diabetes victoria

Financial Report

for the year ended 30 June 2017

ABN 71 005 239 510

Table of Contents

Directors' Report

The directors of Diabetes Victoria hereby submit the annual financial report of the company for the year ended 30 June 2017. In order to comply with the provisions of the *Australian Charities and Not-or profits Commission Act 2012*, the directors report as follows:

The names of the directors of the company during or since the end of the financial year are:

Directors

Christian Jose	Elected 2007, elected President 2009
Qualifications	Master of Business Administration (Melbourne Business School), Dip Law (Sydney).
Experience	Director of Diabetes Australia Limited, Partner at Herbert Smith Freehills practising in the areas of competition law and market regulation. Previously a barrister at the Victorian Bar and has worked for various government agencies.
Special responsibilities	President, Chair of Executive Committee, *ex officio* member of all Committees, Diabetes Victoria representative on the Board of Diabetes Australia Limited
Kathryn Arndt	Elected 2007
Qualifications	Bachelor of Business (HRM), Graduate Diploma (OHS), Member of the Australian Institute of Company Directors (MAICD).
Experience	A senior executive with experience in not-for-profit, health services and community-based organisations, FMCGs, financial services, start-ups and industry associations. Directorships include Managing Director, Kathryn Arndt Consulting and BM Hotel Holdings Pty Ltd, Deputy Chair, Inner East Community Health Service, Company Secretary, Royal Melbourne Tennis Club.
Special responsibilities	Executive Committee, Chair of Programs and Services Committee, Alternate Delegate on the Board of Diabetes Australia Limited.
Bill Butcher	Elected 2011
Qualifications	Graduate in Metallurgy from RMIT University, Graduate in Marketing from Monash University.
Experience	Managing Partner of Beyond 19 Partners. Practitioner in Marketing in both business-to-business and business-to-consumer sectors within Australia and overseas. Areas of focus include Strategy, Brand & Positioning plus Market Segmentation.
Special responsibilities	Executive Committee, Programs and Services Committee.
Peter Colman	Elected 2014
Qualifications	MBBS, FRACP, MD.
Experience	Practising Endocrinologist/Diabetologist for 30 years. Head of Department of Diabetes and Endocrinology, Royal Melbourne Hospital for 20 years. Previous positions include President of Australian Diabetes Society, Board Member of Diabetes Australia Limited.
Special responsibilities	Chair of Clinical Advisory Committee
Patricia Dunning AM	Elected 2011
Qualifications	RN, MEd, PhD, Grad Dip Health Education, Grad Dip Professional Writing.
Experience	Chair in Nursing and Director Centre for Nursing and Allied Health Research Deakin University and Barwon Health, Vice President International Diabetes Federation, Member Course Advisory Committee Grad Cert Diabetes Education Deakin University.
Special responsibilities	Programs and Services Committee, Clinical Advisory Committee.

Malcolm Gray AM	Elected 1994
Qualifications	B Com, D D A, F R E I, F A P I, FAICD.
Experience	Executive Director Gray & Johnson, Director Bennelong Group of Companies, former President International Cricket Council, Chairman BQ Design.
Special responsibilities	Director of Diabetes Australia Research Ltd, Chair of Consumer Advisory Committee, Audit and Risk Committee, Commercial Committee
Margaret Kearin	Elected 1998
Qualifications	Registered Nurse, Graduate Certificate in Diabetes Education.
Experience	Representative of Diabetes Victoria and people with diabetes on the Diabetes Working Committee for Bendigo Health and member of the Strath-Haven Aged Care Advisory Council
Special responsibilities	Programs and Services Committee.
Glen Noonan	Elected 2011
Qualifications	Bachelor of Science (Computer Science & Accounting), Member of Institute of Chartered Accountants
Experience	Consulting Partner at PricewaterhouseCoopers practising in the areas of Finance, Operations and Transformation.
Special responsibilities	Chair of Audit and Risk Committee, Chair of Commercial Committee, Alternate Delegate on the Board of Diabetes Australia Limited.
Jane Ryan	Elected 1997
Qualifications	PhD
Experience	Pharmaceutical Industry – Biotechnology.
Special responsibilities	Audit and Risk Committee, Commercial Committee.
Victoria Stevenson	Elected 2011
Qualifications	RN, Midwife, Grad Dip Health Education, CDE, FACN.
Experience	Diabetes educator in private practice and previous manager of the Diabetes Education Services at Austin Health, Melbourne. Current Advisory Board member at Deakin University and Mayfield Education, Victoria for Diabetes Certificate Courses.
Special responsibilities	Programs and Services Committee, Clinical Advisory Committee
Edward Stockdale	Elected 2012
Qualifications	B Bus (VU), Fellow CPA, Fellow AICD and Fellow CSA.
Experience	Trinity Bond Pty Ltd, Computershare Registry Services – Australia, UK & South Africa. Various senior management positions and board representations in Australia, USA, UK and South Africa.
Special responsibilities	Audit and Risk Committee, Commercial Committee, Consumer Advisory Committee.

