA PTY LTD



RODNEY MILLER  
Director

Canberra, Australian Capital Territory  
Dated: 28/10/2015