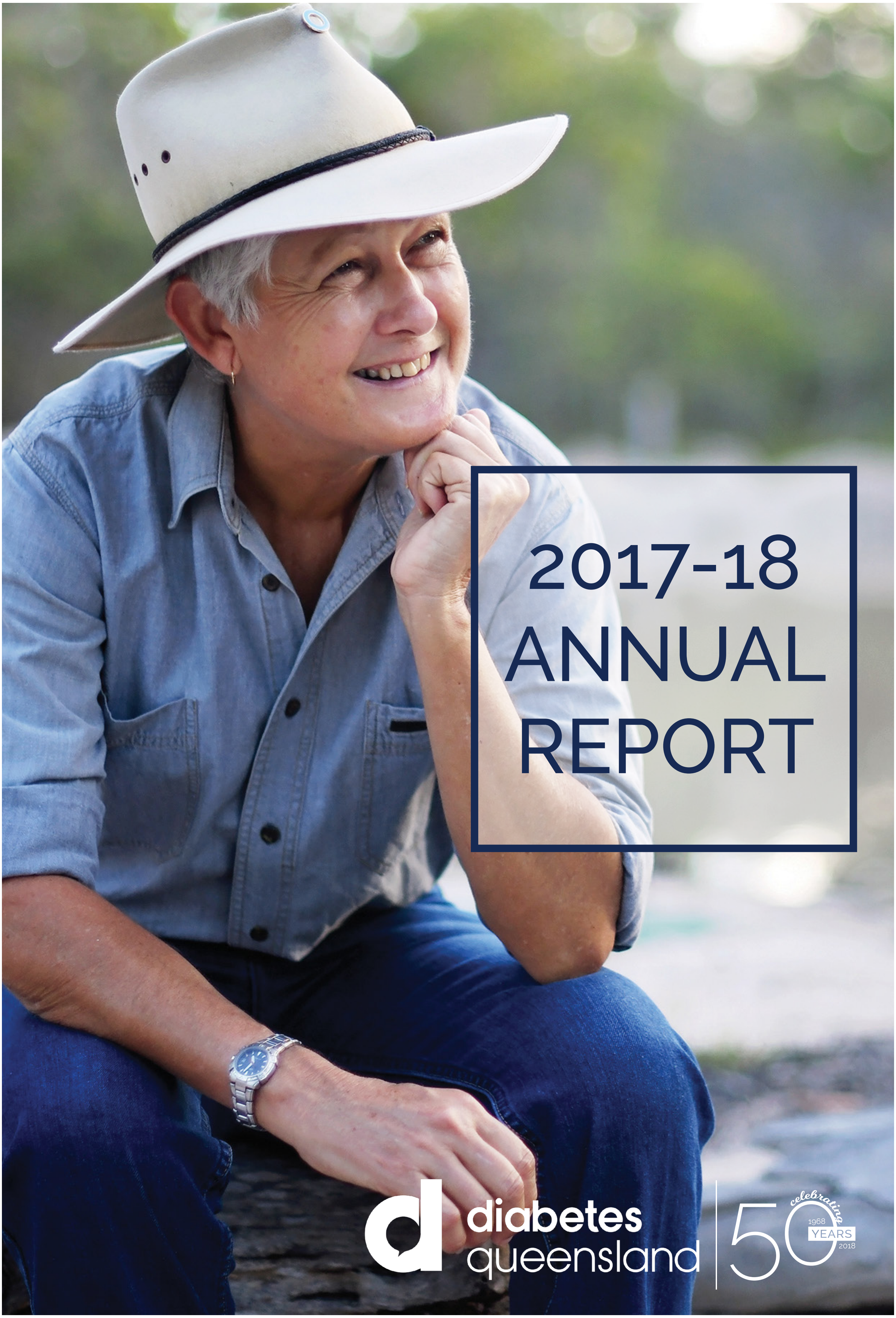
2017-18 ANNUAL REPORT



Cover photo: Former jillaroo, Jennifer Handley, from rural Queensland.
Diagnosed with type 1 diabetes in 1968, Jennifer features in our 2018 Tax Appeal and shares how she has benefited from the support of Diabetes Queensland during the past 50 years.

Diabetic Association of Queensland Limited – Trading as Diabetes Queensland

ABN: 18 009 790 327

Financial Statements

for the year ended

30 June 2018

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Diabetic Association of Queensland Limited – Trading as Diabetes Queensland

ABN: 18 009 790 327

Directors' Report

Your Directors present their report on the Diabetic Association of Queensland Limited – Trading as Diabetes Queensland (the 'company') for the financial year ended 30 June 2018.

The names of each person who has been a director during the year and to the date of this report are:

Craig Beyers	
Susann Holzberger	
Matthew Andrew	- Appointed 8 September 2017, elected 20 November 2017
Matthew Taylor	- Elected 20 November 2017
Liam Byrnes	- Elected 20 November 2017
Monika Campbell	- Resigned 8 September 2017
Dr Maarten Kamp	- Resigned 20 November 2017
Michael Reid	- Resigned 20 November 2017
Leo Tutt	- Appointed 25 June 2018

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The following person held the position of company secretary at the end of the financial year:

> ***Michele Clatworthy*** – (Bachelor of Business - Accountancy, with distinction, Grad Dip Corp Gov, FCPA, AGIA, MBA). Michele has over 30 years commercial financial and business experience in the banking, aviation and government sectors.

Review of operations and principal activities

During the year, Diabetes Queensland continued in its role as the peak body for people with diabetes in Queensland, providing a powerful voice for people living with or at risk of diabetes.

Strategic objectives

Diabetes Queensland focused its strategic goals on:

- Improving the health and wellness of people living with all types of diabetes; and
- Reducing the incidence of preventable diabetes in the community.

The strategic plan focuses Diabetes Queensland's work across four key priority areas:

- ***Awareness and Advocacy*** – driving awareness and effective policy – to facilitate the connection with all of Queensland and leaders at all levels of government and in all our communities. As a charity, be defined by our capacity to unite and represent the diverse needs and interests of members and the diabetes community.
- ***Support* and Information**– Best practice principles and research will deliver integrated, evidence-based and cost-effective programs and initiatives to support and improve the lives of people living with diabetes. Continue to inform and educate the community about their risk of type [e 2 diabetes and the steps needs to prevent it.
- ***Sustainability – Membership*** – Develop diversified sources of income, fundraising opportunities and partnerships to sustain our delivery of services, support and representation. Through collaboration with other parties, sustain our mission in support of people living with or at the risk of diabetes.
- ***Capacity and Capability*** - building Diabetes Queensland's capacity for success by growing our financial base and ensuring a performance focussed and sustainable workforce to drive the organisation culture to be engaged, agile, capable to deliver quality performance.

Directors' Report (continued)

Review of operations and principal activities (continued)

Principal activities

Diabetes Queensland expanded its activity in line with its strategic objectives, delivering a range of awareness and prevention initiatives targeting at risk communities, while continuing to provide much needed support and education for people living with all types of diabetes.