All directors held office during and since the end of the financial year except Margaret Kearin, who resigned in October 2016.

Mr. Lalith Abeysena FCMA (UK), FMIS (UK) held the position of Company Secretary of Diabetes Victoria for the financial year.

Short and Long Term Objectives

Diabetes Victoria's main objective is to continue to be the peak consumer body and leading charity representing all people affected by diabetes and those at risk. Our aim is to reduce the impact of diabetes and contribute to the search for a cure.

Our key strategic directions are detailed below.

1. Continue to "raise the profile" of diabetes and make diabetes the "top of mind" health issue on the political and public agenda.
2. Provide self-management support at various levels.
3. Prevent complications among people with diabetes and prevention of type 2 diabetes for the pre-diabetes and high risk population.
4. Focus on research efforts as key priorities for people with diabetes.

The assessment of progress against the specified objectives of Diabetes Victoria is reviewed as part of an ongoing process. This process is driven by the Executive team and contributed by senior staff, ensuring that a commitment to performance measurement and management is a feature of the organisational culture.

Principal activities and Performance

The principal activities of the company during the year were to provide assistance to members and people with diabetes through a range of services, including diabetes self-management, education, group education, telephone helpline support, diabetes awareness and prevention programs.

We develop programs that build the capacity of all people with diabetes for self-management through all stages, all phases and all ages. In addition, we develop programs for health professionals and the health system to support self-management for people with diabetes.

The company's general fundraising activities together with donations through the collection business continue to provide a valuable source of funds to support the main objectives of the company.

The National Diabetes Services Scheme (NDSS), both in terms of the subsidised cost and particularly the provision of Continuing Support Services, is one of our cornerstone programs. We work collaboratively to retain the role of Diabetes Australia (national and Victoria) in the NDSS. Through the administration of the NDSS, which is an initiative of the Australian Government, we provided practical assistance and information to approximately 315,920 Victorians diagnosed with diabetes.

The company also manages the Victoria State-based diabetes prevention program (*Life!* Program) for those identified at high risk. In prevention of type 2 diabetes for the high risk population (pre-diabetes), Diabetes Victoria is recognised as a national leader in implementing an effective prevention program on a large scale. The past year has seen the *Life!* Program perform strongly with over 10,000 Victorians at high risk participating in introductory sessions, group and telephone health coaching courses.

In addition, we have been very successful in developing effective, low cost/high impact programs and activities through strong coalitions. This includes our role in the management of the Obesity Policy Coalition and Parents' Voice programs with other leading partner organisations.

The company, in partnership with Deakin University, established the Australian Centre for Behavioural Research in Diabetes in 2010 with the appointment of a Professor/Director. The centre was officially launched in August 2010 and has had a significant impact in Victoria and nationally. During the year the centre focused on the social, psychosocial and behavioural aspects of diabetes and on improving integration and the quality of diabetes care.

Review of operations

The net result was a surplus of $653,170 (2016: $1,202,193). This net surplus was after accounting for bequest income of $783,707 (2016: $923,079). National Diabetes Services Scheme (NDSS) transaction fee income was $6,844,935 per income statement (2016: $10,991,265) representing a decrease of 38% compared to the previous year. *Life!* Program funding was $4,022,015 (2016: $3,959,302).

