

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 2018



Diabetes Australia Limited

ABN 47 008 528 461

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CORPORATE INFORMATION

Directors

C Beyers
B Fenton
C Jose
R Manning
J Moylan
G Ross
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

DIRECTORS' REPORT

The Directors present this report on the Group for the financial year ended 30 June 2018.

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

C Beyers

Qualifications - Engineer
- Grad. AICD, Bachelor of Environ. Engineering

Experience - Board member since 16/11/2015

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

B Fenton

Qualifications - Manager
- Bachelor Nursing, Grad Cert Diabetes Education

Experience - Board member since 21/05/2018

C Jose

Qualifications - Solicitor
- MBA, Diploma of Law

Experience - Board member since 10/05/11

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

R Manning

Qualifications - Solicitor
- LLB

Experience - Board member since 16/09/14

J Moylan

Qualifications - Parliamentarian (Retired)
- AO, GAICD, Diploma in Real Estate Management

Experience - Board member since 4/11/13

Special Responsibilities - Independent President and Board Chair
- Ex officio Member of all Board Committees

G Ross

Qualifications - Endocrinologist
- MBBS(Hons), FRACP

Experience - Board member since 4/11/2016

DIRECTORS' REPORT

J Townend

- Qualifications - Retired
- 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
- AM, BEc, LLB, FCA, CTA, FCPA, MAICD
- Experience - Board member since 5/5/14
- Special Responsibilities - Chair and member of the Finance, Audit and Risk Management Committee

M Watson

- Qualifications - Company Director
- DipTch, B Ed, Grad Dip Dist Ed, Dip Man, PhD, GAICD, FAIM, FGIA
- Experience - Board member since 03/12/09
- Special Responsibilities - Member of the Finance, Audit, and Risk Management Committee
- Member of the NDSS Governance Committee
- Member of the Nomination and Remuneration Committee
- Director of Diabetes Australia Research Limited

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 - Chair and member 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
- Member of the Nomination and Remuneration Committee

DIRECTORS' REPORT (CONT'D)

Chief Executive Officer

Greg Johnson

B. Pharm; Dip Hosp Pharm; Grad Dip Health Services Management; MBA;

Honorary Professor – Deakin University

Greg Johnson has extensive experience in CEO, senior management and governance roles in the private, public and NGO sectors for over 30 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 2018, the number of members was 9 (2017:9).

Strategy and Purpose

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

The 2013-18 strategic plan includes four strategic priorities:

Diabetes Leadership:

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

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

DIRECTORS' REPORT (CONT'D)

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.

Various planning and strategy sessions for directors and senior management were held during the 2017-18 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's 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 and achievements in the 2017-18 financial year include:

- The Diabetes Australia 60th Anniversary Dinner at Parliament House on 17 October 2017 was a resounding success. Diabetes Australia commenced (as the Diabetes Federation of Australia) in 1957. The event also celebrated the 30th year of the successful partnership with Government in delivering the National Diabetes Services Scheme (NDSS). The event was well attended by Parliamentarians, Department of Health staff, our many partner organisations and supporters and highlighted the sustained efforts of Diabetes Australia and the NDSS supporting people affected by diabetes.

Diabetes Australia Board members, senior management, staff and member organisations continued to work with the Australian Government and Commonwealth Department of Health to develop the Implementation Plan for the Australian National Diabetes Strategy 2016-2020.

- Diabetes Australia worked with the Minister for Health and Department to support the rapid implementation of the Government's new \$54 million Continuous Glucose Monitoring (CGM) initiative from 1 April 2017. This implementation has been very successful and over 9,000 Australian families with a child or young person with type 1 diabetes have been able to access CGM at no cost through the National Diabetes Services Scheme administered by Diabetes Australia. We have also provided some CGM education and support during 2017-18.
- Diabetes Australia raised awareness and advocated for various national diabetes priorities in the federal Parliament and to State/Territory Governments during the year. These included:
 - o Diabetes related amputations – 4,400 reasons to take diabetes seriously. This is a campaign in which we hope to end avoidable amputations related to diabetes in a generation. Diabetes Australia is promoting a national diabetes amputations prevention initiative.
 - o Early detection of diabetes - we conducted an awareness event in the national Parliament to promote early detection of type 2 diabetes and focusing on the estimated 500,000 Australians who have silent, undiagnosed type 2 diabetes.
- Throughout the year Diabetes Australia continued to partner with Vision 2020 Australia (and many of its member organisation), Oculo, Specsavers and engage leading organisations in the eye health and diabetes sectors across Australia to work towards a new national diabetes eye screening program to reduce vision loss and blindness in people with diabetes. We were delighted with the announcement in June 2018 by the Health Minister, Hon Greg Hunt MP of \$1 million in funding for year one to commence development of the program. Specsavers and Diabetes Australia entered a new partnership through which Specsavers committed a matching \$1 million a year for five years.