During the year the company:

- Recorded an operating profit of $174,572
- Diabetes Queensland staged awareness campaigns for National Diabetes Week (NDW), World Diabetes Day (WDD) and specific issues including access to continuous/flash glucose monitoring, a soft drink tax (SDT) and HbA1c screening. In NDW, our social media targeted men to promote type 1 diabetic keto-acidosis (DKA) and type 2 (undiagnosed) issues. Page views totaling 3,611 were recorded. On WDD, our poster/online theme was Qld diabetes superwomen. Online, this achieved 2,037 page views. Our SDT campaigns were covered by the Courier Mail and the New York Times, with other prominent news coverage including younger type 2 diagnoses and diabetes discrimination. Pre-election submissions advocating HBA1c screening etc. were distributed to members of parliament, parties and candidates, and published in Circle, our membership quarterly.
- In the 12 months to 30 June, there were 360 media interactions and 216,218 unique web visitors (up 11% on last year). News articles attracted 29.8% of website page views. Social marketing contributed to this traffic with our number of posts increasing from 3,583 to 5,660. We welcomed 2,593 new followers on Social Media. Our total followers increased to 14,833 while total engagement increased from 51,300 to 88,100.
- Delivered diabetes education and awareness programs to more than 5,000 people living with diabetes through face to face programs such as EXPOsing diabetes, DESMOND, Topic specific SMARTS session and Diabetes Yarning.
- Disseminated more than 837,000 resources (fact sheets, information resources, newsletters and publications), providing the most up-to-date information, education and support to help people learn how to manage their diabetes.
- Continued the national leadership for the Aboriginal and Torres Strait Island development program under the NDSS.
- Cultural and Linguistically Diverse program delivery increased this year with 17 events attended reaching 517 people from a CALD background.
- Delivered the Queensland Government's *Need for Feed* prevention programs to 43 schools and over 650 high school students during the year. This funding activity concluded at the end of the year due to contract completion.
- Continued to support Diabetes Queensland members and registrants through the outbound call service, calling more than 37,000 people.
- Program delivery continued on the Queensland Government's My health for life program, conducting a total of 83,534 risk assessments resulting in 3,713 program enrolments with 1,828 participants completing the program to date. The mass media campaign was rolled out in April resulting in increased awareness and interest in the program. My health for life is now available in all 7 primary health network locations in Queensland.
- Continued support for women with gestational diabetes, distributing over 15,000 information packs and 50,000 reminder letters to ensure women get appropriate information and support.
- Delivered education to over 1,000 Health professionals and support workers through programs such as Understanding Diabetes, Diabetes Management for Health Professionals and presented education sessions and engaged with health professionals at 4 industry events, Engaged face to face with 1,000 General Practitioners and other primary care and allied health staff increasing the awareness of national diabetic support scheme (NDSS).
- Continued to build the capacity and capability of the company, improving internal processes and systems to maintain ISO 9001:2015 Quality Management Systems accreditation.

Directors' Report (continued)

Key performance measures

The company measures its own performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used by the directors to assess the financial sustainability of the company and whether the company's short-term and long-term objectives are being achieved.

Strategic focus area	Actual	Target
Advocacy		
Diabetes management policies activated	2	1
Support and Information		
Increase online engagement through unique web visits	169,220	180,000
Provide support and credible information through NDSS annual plan	100%	100%
MH4L program participant completions	1,986	2,400
Risk assessments completed by June 18 using AUSDRISK	25,412	9,000
Sustainability		
Financial members	36,304	38,000
Donor retention	12,013	12,000
Capacity and Capability		
Membership revenue	$1,600,533	$1,702,905
Customer satisfaction	93%	85%

Significant changes in state of affairs

No significant changes in the company's state of affairs occurred during the financial year.

After balance date events

Other than the matters detailed in future developments below, there are no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Future developments

The company continues to explore collaboration opportunities to increase its delivery of services to the person with diabetes, but otherwise the company expects to maintain the present status and level of operations and hence there are no significant developments in the operations of the company expected for the upcoming financial year.

Environmental issues

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

Capital

As a company limited by guarantee, the company does not have shares or options. If the company is wound up, the constitution states that each member is required to contribute a maximum of $2 each towards meeting any outstanding obligations of the company. As at 30 June 2018, the number of company members who would be liable if the company was to be wound up is 36,304 (2017: 38,361).

Information on directors

Craig Beyers **President (Chairperson)**

Qualifications

Bachelor of Engineering in Environmental Engineering, Graduate Certificate in Business (Not-for-profit and Philanthropy), Certified Air Quality Professional, Member of the Institute of Engineers Australia and Committee Member of the Australian Acoustical Society Committee (Queensland Branch).

Experience

Craig has been a Diabetes Queensland Board member since November 2011. Craig's experience of having type 1 diabetes for more than 30 years provides him with a first-hand understanding of the complexities and challenges facing people with type 1 diabetes. The knowledge and experience gained by Craig in both his personal and professional life (management role within a successful engineering consultancy) has motivated Craig to become involved in the direction of Diabetes Queensland as a way to help others with this condition

Responsibilities

President of the Board, Member of the Audit & Risk Management Committee.

Matthew Andrew **Vice President**

Qualifications

Masters of Business Administration, Bachelor of Arts, Graduate Certificate in Science (Strategic Foresight,) Graduate - Australian Institute of Company Directors.

Experience

Diabetes Queensland Board member since September 2017. Previously on the Board from November 2004 to November 2014.

Matthew first became interested in diabetes through his wife's involvement with Diabetes Queensland and it became clear that his skills could support the organisation at the Board level. A background in market research, management and public administration provides Matthew with a skill set that is directly relevant to many aspects of the Diabetes Queensland business, particularly marketing, government relations and program development for people with diabetes.

Matthew is particularly interested in type 2 diabetes, because of both the significant long-term health problem it represents for the Australian community and the impact it has on the lives of people who develop it. He believes that a key role of Diabetes Queensland is to improve community awareness of diabetes and to adequately support people with diabetes by providing appropriate, timely advice and support to assist with the management of their condition.

Responsibilities

Vice President of the Board.

Matthew Taylor **Director**

Qualifications

Bachelor of Business (Accounting), Member of Chartered Accountants Australia and New Zealand

Experience

Matthew is an Assurance partner at a global accounting firm, based in Brisbane. He has over 14 years' experience auditing across a whole range of companies and industries within the United Kingdom, Australia and New Zealand.

Matthew has a strong interest in corporate governance and looks forward to helping Diabetes Queensland in navigating future challenging landscapes.

Responsibilities

Member of the Board and Chair of the Audit & Risk Management Committee.

Directors' Report (continued)

Information on directors (continued)

Susann Holzberger **Director**

Qualifications

B.Pharm, Member of the Board of the Australia College of Pharmacy, Member of the Australian Institute of Company of Directors.