The company's commitment to the Diabetes Australia Research Trust was $1,400,000 (2016: $1,300,000). In addition, the contribution to the Australian Centre for Behavioural Research was $547,744 (2016: $461,613) taking the total contribution for research to $1,947,744 (2016: $1,761,613).

Cash assets which comprise the company's Business Money Management Account and Business Investment Account increased to $6,470,474 (30 June 2016: $5,395,009). Other financial assets in ASX20 listed equities and permitted investments increased to $4,650,514 (2016: $4,176,478). The increase in cash held is mainly due to improved operating performance during the year.

Changes in state of affairs

During the financial year there were no significant changes to the state of affairs of the company, other than that referred to in the financial statements or notes thereto.

Future developments

The Board of Directors are not aware of any developments in the operations of the company in future financial years which are likely to result in a material adverse effect to the company.

Environmental regulations

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

Corporate Governance

The Board of Directors are responsible for the good governance of Diabetes Victoria. The Board's principal activities have been to:

- adopt and monitor the annual business plan, goals and objectives aligned to the strategic plan;
- ensure compliance and risk management programs are operating effectively;
- provide overall guidance and support to the senior management.

Board Composition
All Directors of Diabetes Victoria are non-executive Directors. The Board comprises Directors with a range of qualifications and skills including medical, government relations, finance, business, law, research and marketing. Directors act in a voluntary capacity. No Director has received or become entitled to receive a benefit because of a contract made by the company or any related party of the company with the Director or any related party of the Director.

Board Responsibilities
The Board acts on behalf of and is accountable to the members. The Board makes every endeavour to meet the expectations of members and monitors changes in the external environment including government policy and legislation and community expectations. The responsibility for leadership, management and operation is delegated by the Board to the Chief Executive Officer. The Chief Executive Officer and Management Team are held accountable for the achievement of business plans and operating budgets. The Board, Chief Executive Officer and Management Team jointly develop the strategic directions and the annual business plan and operating budget. The Board meets ten times a year and monitors the achievements of programs & services and objective financial targets against budget.

Board Committees

To maximise its effectiveness and efficiency the Board has formed a number of sub-committees.

Executive Committee
The Executive Committee is a forum in which the Chief Executive Officer and a sub-group of Board Directors can discuss issues of significance in a timely manner. Some of these issues will be resolved at Executive Committee meetings, while others will require further discussion at Board meetings.

Audit and Risk Committee
The primary role of the Audit and Risk Committee is to review the annual financial statements. The Committee also ensures that all statutory obligations in financial management and reporting are properly addressed and a comprehensive risk management program is maintained.

Commercial Committee
The Commercial Committee oversees the financial performance of Diabetes Victoria, promotes good governance in the organisation and provides appropriate advice on these and related matters.

Programs and Services Committee
The Programs and Services Committee considers matters relating to diabetes programs and services provided to the Victorian community, including diabetes education and awareness, self-management and support programs, as well as information on healthy living.

Clinical Advisory Committee
The Clinical Advisory Committee promotes close links between Diabetes Victoria, key clinicians and health services that provide services to people with diabetes in Victoria, with the aim of improving outcomes for these people.

Consumer Advisory Committee
The Consumer Advisory Committee provides advice and feedback from a consumer perspective about the challenges faced by Victorians affected by diabetes.

Subsequent events

There has not been any matter or circumstances occurring subsequent to the end of the financial year that has 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 apart from normal operating contracts associated with the company's objectives.

Indemnification of officers and auditors

The company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the company or a related body corporate: indemnified 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 with the exception of the following matter.

During the financial year, the Department of Human Services has paid premiums to indemnify the Directors of the company (as named above) and officers against third party legal proceedings arising out of their lawful conduct while acting in the capacity of director or officer of the company. The contract of insurance does not allow for the disclosure of the premium.

Proceedings on behalf of the company

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

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

Members' guarantee

The company is 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 2017, the number of members was 35,485 (2016: 38,868).

Directors' meetings

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director while they were a director. During the financial year, 10 board meetings were held.