DIRECTORS' REPORT (CONT'D)

- The Minister for Health, the Hon. Greg Hunt MP, confirmed new funding of \$6 million over two years for Diabetes Australia to develop and deliver a new Diabetes in Schools program through the National Diabetes Services Scheme (NDSS). This new program will be developed in partnership with other key diabetes organisations including the Australia Diabetes Educators Association, Australian Diabetes Society, Australasian Paediatric Endocrine Group, and JDRF Australia.
- In October 2017, Diabetes Australia again partnered with the Pedestrian Council of Australia for its Walk to Work campaign to get Australians walking to help prevent type 2 diabetes. The campaign highlighted the risks associated with inactivity and sedentary behaviour, especially in the workplace, and how this can contribute to the risk of developing type 2 diabetes.
- On World Diabetes Day (14 November 2017), Diabetes Australia launched a new campaign to raise awareness of the growing impact of gestational diabetes on the lives of women and children. Gestational diabetes is the fastest growing type of diabetes in Australia and this year affected over 38,000 Australian women during pregnancy.
- Diabetes Australia continued its work in the prevention of diabetes and related conditions. We held the Chair of the National Vascular Disease Prevention Alliance working with the Heart Foundation, Stroke Foundation and Kidney Health Australia. We continue to be an active member of the Australian Chronic Disease Prevention Alliance, Rethink Sugary Drinks and other prevention activities.
- As Australia's member of the International Diabetes Federation (IDF), Diabetes Australia continued to play a role in the IDF and IDF Western Pacific Region and we attended the IDF World Diabetes Congress in Abu Dhabi in December 2017. Diabetes Australia also continued to support the Life for a Child Program and the Insulin for Life program.
- Diabetes Australia's highly regarded research program continued to support world leading Australian research and researchers with 58 new projects awarded funding in 2018 (\$3.6 million in total). Diabetes Australia continues to shine a light on the importance of diabetes research, this included researchers providing a short video on their research proposal for promotion through social media, magazine articles, magazines, media stories and on our website.
- Diabetes Australia has two quarterly publications. The Diabetes Management Journal for health professionals which is circulated (available in hard copy and in a digital format - flipbook) to 42,000 Health Professionals, including 30,000 GPs. The Circle magazine is for people affected by diabetes and it has a circulation of 130,000. It provides with the latest information on how to live well with diabetes, plus advice and tips on nutrition, research, health, lifestyle issues and community events.

Performance measures

Diabetes Australia develops an Annual Business Plan and Budget to set its performance goals and targets for each year, aligned with our Strategic Directions.

The Board agenda and management reports align with the business plan and budget and allow clear reporting of operational and financial performance against the plan, and for the Board to monitor risks and opportunities throughout the year.

Throughout 2017-18, the Board and management have conducted a series of special meetings to consider the governance and management structures and processes. KPMG were engaged to assist and advise on this process.

Diabetes Australia continued to successfully manage the National Diabetes Services Scheme on behalf of the Australian Government. Diabetes Australia and the State and Territory organisations as agents have provided practical assistance, information, education and support programs across Australia for the 1.3 million Australians registered with the NDSS. Over the last twelve months over 100,000 Australians newly registered with the NDSS.

In 2017-18 we provided quality diabetes information and support on more than 3.9 million occasions, and more than 68,000 people attended NDSS education and support programs. We have continued to focus on priority groups including children/adolescents/young people with diabetes, women with diabetes in pregnancy, Aboriginal and Torres Strait Islander people with diabetes, older people with diabetes, people with diabetes from culturally and linguistically diverse communities, rural and remote communities, and mental health and diabetes. Consumer satisfaction with the NDSS has remained high.

DIRECTORS' REPORT (CONT'D)

Operating results

The consolidated operating result for Diabetes Australia including the research entity was a deficit of \$1,266,069 (2017: surplus of \$2,762,303).

A significant deficit was budgeted and planned for the 2017-18 year due to Diabetes Australia distributing \$1.4m in retained earnings to support research grants through Diabetes Australia Research Trust (\$1m) and diabetes programs through Member Organisations (\$0.4m).