Experience

Susann has been a Diabetes Queensland Board member since November 2009. As a pharmacist with 30 years' experience, Susann has owned a number of pharmacies. Susann has been involved with teaching in Pharmacy schools at UQ and QUT. She is currently a director on the Australian College of Pharmacy Board. Susann has a continuing interest in diabetes prevention, management and disease awareness.

Responsibilities

Member of the Board and Member of the Audit & Risk Management Committee.

Liam Byrnes **Director**

Qualifications

Doctor of Philosophy (Economics), Bachelor of Laws (Honours), Bachelor of Commerce (Honours), Graduate Diploma of Legal Practice.

Experience

Liam has lived with type 1 diabetes for more than 20 years and has first-hand experience of the daily challenges this brings. With a background in economics and law and substantial commercial and strategy experience, Liam's personal and professional experience motivates him to become involved in the direction of Diabetes Queensland. Liam believes that diabetes should be important, but not defining, with Diabetes Queensland a key partner in the diabetes management journey.

Responsibilities

Member of the Board and Member of the Audit & Risk Management Committee.

Leo Tutt **Director**

Qualifications

Member of the Order of Australia, General Division, Bachelor of Economics, Bachelor of Laws, Fellow of Chartered Accountants Australia and New Zealand, Fellow of CPA Australia, Chartered Tax Adviser and Member of the Australian Institute of Company Directors..

Experience

Leo Tutt was appointed to the Board of Directors of Diabetes QLD in June 2018. Leo has been Chairperson of the Board of Directors of Diabetes NSW & ACT since November 2010, having served as a Director since 2001 and Vice President from 2004 until 2010. Leo is also a director of Diabetes Australia, and Glycemic Index Limited (GI Foundation). Leo is group leader of Audit & Assurance at William Buck, a leading firm of Chartered Accountants and Advisors.

Passionate about helping people, Leo's drive is not just about creating success for his clients, but his community. A people person who is always striving to do better, and improve the lives of those around him, Leo is committed to creating success and making a positive difference. Leo has a personal commitment to improving the lifestyle opportunities of people with diabetes.

Responsibilities

Member of the Board.

Information on directors (continued)

Monika Campbell **Director** **(Resigned 8 September 2017)**

Qualifications

Masters Human Resource Management, Bachelor of Behavioural Sciences – (Industrial Relations and Occupational Health Safety), Certified Professional AHRI (CAHRI), Member of National Safety Council Australia.

Experience

Monika has been a Diabetes Queensland Board member since November 2014.

Monika has 15 years' experience as a Senior Safety and Human Resources Professional, people leader and coach in energy, manufacturing, gaming, agriculture sectors, in private and ASX listed companies. Monika has provided professional services to Diabetes Queensland to develop key people strategies.

Monika has a proven record of driving business performance through safety and people strategies utilising a leadership style that is engaging and forward focused.

Monika's personal experience with Gestational Diabetes (GDM) gives her real insight for what it means to live with Diabetes. She is passionate and motivated about applying her personal experience and professional expertise to contribute to Diabetes Queensland's achievement of its stated strategic goals.

Responsibilities

Vice President of the Board, Member of Audit & Risk Management Committee.

Dr Maarten Kamp **Director (Resigned 20 November 2017)**

Qualifications

Bachelor of Medicine/Surgery, Fellow of the Royal Australasian College of Physicians, Master of Health Administration, Graduate member of the Australian Institute of Company Directors .

Experience

Maarten has been a Diabetes Queensland Board member since September 2008.

Maarten trained as an endocrinologist, and practices privately in diabetes and general endocrinology. Maarten is a past President of Diabetes Queensland and of the Australian Diabetes Society and past Executive Board member of Diabetes Australia Ltd. He was a member of the Steering Group for the NHMRC type 2 diabetes guidelines and the Expert Advisory Group for the type 2 diabetes primary prevention guidelines and the Expert Advisory Group for NHMRC guidelines on the management of type 1 diabetes in children and young adults.

In 2010, Maarten completed formal training as a director through the Australian Institute of Company Directors.

With his extensive knowledge and commitment to diabetes in the community, Maarten brings invaluable expertise to the Diabetes Queensland board.

Responsibilities

Member of the Board.

Information on directors (continued)

Michael Reid **Director (Resigned 20 November 2017)**

Qualifications

Bachelor of Commerce (Hons), University of Manitoba, Canada; Fellow of the Chartered Accountants Australia and New Zealand, Fellow of the Institute of Company Directors.

Experience

Mike has been a Diabetes Queensland Board member since June 2002. Mike has a professional background as a Chartered Accountant, having worked in a number of countries including Canada and Australia. Mike is a senior partner at Ernst & Young, Brisbane, and specialises in corporate accounting and audit. Mike's experience combined with a high level of business acumen and professionalism enables him to bring a high degree of financial stewardship to the Diabetes Queensland Board.

Mike's knowledge of corporate finance, accounting, risk management and strategic planning has enhanced the Board's level of corporate governance. Mike advises key corporate entities on financial matters and draws on this knowledge to ensure Diabetes Queensland's financial procedures and practices remain strong.

Responsibilities

Member of the Board and Chair of the Audit & Risk Management Committee.

Directors' Report (continued)

Meeting of directors

During the financial year, seven Board meetings and four Audit and Risk Management Committee meetings were held. Attendances by each director were as follows:

	Number eligible to attend	Number attended
Board of Directors' meetings		
Craig Beyers	7	7
Matthew Andrew	6	5
Liam Byrnes	4	4
Monika Campbell (resigned 8 September 2017)	1	1
Susann Holzberger	7	5
Dr Maarten Kamp (resigned 20 November 2017)	3	-
Michael Reid (resigned 20 November 2017)	3	3
Matthew Taylor	4	4
Leo Tutt (appointed 25 June 2018)	-	-
Audit & Risk Management Committee		
Michael Reid (resigned 20 November 2017)	2	2
Mathew Taylor	2	2
Craig Beyers	4	3
Liam Byrnes	2	2
Monika Campbell (resigned 8 September 2017)	1	-
Susann Holzberger	3	1

Indemnifying officers or auditors

During the financial period, the company has paid a premium to insure all directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacities as directors and officers of the company, other than conduct involving a wilful breach of duty in relation to the company. The total premium was $12,210* (2017: $11,000) including GST.

** This amount is all inclusive of Professional Indemnity, Directors and Officers and Employment Practices Liability.*

The company has not otherwise, during or since the end of the financial period, in respect of any person who is or has been an officer or auditor for the company:

- indemnified or made any relevant agreement for indemnifying any such person against a liability, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings.

Proceedings on behalf of the entity

No person has applied for leave of Court to bring proceedings on behalf of the entity or intervene in any proceedings to which the entity is a party for the purpose of taking responsibility on behalf of the entity for all or any part of those proceedings.

The entity was not party to any such proceedings during the year.

Directors' Report (continued)

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2018 has been received and can be found on page 12 of the financial report.