Directors	Held	Attended
Christian Jose	10	8
Kathryn Arndt	10	9
Bill Butcher	10	9
Peter Colman	10	7
Patricia Dunning AM	10	8
Malcolm Gray AM	10	9
Margaret Kearin	4	4
Glen Noonan	10	10
Jane Ryan	10	7
Victoria Stevenson	10	9
Edward Stockdale	10	6

Auditor's independence declaration

The auditor's independence declaration is included on page 7 of the annual report.

This directors' report is signed in accordance with a resolution of directors made pursuant to the *Australian Charities and Not for profit Commission Act 2012*.

On behalf of the Directors

Chris Jose
Director
Melbourne, 31 July 2017

Glen Noonan
Director
Melbourne, 31 July 2017

Deloitte.

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The Board of Directors
Diabetes Victoria
570 Elizabeth Street
MELBOURNE VIC 3000

31 July 2017

Dear Board Members,

Diabetes Victoria

In accordance with Subdivision 60-C of the *Australian Charities and Not-for-Profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the directors of Diabetes Victoria.

As the lead audit partner for the audit of the financial statements Diabetes Victoria for the financial year ended 30 June 2017, I declare to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements as set out in 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.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Lefevre

Isabelle Lefevre
Partner
Chartered Accountants

Deloitte.

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Independent Auditor's Report to the Members of Diabetes Victoria

Opinion

We have audited the financial report of Diabetes Victoria (the "Entity"), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration statement by the directors.

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

(i) giving a true and fair view of the Entity's financial position as at 30 June 2017 and of their financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards (Reduced Disclosure Regime) and the *Australian Charities and Not-for-Profits Commission Regulations 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 Entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* 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 confirm that the independence declaration required by the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the directors of the Entity, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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.

The Director's Responsibilities for the Financial Report

The directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (Reduced Disclosure Regime) 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 Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Entity 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.

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 Entity'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 Entity'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 Entity 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.

Deloitte.

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.
We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Lefevre

Isabelle Lefevre
Partner
Chartered Accountants
Melbourne, 31 July 2017

Directors' declaration

The directors declare that:

(a) *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; and*

(b) *in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Australian Charities and Not-for profits Commission Act 2012, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company.*

Signed in accordance with a unanimous resolution of the directors made pursuant to the *Australian Charities and Not for Profits Commission Act 2012.*

On behalf of the Directors

Chris Jose	**Glen Noonan**
Director	**Director**
Melbourne, 31 July 2017	**Melbourne, 31 July 2017**

Statement of profit or loss and other comprehensive income for the financial year ended 30 June 2017

	Note	2017 $	2016 $
Revenue	4		
NDSS Revenue		6,844,935	10,991,265
Life! Program		4,022,015	3,959,302
Collection Business		5,637,854	4,867,163
Member subscriptions		1,334,822	1,516,874
Bequests		783,706	923,077
Donations and appeals		1,264,436	1,271,768
Program and other income		1,464,640	2,499,319
Total Revenue		21,352,408	26,028,768
Expenses			
Employee benefits		(9,306,415)	(10,271,152)
Life! Program course delivery		(1,966,975)	(1,964,770)
Picking and packing		-	(1,225,114)
Materials purchased		(1,657,164)	(1,876,649)
Projects and programs		(600,796)	(935,366)
Consultancy and recruitment		(346,317)	(327,774)
Events		(575,286)	(629,726)
Occupancy costs		(1,097,121)	(1,107,064)
Depreciation and amortisation expense		(441,798)	(519,146)
Motor vehicle expenses		(571,981)	(489,339)
Subscription to Diabetes Australia		(103,181)	(103,181)
Office and other expenditure		(2,084,460)	(3,615,681)
Total Expenses		(18,751,494)	(23,064,962)
Less Donations to Diabetes Research		(1,947,744)	(1,761,613)
Income tax expense		-	-
Surplus for the year attributable to members	5	653,170	1,202,193
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Available for sale financial assets			
Net fair value gain / (loss) on available-for-sale financial assets		378,429	(528,429)
Reclassification adjustments relating to available-for-sale financial assets disposed of in the year		(39,777)	3,455
Total comprehensive income for the year		991,822	677,219