Diabetes Australia has one controlled entity being Diabetes Australia Research Limited which is the trustee for the Diabetes Australia Research Trust. The research entity result for the year was a surplus of \$192,015.

The Diabetes Australia Research Program objective is to achieve sustained, incremental growth in funding for research projects 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 (2016-17, 2012-13 and 2011-12) have significantly contributed to total research funding.

Significant changes in the state of affairs

Nil.

After balance date events

There are no material events after the balance date.

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
C Beyers		6	6
C Jose	G Noonan	6	5
R Manning		6	6
J Moylan		6	6
G Murfet		6	6
G Ross		6	5
J Townend		6	5
L Tutt		6	6
M Watson		6	6
P Williams		6	6
S Zoungas		6	5
B Fenton		-	-

DIRECTORS' REPORT (CONT'D)

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 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 International Diabetes Federation and global activities in diabetes.

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

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

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



Leo Tutt, Director & Chair of FARM Committee

Dated this 22nd day of October 2018.



RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Diabetes Australia Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Australian Charities and Not-For-Profits Commission Act 2012* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM AUSTRALIA PARTNERS

GED STENHOUSE
Partner

Canberra, Australian Capital Territory
Dated: 22 October 2018

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Diabetes Australia Limited

ABN 47 008 528 461

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	Note	Consolidated	
		2018	2017
		\$	\$
Revenue	2 (a)	39,609,491	42,789,908
Other income	2 (b)	3,326,176	6,781,792
Employee benefits expense	3 (a)	(4,002,418)	(3,687,286)
Depreciation and amortisation	3 (b)	(90,079)	(42,909)
NDSS product supplies	3 (c)	(200,972)	(4,372,989)
Agents' remuneration	3 (c)	(29,505,543)	(29,430,000)
Research grants		(2,015,988)	(2,140,600)
Other expenses	3 (d)	(8,386,736)	(7,135,613)
Surplus/(Deficit) for the year		(1,266,069)	2,762,303
Other comprehensive income		-	-
Total comprehensive income for the year		(1,266,069)	2,762,303

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 2018

	Note	Consolidated	
		2018	2017
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	14,479,977	9,532,050
Trade and other receivables	5	13,576,757	2,085,271
Other assets	8	333,003	502,198
TOTAL CURRENT ASSETS		28,389,737	12,119,519
NON-CURRENT ASSETS			
Property, plant and equipment	6	184,414	127,185
Intangible assets	7	189	8,256
TOTAL NON-CURRENT ASSETS		184,603	135,441
TOTAL ASSETS		28,574,340	12,254,960
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	4,097,327	2,093,180
Provisions	10	476,295	405,866
Government grants	11	17,146,872	1,635,484
TOTAL CURRENT LIABILITIES		21,720,494	4,134,530
NON-CURRENT LIABILITIES			
Provisions	10	42,380	42,895
TOTAL NON-CURRENT LIABILITIES		42,380	42,895
TOTAL LIABILITIES		21,762,874	4,177,425
NET ASSETS		6,811,466	8,077,535
EQUITY			
Reserves		100	100
Retained earnings		6,811,366	8,077,435
TOTAL EQUITY		6,811,466	8,077,535

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 2018**

	Consolidated		
	Settlement capital	Retained earnings	Total
	\$	\$	\$
Balance at 30 June 2016	100	5,315,132	5,315,232
Surplus for the year	-	2,762,303	2,762,303
Other comprehensive income	-	-	-
Total comprehensive income	-	2,762,303	2,762,303
Balance at 30 June 2017	100	8,077,435	8,077,535
Deficit for the year	-	(1,266,069)	(1,266,069)
Other comprehensive income	-	-	-
Total comprehensive income	-	(1,266,069)	(1,266,069)
Balance at 30 June 2018	100	6,811,366	6,811,466

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 2018

		Consolidated	
	Note	2018	2017
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from grants		48,791,611	49,660,732
Registrant Contribution		34,052,199	31,522,321
Access Points Handling Fee		5,648,984	5,520,910
Other receipts		3,611,424	5,891,884
Payments to NDSS Agents		(32,456,097)	(32,373,000)
Payments to Access Points for Handling Fee		(5,641,766)	(5,519,949)
Registrant Contribution paid to Government		(34,052,199)	(31,522,321)
Grants returned to Government		-	(11,929,598)
Payments to suppliers and employees		(14,100,327)	(20,904,275)
Interest received		172,373	228,674
GST Received/(Paid)		(947,533)	1,430,519
Net cash flows used in operating activities	12 (b)	5,078,669	(7,994,103)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant, equipment and intangibles		(139,241)	(132,382)
Net cash flows used in investing activities		(139,241)	(132,382)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from sale of shares		8,499	-
Net cash flows used in financing activities		8,499	-
Net increase/(decrease) in cash and cash equivalents		4,947,927	(8,126,485)
Cash and cash equivalents at beginning of the financial year		9,532,050	17,658,535
Cash and cash equivalents at end of the financial year	4	14,479,977	9,532,050

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

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report of Diabetes Australia Limited (the Company) for the year ended 30 June 2018 was authorised for issue in accordance with a resolution of the directors on 17 October 2018.