Signed in accordance with a resolution of the board of directors.

Craig Beyers
Chairperson (Director)

Date: 3 September 2018

Nexia Australia

Auditor's Independence Declaration

Under Section 307C of the *Corporations Act 2001*

To the Directors of Diabetic Association of Queensland Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018 there have been no contraventions of:

(i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Nexia Brisbane Audit Pty Ltd

Nexia Brisbane Audit Pty Ltd

Nigel Bamford

ND Bamford
Director

Date: 27 August 2018

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ABN: 18 009 790 327

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2018

	Note	2018 $	2017 $
Income			
Revenue	4	16,925,968	14,872,895
Other revenue		64,286	10,723
Investment Income	8	152,724	69,626
Total Revenue		**17,142,978**	**14,953,244**
Expenses			
Employee expenses	5	7,952,851	6,838,393
Supplies and services	6	8,424,788	7,620,694
Cost of sales		41,717	49,517
Depreciation & amortisation expense	11,12	170,505	261,985
Other expenses	7	378,545	222,941
Total expenses		**16,968,406**	**14,993,530**
Operating result before income tax		**174,572**	**(40,286)**
Income tax expense	2(j)	-	-
Net operating result after income tax		**174,572**	**(40,286)**
Other comprehensive income		-	-
Total comprehensive profit (loss) for the period		**174,572**	**(40,286)**

 The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

ABN: 18 009 790 327

Statement of Financial Position
As at 30 June 2018

	Note	2018 $	2017 $
Current assets			
Cash and cash equivalents	9	6,846,706	5,766,651
Financial assets	19	1,353,998	1,272,036
Trade and other receivables	10	877,288	763,373
Inventory		9,537	6,303
Other current assets		50,478	48,720
Total current assets		**9,138,007**	**7,857,083**
Non-current assets			
Property, plant & equipment	11	3,000,962	3,116,848
Intangible assets	12	50,255	104,874
Total non-current assets		**3,051,217**	**3,221,722**
Total assets		**12,189,224**	**11,078,805**
Current liabilities			
Trade and other payables	13	2,839,106	2,173,441
Employee benefits	14	962,283	664,125
Unearned income	15	906,669	943,273
Total current liabilities		**4,708,058**	**3,780,839**
Non-current liabilities			
Employee benefits	14	198,565	189,937
Total non-current liabilities		**198,565**	**189,937**
Total liabilities		**4,906,623**	**3,970,776**
Net assets		**7,282,601**	**7,108,029**
Equity			
Retained earnings		7,137,026	6,962,454
Development fund reserve	20	145,575	145,575
Total equity		**7,282,601**	**7,108,029**

 The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Diabetic Association of Queensland Limited – Trading as Diabetes Queensland

ABN: 18 009 790 327

Statement of Changes in Equity
For the year ended 30 June 2018

	Note	Retained earnings $	Development Fund reserve $	Total $
Opening balance as at 1 July 2016		7,002,740	145,575	7,148,315
Net operating result after income tax		(40,286)	-	(40,286)
Total other comprehensive income		-	-	-
Total comprehensive income for the year		**(40,286)**	**-**	**(40,286)**
Closing balance as at 30 June 2017		**6,962,454**	**145,575**	**7,108,029**
Net operating result after income tax		174,572	-	174,572
Total other comprehensive income		-	-	-
Total comprehensive income for the year		**174,572**	**-**	**174,572**
Closing balance as at 30 June 2018		**7,137,026**	**145,575**	**7,282,601**

For a description of the reserve, refer to note 20

 The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows
For the year ended 30 June 2018

	Note	2018	2017
		$	$
Cash flow from operating activities			
Receipts from customers		16,839,735	16,327,985
Payments to suppliers and employees		(15,446,118)	(14,924,882)
GST paid		(384,324)	(1,128,565)
Interest and investment income		85,507	112,438
Net cash flow from operating activities	9(b)	**1,094,800**	**386,976**
Cash flow from investing activities			
Acquisition of property, plant and equipment		-	(6,782)
Proceeds on sale of investments		1,990,381	138,713
Purchases of investments		(2,005,126)	(42,384)
Net cash flow from investing activities		**(14,745)**	**89,547**
Net increase in cash and cash equivalents		**1,080,055**	**476,523**
Cash and cash equivalents as at 1 July		**5,766,651**	**5,290,128**
Cash and cash equivalents as at 30 June 2018	9(a)	**6,846,706**	**5,766,651**

Notes to the Financial Statements
For the year ended 30 June 2018

1. Company information

Diabetic Association of Queensland Limited – trading as Diabetes Queensland (the 'company') is a public company limited by guarantee, incorporated and domiciled in Australia under the *Corporations Act 2001*. The company's registered office and its principal place of business are as follows:

29 Finchley Street
Milton Qld 4064

Company guarantee

The liability of members is limited and the constitution states that in the event of the company being wound up, each member is required to contribute a maximum of $2 each towards meeting any outstanding obligations of the company. At 30 June 2018, the number of financial members was 36,304 (2017: 38,361).

The company's constitution also prohibits the payment of dividends. Consequently, the company's capital comprises its retained earnings and reserves. The company's policy is to balance these sources of capital to meet its operating requirements and to ensure that the company can continue as a going concern.

There are no externally imposed capital requirements. There have been no changes in strategy adopted by management to control the capital of the company since last year.

The financial statements were authorised for issue by the directors on 3 September 2018.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the financial statements, unless otherwise stated. Certain comparative amounts have been reclassified to conform to the current year's presentation.

(a) Statement of compliance

The company is a not-for-profit company for financial reporting purposes under Australian Accounting Standards and is a charity registered with the Australian Charities and Not-for-profits Commission. These general purpose financial statements have been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) where applicable to not-for-profit entities. Unless otherwise stated, these financial statements have been prepared on an accrual basis and in accordance with the historical cost convention.

(b) Revenue

A significant amount of the company's revenue is derived from government grant programs (see note 21). Grant revenue is recognised in profit or loss when the company obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the company and the amount of the grant can be measured reliably. If conditions are attached to the grant which must be satisfied before it is eligible to retain the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

Revenue is measured at the fair value of the consideration received or receivable. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Annual membership subscriptions are recognised on a proportional basis from the date the membership is accepted and/or renewed, to the year end.

Donations, appeals and sponsorships are recognised as revenue when received, other than where the amount relates to a specific activity to be conducted in a subsequent financial period. In these cases, the amount is carried forward in the statement of financial position as unearned income.

Bequests received with specific conditions are carried forward in the statement of financial position as unearned income. When the specific conditions are satisfied, the bequest is recognised as income to match the expenditure incurred. All other bequests are recognised as income when received.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

2. Significant accounting policies (continued)

(c) Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price). Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use.

All assets and liabilities of the company for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

- **Level 1** – represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;
- **Level 2** – represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; and
- **Level 3** – represents fair value measurements that are substantially derived from unobservable inputs.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued. Observable inputs used by the company include, but are not limited to, published sales data for land and general office buildings. Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued.