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2017

	Note	2017 $	2016 $
Current assets			
Cash and cash equivalents	8	6,470,474	5,395,009
Other financial assets	9	4,650,514	4,176,478
Trade and other receivables	10	1,227,063	1,209,866
Inventories	11	327,769	335,800
Other assets	12	364,637	330,736
Total current assets		13,040,458	11,447,889
Non-current assets			
Property, plant and equipment	13	3,228,304	3,282,002
Other intangible assets	14	428,824	445,559
Total non-current assets		3,657,128	3,727,561
Total assets		16,697,586	15,175,450
Current liabilities			
Trade and other payables	15	4,371,439	4,319,557
Provisions	16	1,258,992	1,273,216
Other liabilities	17	1,044,035	624,733
Total current liabilities		6,674,466	6,217,506
Non-current liabilities			
Provisions	16	184,216	110,862
Total non-current liabilities		184,216	110,862
Total liabilities		6,858,682	6,328,368
Net assets		9,838,904	8,847,082
Equity			
Development Reserve		5,300,000	5,300,000
Asset Revaluation Reserve	19	(254,396)	(593,048)
Accumulated Funds	18	4,793,300	4,140,130
Total equity		9,838,904	8,847,082

The accompanying notes form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2017

	Accumulated funds $	Development reserve $	Asset revaluation reserve $	Total $
Balance at 1 July 2015	3,237,937	5,000,000	(68,074)	8,169,863
Transfer to reserve	(300,000)	300,000	-	-
Surplus for the year	1,202,193	-	-	1,202,193
Other comprehensive loss for the year	-	-	(524,974)	(524,974)
Total comprehensive income for the year	1,202,193	-	(524,974)	677,219
Balance at 30 June 2016	4,140,130	5,300,000	(593,048)	8,847,082
Balance at 1 July 2016	4,140,130	5,300,000	(593,048)	8,847,082
Surplus for the year	653,170	-	-	653,170
Other comprehensive gain for the year	-	-	338,652	338,652
Total comprehensive income for the year	653,170	-	338,652	991,822
Balance at 30 June 2017	4,793,300	5,300,000	(254,396)	9,838,904

The accompanying notes form part of these financial statements.

Statement of cash flows for the year ended 30 June 2017

	Note	2017 $	2016 $
Cash flows from operating activities			
Receipts from customers		20,642,486	25,932,924
Payments to suppliers and employees		(19,172,803)	(25,243,055)
Interest received		115,869	97,551
Net cash generated by operating activities	26(b)	1,585,552	787,420
Cash flows from investing activities			
Purchase of property, plant, equipment an intangible assets		(389,703)	(527,351)
Proceeds on sale of / payment for available-for-sale financial assets		(135,384)	(218,208)
Proceeds from sale of property, plant and equipment		15,000	54,671
Net cash used in investing activities		(510,087)	(690,888)
Net increase in cash and cash equivalents		1,075,465	96,532
Cash and cash equivalent at the beginning of the financial year		5,395,009	5,298,477
Cash and cash equivalent at the end of the financial year	26(a)	6,470,474	5,395,009

The accompanying notes form part of these financial statements.

1. General information

Diabetes Victoria is a public company limited by guarantee, incorporated and operating in Australia.

Diabetes Victoria's registered office and its principal place of business are as follows:

570 Elizabeth Street
Melbourne VIC 3000

2. Adoption of new and revised Accounting Standards

2.1 New and revised AASBs affecting amounts reported and/or disclosures in the financial statements

In the current year, the Company has applied a number of amendments to AASBs and a new Interpretation issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2016, and therefore relevant for the current year end.

AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	The amendments to AASB 116 *Property, Plant and Equipment* prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to AASB 138 Intangible Assets introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. As the company already uses straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively, the application of these amendments has had no impact of the company's financial statements.
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	Amends a number of pronouncements as a result of the IASB's 2012-2014 annual improvements cycle. The application of these amendments has had no effect on the company's financial statements.
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	The amendments clarify that an entity need not provide a specific disclosure required by an AASB if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information for disclosure purposes. The application of these amendments has not had a material presentation impact on the financial performance or financial position of the company.