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 2018 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 14) as at and for the period ended 30 June 2018.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2018 (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 are 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 2018 (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.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2018 (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 term 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.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2018 (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 2018 (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 received 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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2018 (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 2018:

Standard	Title	Effective date	Impact on the Group financial report
AASB 15	Revenue from Contracts with Customers	1 January 2018	The company will adopt this standard from 1 July 2019, but the impact of this adoption is yet to be assessed by the company.
AASB 16	Leases	1 January 2019	The company will adopt this standard from 1 July 2019, but the impact of this adoption is yet to be assessed by the company.
AASB 1058	Income of Not-for-Profit Entities	1 January 2019	The company will adopt this standard from 1 July 2019, but the impact of this adoption is yet to be assessed by the company.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2018 (CONT'D)

NOTE 2: REVENUE AND OTHER INCOME

		Consolidated	
		2018	2017
		\$	\$
(a) Revenue			
<i>Revenue from government grants and other grants</i>			
—	Federal government grants (i)	38,857,305	42,003,341
—	Other grants	6,927	95,143
 <i>Other revenue</i>			
—	Affiliation fees	400,000	400,000
—	Interest received	173,212	208,071
—	Publications	172,047	83,353
Total Revenue		39,609,491	42,789,908
 (b) Other income			
—	Commercial Partnerships	733,000	907,000
—	Fundraising	64,689	69,825
—	Donations and bequests	1,980,440	5,429,784
—	NDSS on costing	456,084	282,099
—	Gain/(Loss) on Disposal of Assets	5,854	-
—	Other income	86,109	93,084
Total Other Income		3,326,176	6,781,792
Total Revenue and Other Income		42,935,667	49,571,700

(i) Federal government grants

The revenue from Federal government relates to the National Diabetes Services Scheme. The 2017-18 revenue of \$38,857,305 (2017: \$42,003,341) consists of \$38,656,333 (2017: \$37,630,352) for the ongoing registration of people with diabetes, and the provision of information, education and support services, and \$200,972 (2017: \$4,372,989) for Product Supply. The new NDSS Agreement 2016-2020 included the implementation of a Government policy decision to transfer the NDSS product supply and delivery arrangement to the Government's Community Service Obligation arrangement.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2018 (CONT'D)

NOTE 3: EXPENSES

	Consolidated	
	2018	2017
	\$	\$
(a) Employee benefits expense		
— Wages and salaries	3,509,557	3,057,866
— Superannuation expense	305,139	268,243
— Other employee benefits expense	187,722	361,177
	4,002,418	3,687,286
(b) Depreciation and amortisation		
— Office equipment	6,695	2,626
— Computer equipment	44,080	9,671
— Fixtures, furniture and fittings and leasehold improvement	31,237	15,164
— Developed software	7,504	14,886
— Other software	563	562
	90,079	42,909
(c) National Diabetes Services Scheme (NDSS) variable expenditure		
— NDSS product supplies	(i) 200,972	4,372,989
— Agents' remuneration	(ii) 29,505,543	29,430,000
	29,706,515	33,802,989

(i) NDSS product supplies

The Government changed its NDSS product supply policy position effective 1 July 2017, whereby the product supply transitioned to the Government's Community Service Obligation arrangements, and a small amount of NDSS product was distributed by Diabetes Australia in early 2016-17 financial year to assist in a smooth transition process, along with a minor one-off adjustment in 2017-18.

(ii) Agents' remuneration

The National Diabetes Services Scheme (NDSS) is an initiative of the Australia 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.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2018 (CONT'D)

The NDSS Agent remuneration is for Universal Services, Continuing Support Programs and Health Professional Bodies. The Universal Services (2018: \$15,786,415; 2017: \$16,180,000) are nationally consistent services to Registrants that maximise their capacity to manage their diabetes, this includes mechanisms that expand consumer engagement and self-management including access to Registration cards and starter Packs, telephone support, online support, information and resources, and other activities. The Continuing Support Programs (2018: \$12,670,928; 2017: \$12,250,000) provides access to self-management education and support programs for Registrants, along with access to education and support for Health Professionals. The Health Professional Bodies (2018: \$1,048,200; 2017: \$1,000,000) provide a broad range of advice and assistance to assist Diabetes Australia and the Commonwealth deliver the NDSS services.