Significant unobservable inputs used by the company include subjective adjustments made to observable data to take account of the characteristics of the company's assets/liabilities and assessments of physical condition and remaining useful life. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

Details of the company's fair value measurements are contained in note 19(f).

(d) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are recognised initially at cost which includes transaction costs, when the related contractual rights or obligations exist, except where the instrument is classified at fair value through profit or loss in which case transaction costs are expensed to the profit or loss immediately.

Classification and subsequent measurement

The company's financial instruments are classified and measured as follows:

Cash and cash equivalents – held at amortised cost
Receivables – held at amortised cost
Financial assets – at fair value through profit and loss
Payables – held at amortised cost

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition, less any reduction for impairment.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks and other short-term highly liquid investments with original maturities of six months or less.

2. Significant accounting policies (continued)

(d) Financial instruments (continued)

Receivables and payables

Receivables and payables are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Trade debtors are recognised at the amounts due at the time of sale or service delivery. Settlement of these amounts is generally required between 14 to 30 days from the invoice date.

Unsecured trade payables are initially recognised at fair value, net of transaction costs and are usually paid within 30 days of recognition.

Other debtors generally arise from transactions outside the usual operating activities of the company and are recognised at their assessed values. Settlement terms depend on the nature of the receivable. No interest is charged and no security is obtained.

Further details of the company's trade and other receivables are contained in note 10. Further details of the company's trade creditors and other payables are contained in note 13.

Held for trading financial assets – at fair value through profit and loss

The company holds an investment portfolio of interests in listed securities and managed funds. Investment income is recognised on receipt of the amount, and gains and losses arising from changes in fair value are recognised in the profit and loss statement.

The fair values of HFT financial assets that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the end of the reporting period, adjusted for transaction costs expected to be incurred. Further details of the company's HFT investments are contained in note 19.

Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative impact on the estimated future cash flows of that financial asset.

Individually significant financial assets are tested for impairment on an individual basis. Certain categories of financial asset that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. All impairment losses are recognised in profit or loss.

Derecognition of financial instruments

Financial assets are derecognised when the asset is disposed of to another party whereby the entity no longer has any continuing involvement in the risks and benefits associated with the financial asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire.

2. Significant accounting policies (continued)

(e) Property, plant & equipment

Recognition and measurement

Actual cost is used for the initial recording of all acquisitions of assets controlled by the company. Cost is determined as the value given as consideration plus costs incidental to the acquisition and costs incurred in getting the assets ready for use.

Land and buildings are stated at cost less accumulated depreciation and any accumulated impairment losses.

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition or incurred to bring the asset into operation. All items of property, plant and equipment which are purchased with a cost in excess of $5,000 (inclusive of GST) are capitalised in the year of acquisition. If the purchase cost is less than $5,000 (inclusive of GST) then the item is expensed in profit or loss.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

Depreciation is calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value commencing from the time the asset is held ready for use. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Land is not depreciated as it is deemed to have an unlimited useful life.

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate and are depreciated accordingly.

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the company.

A review has been conducted on all assets to determine the current economic life to the entity. Any change to an asset's economic life have been applied as at 30 June 2018.

Depreciation rates for each class of depreciable assets are outlined below:

Class	Depreciation Rate
Buildings and improvements	3% to 25%
Plant and equipment	10% to 33%
Motor vehicles	18.75%

Disposal

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss. Further details of the company's disposal of property, plant and equipment are contained in note 11.

2. Significant accounting policies (continued)

(f) Intangible assets

Intangible assets acquired separately are recorded at cost less accumulated amortisation and any accumulated impairment losses. Items of intangibles with a cost, or other value, equal to or in excess of $5,000 (inclusive of GST) are recognised in the statement of financial position in the year of acquisition. Any items less than $5,000 (inclusive of GST) are immediately expensed in profit or loss.

Amortisation is charged on a straight-line basis over the intangible asset's estimated useful life. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis. Intangible assets are amortised from the date they are available for use. The residual value is zero for all the company's intangible assets.

The amortisation rate and the related asset class are outlined below:

Class	Amortisation Rate
Externally acquired computer software	20% to 100%

Further details of the company's intangible assets are contained in note 12.

(g) Impairment of non-financial assets

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the company determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

An asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost. An impairment loss is recognised immediately in profit or loss unless the relevant asset is carried as at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

(h) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably. Payroll tax and workers' compensation insurance are a consequence of employing employees, but are not counted in an employee's total remuneration package. They are not employee benefits and are recognised separately in trade other payables.

As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Superannuation contributions made by the company to an employee superannuation fund are charged as an expense when incurred.

Short term benefits

Short term employee benefits expected to be settled within 12 months are classified as current liabilities and are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Based on past experience, the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months.

However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

2. Significant accounting policies (continued)

(h) Employee benefits (continued).

Long term benefits

Long term employee benefits not expected to be settled within 12 months are classified as non-current liabilities and are measured as the present value of the estimated future cash outflows to be made by the company in respect of services provided by employees up to reporting date. The probability of employees taking long service leave is based on historical data. The discount rate is the yield at the reporting date on Corporate Bonds that have maturity dates approximating the terms of the company's obligations.

(i) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as lessee are classified as operating leases (note 16). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(j) Taxation

The company is a not-for-profit organisation and as such is exempt from paying income tax to the Australian Taxation Office (the 'ATO') as per Section 50 of the *Income Tax Assessment Act 1997* with the exception of Fringe Benefits Tax ('FBT') and Goods and Services Tax ('GST').

Revenue, expenses, assets and liabilities are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the ATO. In these circumstances GST is recognised as part of the cost of acquisition of an asset or as part of an item of expense. Receivables and payables are recognised inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or current liability in the statement of financial position. Cash flows are included in the statement of cash flows on a net basis. The GST component of cash flows arising from investing activities which is recoverable from, or payable to, the ATO is classified within operating cash flows.

(k) Accounting estimates and judgements

In the application of the company's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets, liabilities, income and expenses that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year. Key estimates/judgments used in the preparation of the financial report are:

Recognition of grant income and expenditure

The recognition of grant revenue requires estimates of the level of services delivered and expenditure incurred, including allocation of direct and indirect costs attributable to each grant.

3. Adoption of new and revised accounting standards

The AASB has issued new and revised accounting standards that have mandatory application dates for future reporting periods. The impact of the standards that are relevant to the company is set out below.

1. AASB 15 Revenue from Contracts with Customers

AASB 15 is effective for reporting periods beginning, on, or after 1 January 2019 for not-for-profit entities (AASB2016-7), with early adoption permitted. It replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations:

- establishes a new revenue recognition model
- changes the basis for deciding whether revenue is to be recognised over time or at a point in time
- provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing)
- expands and improves disclosures about revenue

AASB 15 becomes mandatory for Diabetes Queensland's financial statements 30 June 2020 and we continue to work through the implications of the new standard in the lead up to adoption.