		Consolidated	
		2018	2017
		\$	\$
(d) Other expenses			
—	Bad and doubtful debts expense	25,000	-
—	Rental expense on operating leases	177,947	140,497
—	Consultants and contractors - Third Parties (i)	2,369,436	2,851,460
—	Consultants and contractors - NDSS Agents (ii)	2,920,280	1,233,750
—	Fundraising activities	29,092	15,822
—	Office and equipment	862,365	885,339
—	General expenses	1,257,166	951,168
—	Sharing Income with Member Organisations (iii)	414,268	585,732
—	Other expenses	331,182	471,845
		8,386,736	7,135,613

(i) Consultants and contractors - Third Parties

Consultants and Contractors - Third Parties (2018: \$2,369,436; 2017: \$2,851,460) includes expertise to assist in national reform activities (NDSS Helpline), implementation of Government initiatives (CSO Arrangements, CGM and limits subsidised access to blood glucose test strips for people with type 2 diabetes who do not require insulin and others), NDSS Marketing Campaign and information technology development

(ii) Consultants and contractors - NDSS Agents

Consultants and contractors - NDSS Agents (2018: \$2,920,280; 2017: \$1,233,750) consists of national services, leadership and expert advice that Diabetes Australia engages directly from NDSS Agents. The majority of the 2018 expenditure was for national services reform, with two key elements, being:

- NDSS inbound contacts (phone and email) which was transitioned to a centralised NDSS Helpline to deliver material efficiencies. In prior years helpline calls were managed by NDSS Agent in a full de-centralised model; and
- Establishment of a national fulfillment and distribution provider for key NDSS resources with implementation in July 2018

These projects have created efficiencies that have been redistributed into high value NDSS programs for people living with diabetes.

(iii) Sharing Income with Member Organisations

The Diabetes Australia Board approved the sharing of funds with Member Organisations that are consistent with Diabetes Australia's charitable purpose to allow them to improve the lives of people living with diabetes.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2018 (CONT'D)

NOTE 4: CASH AND CASH EQUIVALENTS

		Consolidated	
	Note	2018	2017
		\$	\$
CURRENT			
Cash at bank and on hand		10,179,977	4,532,050
Bank deposits		4,300,000	5,000,000
	19	14,479,977	9,532,050

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		10,179,977	4,532,050
Bank deposits		4,300,000	5,000,000
	12	14,479,977	9,532,050

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 \$46,233 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.

Diabetes Australia Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2018 (CONT'D)

NOTE 5: TRADE AND OTHER RECEIVABLES

	Note	Consolidated	
		2018	2017
		\$	\$
CURRENT			
Trade receivables	(i)	13,252,968	1,764,760
Provision for impairment of receivables		-	-
		13,252,968	1,764,760
Taxation assets		102,214	277,154
Other receivables		221,575	43,357
Total current trade and other receivables	19	13,576,757	2,085,271

(i) Trade receivables

In June 2018, \$11,708,080 was invoiced for NDSS Quarter one in advance

(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.

	Past due but not impaired					Considered Impaired
	Total	0-30	31-60	61-90	> 90	
	\$	\$	\$	\$	\$	\$
2018						
Trade receivables	13,252,968	13,098,164	151,341	3,074	389	-
Other receivables	323,789	323,789	-	-	-	-
Total	13,576,757	13,421,953	151,341	3,074	389	-
2017						
Trade receivables	1,764,760	1,732,485	3,949	25,771	2,555	-
Other receivables	320,511	320,511	-	-	-	-
Total	2,085,271	2,052,996	3,949	25,771	2,555	-

Receivables past due but not considered impaired are \$154,804 (2017: \$32,275). Payment terms on these amounts have not been renegotiated. The Group is satisfied that payment will be 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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NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2018 (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
	\$	\$	\$	\$	\$
Year ended 30 June 2018					
Carrying amount at beginning of year	-	4,845	29,670	92,670	127,185
Additions	-	4,492	131,666	3,083	139,241
Depreciation expense	-	(6,695)	(44,080)	(31,237)	(82,012)
Carrying amount at the end of year	-	2,642	117,256	64,516	184,414

At 30 June 2018

Cost	364,669	35,759	196,210	131,920	728,558
Accumulated depreciation	(364,669)	(33,117)	(78,954)	(67,404)	(544,144)
Net carrying amount	-	2,642	117,256	64,516	184,414

Year ended 30 June 2017

Carrying amount at beginning of year	-	2,972	15,271	4,021	22,264
Additions	-	4,499	24,070	103,813	132,382
Depreciation expense	-	(2,626)	(9,671)	(15,164)	(27,461)
Carrying amount at the end of year	-	4,845	29,670	92,670	127,185

At 30 June 2017

Cost	1,207,112	33,444	167,427	131,537	1,539,520
Accumulated depreciation	(1,207,112)	(28,599)	(137,757)	(38,867)	(1,412,335)
Net carrying amount	-	4,845	29,670	92,670	127,185

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2018 (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
	\$	\$	\$
Year ended 30 June 2018			
Carrying amount at beginning of year	7,504	752	8,256
Amortisation	(7,504)	(563)	(8,067)
Carrying amount at the end of year	-	189	189
At 30 June 2018			
Cost	2,152,020	32,275	2,184,295
Accumulated amortisation	(2,152,020)	(32,086)	(2,184,106)
Net carrying amount	-	189	189
Year ended 30 June 2017			
Carrying amount at beginning of year	22,390	1,314	23,704
Amortisation	(14,886)	(562)	(15,448)
Carrying amount at the end of year	7,504	752	8,256
At 30 June 2017			
Cost	2,152,020	32,275	2,184,295
Accumulated amortisation	(2,144,516)	(31,523)	(2,176,039)
Net carrying amount	7,504	752	8,256

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2018 (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. The intangible NDSS assets have been assessed as having a finite life and were amortised using the straight line method for the remaining life of the prior NDSS contract, which was expired on the 30 June 2016. Parent company owns the remaining intangible assets.

NOTE 8: OTHER ASSETS

	Consolidated	
	2018	2017
	\$	\$
Prepayments	333,003	498,865
Shares	-	3,333
	<u>333,003</u>	<u>502,198</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2018 (CONT'D)

NOTE 9: TRADE AND OTHER PAYABLES

	Note	Consolidated	
		2018	2017
		\$	\$
CURRENT			
Trade payables		301,593	892,863
Sundry payables and accrued expenses		803,881	336,282
Taxation liabilities		1,585,920	163,759
Non Government grants received in advance		61,193	81,120
Employee benefits		128,788	143,712
Registrant Contribution		730,950	451,763
Access Points Handling Fee		485,002	908
Other current liabilities		-	22,773
	9 (a)	4,097,327	2,093,180

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

	Note	Consolidated	
		2018	2017
		\$	\$
Trade and other payables			
— Total current		4,097,327	2,093,180
Less grants received in advance		(61,193)	(81,120)
Less taxation liabilities		(1,585,920)	(163,759)
Less annual leave entitlement	10	(305,505)	(241,504)
Financial liabilities as trade and other payables	19	2,144,709	1,606,797

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2018 (CONT'D)

NOTE 10: PROVISIONS

	Consolidated	
	2018	2017
	\$	\$
CURRENT		
— Annual leave	305,505	241,504
— Long service leave	170,790	164,362
	<u>476,295</u>	<u>405,866</u>
NON CURRENT		
— Long service leave	42,380	42,895
	<u>42,380</u>	<u>42,895</u>

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 2017	241,504	207,257	448,761
Arising during the year	64,001	5,913	69,914
Closing balance at 30 June 2018	<u>305,505</u>	<u>213,170</u>	<u>518,675</u>

(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 2018 (CONT'D)
NOTE 11: GOVERNMENT GRANTS

	Consolidated	
	2018	2017
	\$	\$
CURRENT		
— Federal government grants (NDSS)	16,146,872	1,635,484
— Federal government grants (Non NDSS) (i)	1,000,000	-
Total government grants deferred	<u>17,146,872</u>	<u>1,635,484</u>

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).

(i) Federal government grants (Non NDSS)

The non-NDSS Federal government grant relates to the new national diabetes eye screening program to reduce vision loss and blindness in people with diabetes. Diabetes Australia will partner with all leading organisations in the eye health and diabetes sectors across Australia to support this critical initiative.