2. AASB 1058 Income of Not-for-Profit Entities

AASB 1058 clarifies and simplifies the income recognition requirements that apply to NFP entities, in conjunction with AASB 15 Revenue from Contracts with Customers. These Standards supersede all the income recognition requirements relating to private sector NFP entities.

This standard also applies when a NFP entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. Upon initial recognition , AASB 1058 requires the entity to consider whether any other financial statement elements (called 'related amounts') should be recognised, such as:

(a) Contributions by owners;
(b) Revenue, or a contract liability arising from a contract with a customer;
(c) A lease liability;
(d) A financial instrument; or
(e) A provision.

These related amounts will be accounted for in accordance with the applicable Australian Accounting Standard.

AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities

AASB 2016-7 amends the mandatory effective date of AASB 15 for not-for-profit entities so that AASB 15 is required to be applied by such entities for annual reporting periods beginning on or after 1 January 2019 instead of 1 January 2018.

Therefore AASB 1058 becomes mandatory for Diabetes Queensland financial statements 30 June 2020 The potential impact of the Standard on Diabetes Queensland is anticipated to be minor at this time however Diabetes Queensland will need to consider its future funding arrangements and assess whether they fall within the scope of AASB 2016-8 or AASB 1058, or both. This will require review during 2018/19 in consideration of comparative disclosures.

3. Adoption of new and revised accounting standards (continued)

3. AASB 9 Financial Instruments

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and new rules for hedge accounting. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes that affect Diabetes Queensland are:

Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

AASB 9 becomes mandatory for Diabetes Queensland financial statements 30 June 2019 with early adoption permitted. Diabetes Queensland has chosen to early adopt AASB 9 to allow a clearer and simpler representation of its financial instruments with gains and losses being presented through the profit and loss statement, which will be reflected in this year's financial statements (refer note 22). There are also a number of naming protocols of trade and other receivables in note 10.

4. Revenue

	Note	2018 $	2017 $
Grant funding for the delivery of NDSS services	21	5,003,841	4,426,247
Grant funding for the delivery of My Health for Life services	21	8,797,671	6,885,927
Sale of Diabetic Association of Queensland Ltd goods and services		62,538	94,304
Membership subscriptions	21	1,600,533	1,702,905
Donations, bequests, appeals and sponsorship	21	861,365	921,192
Fees and events		179,481	128,601
Grant revenue		375,539	302,241
Provision of services (Diabetes Australia Ltd)	18	45,000	411,478
Total		**16,925,968**	**14,872,895**

5. Employee Expenses

	Note	2018 $	2017 $
Employee benefits		7,421,516	6,321,259
Employee related expenses		531,335	517,134
Total		**7,952,851**	**6,838,393**

6. Supplies and services

	Note	2018 $	2017 $
Advertising, media and marketing expense		1,065,908	270,248
Consultancies and contractors		3,475,330	2,380,860
Diabetes Australia National Levy		83,499	83,499
Donations to research		-	70,000
Fundraising activities		6,293	292,019
IT infrastructure, maintenance and support expense		1,595,197	2,017,950
Legal fees		26,673	76,850
Postage and telephone expense		739,928	740,580
Premises expense		127,005	130,626
Program delivery expense		681,678	821,649
Publication, printing and stationery expense		329,735	469,966
Security and records expense		33,098	79,547
Event costs		246,849	171,320
Warehouse and freight expense		13,595	15,580
Total		**8,424,788**	**7,620,694**

7. Other expenses

	Note	2018 $	2017 $
Other expenses	(a)	378,545	222,941
(a) Included in Other expenses are the following items:			
Auditor's remuneration			
Audit of financial statements		27,000	27,000
Other assurance services (NDSS and MH4L)		2,600	14,660
Taxation services provided by related practice		2,075	258
Total Auditor's remuneration		**31,675**	**41,918**

8. Investment Income

	2018 $	2017 $
Interest revenue	67,289	1,873
Interest from held for trading financial assets	6,307	30,980
Distributions from held for trading financial assets	1,595	150,262
Dividends from held for trading financial assets	19,509	11,529
Other income from held for trading financial assets	630	3,803
Financial Assets Fees & Charges	(9,823)	(87,465)
Realised gains (losses)	52,233	86,126
Unrealised gains (losses)	14,984	(127,482)
Net investment income	**152,724**	**69,626**

9. Cash and cash equivalents

(a) Reconciliation of cash and cash equivalents

	Note	2018 $	2017 $
Reconciliation of cash and cash equivalents			
Cash on hand and cash at bank		3,258,190	2,241,178
Short term deposits		3,588,516	3,525,473
Total		**6,846,706**	**5,766,651**

(a) The effective interest rate on short-term bank deposits, which are available at call, was between 0.50% and 2.70% (2017: between 0.60% and 2.80%).

(b) Reconciliation of operating result to net cash flow from operations

	Note	2018 $	2017 $
Operating result		**174,572**	**(40,286)**
Adjustments for:			
Depreciation & amortisation expense		170,505	261,985
Investment gains and losses		(67,217)	41,356
(Increase)/Decrease in Assets			
Trade and other receivables		(113,915)	317,204
Inventory		(3,234)	(4,187)
Other current assets		(1,761)	75,935
Increase/(Decrease) in Liabilities			
Trade and other payables		554,274	718,245
Employee benefits		306,785	606
GST payable		111,396	(294,396)
Unearned income		(36,605)	(689,486)
Cash generated from operating activities		**1,094,800**	**386,976**
Net cash from operating activities		**1,094,800**	**386,976**

10. Trade and other receivables

	Note	2018 $	2017 $
Trade debtors at amortised cost		414,806	75,980
Statutory receivables		462,482	687,393
Total		**877,288**	**763,373**

For trade receivables carried at amortised cost, the company determines expected losses using a provision matrix approach, based on historical credit loss experience for the debtor's past due status, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. For all periods presented the expected loss rate for trade debtors not past due is less than 0.5%. Accordingly, the exposure to credit risk on trade debtors is not significant.

11. Property, plant & equipment

Movement reconciliation

	Note	Land	Buildings	Plant & Equipment	Total
		$	$		$
Gross value - at cost		1,650,000	2,753,879	935,174	5,339,053
Accumulated depreciation		-	(1,177,452)	(869,825)	(2,047,277)
Carrying amount as at 1 July 2016		**1,650,000**	**1,576,427**	**65,349**	**3,291,776**
Additions		-	-	6,782	6,782
Depreciation		-	(133,681)	(48,029)	(181,710)
Carrying amount as at 30 June 2017		**1,650,000**	**1,442,746**	**24,102**	**3,116,848**
Gross value - at cost		1,650,000	2,489,504	935,468	5,074,972
Accumulated depreciation		-	(1,046,758)	(911,366)	(1,958,124)
Carrying amount as at 30 June 2017		**1,650,000**	**1,442,746**	**24,102**	**3,116,848**
Depreciation		-	(104,641)	(11,245)	(115,886)
Carrying amount as at 30 June 2018		**1,650,000**	**1,338,105**	**12,857**	**3,000,962**
Gross value - at cost		1,650,000	2,489,504	935,468	5,074,972
Accumulated depreciation		-	(1,151,399)	(922,611)	(2,074,010)
Carrying amount as at 30 June 2018		**1,650,000**	**1,338,105**	**12,857**	**3,000,962**

In the current financial year, the company undertook an independent valuation of its land and buildings, by Gold Valuations.