(a) Movement in government grants

	Consolidated	
	2018	2017
	\$	\$
Government grants as at beginning of year	1,635,484	8,651,459
— Received during the year	53,768,070	38,603,615
— Funds returned from Agents	399,650	2,856,630
— Released to the statement of comprehensive income	(38,656,332)	(37,631,131)
— Returned to Government	-	(10,845,089)
Government grants as at end of year	<u>17,146,872</u>	<u>1,635,484</u>

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.

 NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2018 (CONT'D)
NOTE 12: CASH FLOW STATEMENT RECONCILIATION

	Note	Consolidated	
		2018	2017
		\$	\$
(a) Reconciliation of cash			
Cash at bank		10,179,977	4,532,050
Bank deposits		4,300,000	5,000,000
	4	<u>14,479,977</u>	<u>9,532,050</u>
(b) Reconciliation of cash flow from operations with surplus			
Net Surplus/(Deficit) for the year		(1,266,069)	2,762,303
Cash flows excluded from profit attributable to operating activities			
<i>Adjustments for</i>			
Depreciation and amortisation		90,079	42,909
<i>Changes in assets and liabilities</i>			
(Increase)/decrease in trade and other receivables		(11,499,985)	8,995,679
(Increase)/decrease in other assets		169,195	(353,788)
(Decrease)/increase in trade and other payables		17,585,964	(19,448,710)
(Decrease)/increase in long-term provisions		(515)	7,504
Net cash flows from operating activities		<u>5,078,669</u>	<u>(7,994,103)</u>

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2018 (CONT'D)

NOTE 13: 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 2018, the number of members was 9 (2017:9).

NOTE 14: 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. In 2017-2018, Diabetes Australia Limited has made \$1,000,000 donation to Diabetes Australia Research Limited. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2018 (CONT'D)
NOTE 15: KEY MANAGEMENT PERSONNEL COMPENSATION**(a) Directors' compensation**

The Hon Judi Moylan is the Independent President and received \$50,133 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:

Executive	Position	Termination Date
Greg Johnson	Chief Executive Officer	
Paul Southcott	General Manager, Corporate Services	
Katharine Balmaks	General Manager, NDSS	
Taryn Black	National Policy & Program Director	
Susan Davidson	General Manager, NDSS	1/02/2018

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

	2018	2017
	\$	\$
Short - term employee benefits	1,119,190	1,026,523
Post - employment benefits	66,178	63,025
Other long - term benefits	-	-
Termination benefits	-	-
TOTAL COMPENSATION	1,185,368	1,089,548

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2018 (CONT'D)
NOTE 16: COMMITMENTS

	Consolidated	
	2018	2017
	\$	\$
(a) Operating lease commitments		
Payable — minimum lease payments		
— Within one year	219,322	207,018
— After one year but not more than five years	237,860	457,183
Minimum lease payments	<u>457,182</u>	<u>664,201</u>

The Diabetes Australia property leases relate to Canberra, Melbourne and Brisbane. Canberra is a non-cancellable operating lease with a forty-three month 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 fixed percentage 3.5% per annum. Melbourne is an operating lease with term of two years. Brisbane is an operating lease with a six month term, with rent payable one month in advance.

	Consolidated	
	2018	2017
	\$	\$
(c) Research grants		
Payable - General research grants		
— Within one year	814,766	1,091,805
— After one year but not more than five years	-	-
	<u>814,766</u>	<u>1,091,805</u>
Payable - Millennium research grants		
— Within one year	149,904	75,000
— After one year but not more than five years	74,952	-
	<u>224,856</u>	<u>75,000</u>
Payable - Other research grants		
— Within one year	40,000	75,000
— After one year but not more than five years	80,000	80,000
	<u>120,000</u>	<u>155,000</u>
Total research grant commitments	<u>1,159,622</u>	<u>1,321,805</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 and individuals for research related activities including:

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2018 (CONT'D)

- The Royal Australia College of Physicians (co-funded award);
- The Royal Australian College of General Practitioners (co-funded award);
- Four PHD Students with a three year commitment of \$20,000 per annum per student

NOTE 17: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or contingent assets as at 30 June 2018.