Fair market value was assessed at $3,550,000, which compares to book value of $2,988,105.

12. Intangibles

	Note	2018 $	2017 $
Software - at cost		361,461	859,521
Accumulated amortisation		(256,587)	(674,372)
Carrying amount as the beginning of the year		**104,874**	**185,149**
Amortisation		(54,619)	(80,275)
Carrying amount as the end of the year		**50,255**	**104,874**
Software - at cost		361,461	361,461
Accumulated amortisation		(311,206)	(256,587)
Carrying amount as the end of the year		**50,255**	**104,874**

13. Trade and other payables

	Note	2018 $	2017 $
Trade payables	19	1,484,768	1,028,982
GST payable		111,397	-
PAYG payable		98,732	85,776
Other payables	19	1,144,209	1,058,683
Total		**2,839,106**	**2,173,441**

14. Employee benefits

	Note	2018 $	2017 $
Current employee benefits			
Salary & related costs payable		181,024	143,905
Annual leave payable		492,657	342,319
Long service leave payable		288,602	177,901
Total current employee benefits		**962,283**	**664,125**
Non-current employee benefits			
Long service leave payable		198,565	189,937
Total non-current employee benefits		**198,565**	**189,937**
Total employee benefits		**1,160,848**	**854,062**

15. Unearned income

	Note	2018 $	2017 $
Membership subscriptions in advance		881,786	871,181
Unearned grant income		24,883	72,092
Total		**906,669**	**943,273**

16. Commitments for expenditure

(a) Operating lease commitments

There are no operating lease commitments outstanding as at 30 June 2018 (2017: nil).

(b) Capital expenditure commitments

There are no capital expenditure commitments outstanding at 30 June 2018 (2017: nil).

(c) Under the My Health for Life (MH4L) grant programs (note 4) the company has a series of sub-contractor arrangements in place to facilitate the delivery of the programs. Payments to sub-contractors to cover such operational expenditure are made when services are incurred.

17. Key management personnel compensation

Key management personnel of the company are directors and those members of senior management who have overall authority and responsibility for planning, directing and controlling the activities of the company. Details of aggregate compensation for key management personnel are set out below:

	Note	Short term employee benefits $	Post-employment benefits $	Long-term employee benefits $	Total $
2018					
Total compensation		1,041,306	121,913	211,256	**1,374,475**
2017					
Total compensation		1,036,560	123,717	21,894	**1,182,172**

Director's remuneration

No member of the board received any fees or any other remuneration during the financial year (2017: nil).

Executive remuneration

The Board of Directors monitor executive remuneration, which is set at levels necessary to attract experienced and suitable candidates in the current employment market.

Contracts for service

Executives are employed under contracts of employment with the company.

18. Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

a) Directors and key management personnel

The directors and key management personnel, or their related entities, may transact with the company within a normal member, customer or supplier relationship on terms and conditions no more favourable than those with which it is reasonable to expect the company would have adopted if dealing with an entity at arm's length. These transactions include the following:

As customers

Payment of membership subscriptions, purchase of goods and services, and/or payment of donations and fundraising amounts.

The amounts involved in the above transactions are nominal.

As suppliers

Mike Reid and Matthew Taylor are Partners of Ernst & Young. Ernst & Young has provided consultancy services to the company in relation to the My Health for Life program. The value of the services is $43,465 (2017: $512,192).

Mr Craig Beyers and Mr Leo Tutt, as directors of the company are also directors of Diabetes New South Wales (DNSW). DNSW provides services that include publishing and production for the Circle magazine (the quarterly magazine distributed to members). During the year, the value of these services was $82,382 (2017: $138,357)

b) Other related parties

Mr Craig Beyers and Mr Leo Tutt, are also directors of Diabetes Australia Ltd (DAL). DAL is the national body representing the interests of people with or at risk of diabetes

The company acts as an agent of DAL under the NDSS contract and derives revenue from that service (see note 4). The company also provided other services to DAL in the year to the value of $45,000 (2017: $411,478). DAL owes the company nil (2017: $22,275) at balance date, and the company owes DAL $607,273 (2017: $432,267).

19. Financial instruments and risk management

The company has exposure to the following risks from their financial instruments:

- Credit risk
- Market risk
- Liquidity risk

This note presents information about the company's exposure to each of the above risks, their objectives, and policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements. The totals for each category of financial instruments are as follows:

	Note	2018 $	2017 $
Financial assets			
Cash and cash equivalents	9	6,846,706	5,766,651
Trade and other receivables	10	877,288	763,373
Held for trading financial assets	19(c),(a)	1,353,998	1,272,036
Total financial assets		**9,077,992**	**7,802,060**
Financial liabilities			
Trade and other payables	13,(b)	(2,628,977)	(2,087,665)
Salary & related costs payable	14	(181,024)	(143,905)
Total financial liabilities		**(2,810,001)**	**(2,231,570)**

(a) Held for trading financial assets comprise investments in equities and fixed interest securities held through a major Australian fund manager. There are no fixed returns or fixed maturity dates attached to these investments.

(b) Financial liabilities exclude GST payable and PAYG payable (note 13) as these are statutory obligations and as such don't meet the recognition requirements of a financial instrument.

(a) Overview of financial risk management policies

Financial risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

The company's overall risk management strategy seeks to assist the company in meeting its short term and long term financial targets, whilst minimising potential adverse effects on financial performance. The audit and risk management committee operates under policies approved by the board of directors. Risk management policies are approved and reviewed by the board on a regular basis. This includes credit risk policies and future cash flow requirements.

(b) Credit risk

Credit risk is a risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables and term deposits at banks. The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets as disclosed in the financial statements.

19. Financial instruments and risk management (continued)

Cash and cash equivalents

The company held cash and cash equivalents of $6,846,706 at 30 June 2018 (2017: $5,766,651). The cash and cash equivalent are held with banks and financial institutions, which are rated AA- or greater.

Trade and other receivables

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also consider other factors that may influence the credit risk of its customer base, including the default risk of the industry and general economic indicators.

A significant amount of the company's revenue is derived from services rendered to Diabetes Australia Ltd and government (see note 21).

At balance date, the amounts receivable from these entities totalled $805,596 (2017: $463,696). Other than under these arrangements the company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the company.

At 30 June 2018, the aging of trade and other receivables that were not impaired was as follows:

	Note	2018 $	2017 $
Neither past due or impaired		563,813	463,990
Past due 1-30 days		158,523	172,541
Past due 31-90 days		154,952	126,842
Total		**877,288**	**763,373**

(c) Financial Assets – Current Assets

	2018 $	2017 $
Financial assets at fair value through profit and loss - interest in managed portfolio of securities	1,353,998	1,272,036
Total	**1,353,998**	**1,272,036**

The company holds an interest in a portfolio of ASX listed securities and managed funds.

Investment income on the portfolio is shown in note 8. Valuation of the portfolio is shown in note 19(f).

(d) Market Risk

Market risk is the risk that changes in interest rates and equity prices will affect the company's future cash flows or the fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

19. Financial instruments and risk management (continued)

(d) Market risk (continued)

The company is exposed to market risk on its cash and held for trading financial assets. The primary objective of the company's investment strategy is to maximise returns in order to finance its operations. In accordance to the company's investment strategy, it holds managed fund investments and listed trusts which are designated held for trading financial assets.

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the reporting date whereby a change in the interest rates will affect future cash flows or the fair value of the fixed rate financial instruments. Interest rate risk is managed with a mixture of fixed and floating rate deposits.

The following table illustrates sensitivities to the company's exposures to changes in interest rates on its cash and cash equivalents. The table indicates the impact on how profit reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Note	2018 $	2017 $
Change in profit and equity			
Interest rate changes by +/- 1%		68,467	57,667

Equity price risk

Exposure to equity price risk arises on financial assets recognised at the end of the reporting date whereby a change in the financial market prices will affect future cash flows and the fair value of the financial assets. Such risk is managed through diversification of investments across industries and geographical locations.

The following table illustrates sensitivities to the company's exposure to changes in market prices on its held for trading financial assets. The table indicates the impact on how equity values reported at the end of reporting date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Note	2018 $	2017 $
Change in equity			
Market prices changes by +/- 1%		13,540	12,720

(e) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the company's reputation.

Typically, the company ensures that it has sufficient cash on demand to meet expected operational expenditure. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

19. Financial instruments and risk management (continued)

(e) Liquidity risk (continued)

The company manages its liquidity 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;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The company's financial assets are realisable within 1 year, although held for trading financial assets are likely to be held beyond that period. All financial liabilities are due within 1 year.

(f) Fair value

Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Cash and cash equivalents, trade and other receivables and trade and other payables are short-term financial instruments whose carrying value is equivalent to fair value.

None of the company's valuations of assets or liabilities are eligible for categorisation into level 1. The company's held for trading financial assets are eligible for categorisation into level 2. There were no transfers of assets between fair value hierarchy levels during the current or prior period.

In relation to held for trading financial assets which are measured at fair value on a recurring basis, the company uses the income approach to measure level 2 fair values. This approach reflects current market expectations about future cash flows or income and expenses into a single discounted present value. The input used to measure level 2 fair values of the company's held for trading financial assets are the various reports provided by the company's fund manager.

20. Reserves

Development fund

This fund consists principally of unconditional bequests made to the company during the financial years 1994 to present. The fund has been established by the directors for the ongoing evolutionary needs of the organisation, consistent with the objectives of the company.

21. Economic dependency

A significant amount of the company's revenue is derived through performance of prescribed activities within two major grant programs – the Commonwealth Government's NDSS Agency Agreement and the State Government's My Health for Life Program. The NDSS Agency Agreement held by Diabetes Australia Ltd, to which the company is a subcontractor, runs to 30 June 2020. The My Health for Life Program runs to 30 April 2020.

The level of income from donations, bequest, appeals and sponsorship are not directly under the control of the company and may vary substantially from year to year. The company is also reliant on members' subscriptions and government grants as sources of revenue.

22. Change of Accounting Policy

As set out in Note 3, the company has adopted the new and amended accounting standard AASB 9 Financial Instruments in the current financial year. Adoption of the standard results in adjusted presentation

22. Change of Accounting Policy (continued)

of prior year financial information, and the current period, as set out below (there is no impact on the Statement of Cashflows).

(a) Statement of Profit or Loss and Other Comprehnsive Income for the year ended 30 June 2018

	Prior policy	Effect of change	As reported
Revenue	17,175,663	(32,685)	17,142,978
Expenses	16,968,406	-	16,968,406
Operating result	207,257	(32,685)	174,572
Other comprehensive income	(32,685)	32,685	-
Total comprehensive income	**174,572**	**-**	**174,572**

(b) Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2017

	Prior policy	Effect of change	As reported
Revenue	15,080,726	(127,482)	14,953,244
Expenses	14,993,530	-	14,993,530
Operating result	87,196	(127,482)	(40,286)
Other comprehensive income	(127,482)	127,482	-
Total comprehensive income	**(40,286)**	**-**	**(40,286)**

(c) Statement of Financial Position as at 30 June 2017

	Prior policy	Effect of change	As reported
Total assets	11,078,805	-	11,078,805
Total liabilities	3,970,776	-	3,970,776
Net assets	**7,108,029**	**-**	**7,108,029**
Retained earnings	6,929,769	32,685	6,962,454
Reserves	178,260	(32,685)	145,575
Total equity	**7,108,029**	**-**	**7,108,029**

(d) Statement of Financial Position as at 1 July 2016

	Prior policy	Effect of change	As reported
Total assets	11,090,943	-	11,090,943
Total liabilities	3,942,628	-	3,942,628
Net assets	**7,148,315**	**-**	**7,148,315**
Retained earnings	6,842,573	160,167	7,002,740
Reserves	305,742	(160,167)	145,575
Total equity	**7,148,315**	**-**	**7,148,315**

Director's declaration
For the year ended 30 June 2018

The Directors of Diabetic Association of Queensland Limited – Trading as Diabetes Queensland declare that:

1. The financial statements and accompanying notes are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:

    a) comply with Australian Accounting Standard 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 company.

2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Craig Beyers
Chairperson

Date: 3 September 2018

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DIABETIC ASSOCIATION OF QUEENSLAND LIMITED

Report on the audit of the financial report

Opinion

We have audited the financial report of Diabetic Association of Queensland Limited (the company), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

i) giving a true and fair view of the company's financial position as at 30 June 2018 and of its financial performance for the year ended; and

ii) 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 company in accordance with the auditor independence requirements of the ACNC Act1 and 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.

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DIABETIC ASSOCIATION OF QUEENSLAND LIMITED (continued)

Information other than the financial report and auditor's report thereon

The directors of the company are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for Profits Commission Act 2012* 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, the directors are responsible for assessing the ability of the company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have 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.

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DIABETIC ASSOCIATION OF QUEENSLAND LIMITED (continued)

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Nexia Brisbane Audit Pty Ltd

Nexia Brisbane Audit Pty Ltd

Nigel Bamford

N D Bamford
Director

Level 28, 10 Eagle Street,
Brisbane, QLD, 4000.

Date: 5 September 2018

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