NOTE 18: EVENTS AFTER THE BALANCE DATE

There are no material events after the balance date.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2018 (CONT'D)
NOTE 19: 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:

		Consolidated	
	Note	2018	2017
		\$	\$
Financial Assets			
Cash and cash equivalents	4	14,479,977	9,532,050
Loans and receivables	5	13,576,757	2,085,271
		28,056,734	11,617,321
Financial Liabilities			
Trade and other payables	9 (a)	2,144,709	1,606,797
		2,144,709	1,606,797

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 2018 (CONT'D)
NOTE 19: 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:

	Consolidated	
Note	2018	2017
	\$	\$
Financial Assets		
Cash	10,179,977	4,532,050
Bank deposits	4,300,000	5,000,000
4	<u>14,479,977</u>	<u>9,532,050</u>

(ii) Interest rate sensitivity

A 0.50% decrease in interest rates and 0.50% 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:

	Consolidated	
	Net Surplus Higher/(Lower)	
	2018	2017
	\$	\$
+ 0.50% (50 basis points)	56,953	88,870
- 0.50% (50 basis points)	(56,953)	(88,870)

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 2018 (CONT'D)

NOTE 19: 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	
		\$	\$	\$	\$
Year ended 30 June 2018					
Liquid financial assets					
Cash and cash equivalents	4	14,479,977	-	-	14,479,977
Loan and receivables	5	13,576,757	-	-	13,576,757
Total anticipated inflows		28,056,734	-	-	28,056,734
Financial liabilities					
Trade and other payables	9	(2,144,709)	-	-	(2,144,709)
Total expected outflows		(2,144,709)	-	-	(2,144,709)
Net inflow/(outflow)		25,912,025	-	-	25,912,025
Year ended 30 June 2017					
Liquid financial assets					
Cash and cash equivalents	4	9,532,050	-	-	9,532,050
Loan and receivables	5	2,085,271	-	-	2,085,271
Total anticipated inflows		11,617,321	-	-	11,617,321
Financial liabilities					
Trade and other payables	9	(1,606,797)	-	-	(1,606,797)
Total expected outflows		(1,606,797)	-	-	(1,606,797)
Net inflow/(outflow)		10,010,524	-	-	10,010,524

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2018 (CONT'D)

NOTE 19: 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 2018 (CONT'D)

NOTE 20: 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 four year agreement with the Department to continue to conduct NDSS services from 1 July 2016 to 30 June 2020. 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.

NOTE 21: PARENT ENTITY

	2018	2017
	\$	\$
Information relating to Diabetes Australia Limited		
Current assets	25,705,058	9,702,912
Total assets	25,889,471	9,837,600
Current liabilities	21,614,589	4,147,012
Total liabilities	<u>21,656,969</u>	<u>4,147,012</u>
Issued capital	-	-
Retained earnings	4,232,502	5,690,588
Total shareholders' equity	<u>4,232,502</u>	<u>5,690,588</u>
Surplus or deficit of the parent entity	(1,458,086)	4,098,360
Total comprehensive income of the parent entity	<u>(1,458,086)</u>	<u>4,098,360</u>

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2018 (CONT'D)

NOTE 22: AUDITORS' REMUNERATION

The auditor of Diabetes Australia Limited is RSM Australia

	Consolidated	
	2018	2017
	\$	\$
<i>Amounts received or due and receivable by RSM for:</i>		
— auditing or reviewing the financial report of the entity and any other entity in the consolidated group	45,100	63,300
— Other services in relations to the entity and any other entity in the consolidated group		
— Assurance related	-	-
— Operational Consultancy	-	-
<i>Amounts received or due and receivable by non RSM audit firms:</i>		
— auditing or reviewing the financial report of the entity and any other entity in the consolidated group	-	-
— Other services in relations to the entity and any other entity in the consolidated group		
— Assurance related	-	-
— Operational Consultancy	-	-

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 2018 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



Leo Tutt, Director & Chair of FARM Committee

Dated this 22nd day of October 2018.

RSM Australia Partners

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

We have audited the financial report of Diabetes Australia Limited ("the entity"), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

- (a) giving a true and fair view of the registered entity's consolidated financial position as at 30 June 2018 and of its financial performance and cash flows for the year ended on that date; and
- (b) complying with Australian Accounting Standards 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 Diabetes Australia Limited in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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 comprises the information included in Diabetes Australia Limited's annual report for the year ended 30 June 2018, but does not include the financial report and the 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.

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

RSM Australia Partners 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 Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Report

The Directors of the registered entity 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 Act 2012* (ACNC Act) and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, Directors are responsible for assessing Diabetes Australia Limited'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 management either intends to liquidate Diabetes Australia Limited or to cease operations, or has no realistic alternative but to do so.

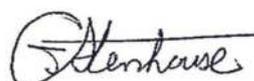
Auditor's Responsibilities for the Audit of the Financial Report

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 at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.



RSM AUSTRALIA PARTNERS



Canberra, Australian Capital Territory
Dated: 22 October 2018

GED STENHOUSE
Partner