2. Adoption of new and revised Accounting Standards (cont'd)

2.2 Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 Financial Instruments	1 January 2018	30 June 2019
AASB 15 Revenue from Contracts with Customers, AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15, 2015-8 Amendments to Australian Accounting Standards – Effective date of AASB 15, 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15 AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities and AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities	1 January 2019	30 June 2020
AASB 1058 Income of Not-for-Profit Entities,	1 January 2019	30 June 2020
AASB 16 Leases	1 January 2019	30 June 2020
AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'	1 January 2017	30 June 2018
AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle	1 January 2017	30 June 2018

3. Significant accounting policies

Statement of compliance
The financial report is a general purpose financial report which has been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and Australian Accounting Standards — Reduced Disclosure Requirements, and complies with other requirements of the law.

The financial report of Diabetes Victoria complies with all Australian equivalents to International Reporting Standards (AIFRS) as applicable to not-for-profit entities. Due to the application of Australian Specific provisions contained only within AIFRS, this financial report is not necessarily compliant with International Accounting Standards

The financial statements were authorised for issue by the directors on 31 July 2017.

3. Significant accounting policies (cont'd)

Basis of preparation
The financial statements have been prepared on the basis of historical cost, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 102 'Inventories' or value in use in AASB 136 'Impairment of Assets'.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Critical accounting judgements and key sources of estimation uncertainty
In the application of the company's accounting policies, which are described below, the directors are required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

(a) Cash and cash equivalents
Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(b) 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.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

3. Significant accounting policies (cont'd)

(b) Employee benefits

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months 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.

Defined contribution plans

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

(c) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the statement of cash flows on a net basis. 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 operating cash flows.

(d) Government grants

Government grants are assistance by the government in the form of transfers of resources to the company in return for past or future compliance with certain conditions relating to the operating activities of the company.

General grant revenue is recognised at the time of receipt. Where specifically designated grant revenue and the designated expenditure for such grants during the year has not occurred or is incomplete and there is likely to be an obligation to repay, the resulting amount is carried forward and will be brought to account in future years as the funds are expended.

(e) Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(f) Trade and payables

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the company prior to the end of the financial year that are unpaid and arise when the company 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.

(g) Impairment of assets

At each reporting date, the company reviews the carrying values of its tangible 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 profit and loss.

In respect of not-for-profit entities, where the future economic benefits of an asset are not primarily dependent on the assets ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciable replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. The current replacement cost of an asset is its cost measured by reference to the lowest cost at which the gross future economic benefits of that asset could currently be obtained in the normal course of business.

3. Significant accounting policies (cont'd)

(h) Income tax

The company is a not-for-profit organisation and is exempt from income tax pursuant to section 23(e) of the Income Tax Assessment Act. Accordingly, no income tax has been provided for in the accounts.

(i) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

(j) Leased assets

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

(k) Property, plant and equipment

Buildings, plant and equipment and leasehold improvements are stated at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line methods. The estimated useful life, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in-the calculation of depreciation:

Buildings	50 years
Leasehold improvements	10 years
Plant and equipment	3 - 10 years

The gain or loss on disposal of all fixed assets is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of the disposal, and is included in the statement of profit or loss in the year of disposal. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(l) Intangible assets

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

3. Significant accounting policies (cont'd)

(m) Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(n) Contingent liability

There are no contingent liabilities as at 30 June 2017 (2016: nil). There are no capital commitments as at 30 June 2017 (2016: nil).

(o) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

<u>Available-for-sale ('AFS') financial assets</u>
Listed shares and listed redeemable notes held by the company that are traded in an active market are classified as AFS and are stated at fair value.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the asset revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the company's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

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

On derecognition of a financial asset in its entirety, the difference between the assets carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

3. Significant accounting policies (cont'd)

(o) Financial assets (cont'd)

On derecognition of a financial asset other than in its entirety (e.g. when the company retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the company retains control), the company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

(p) Revenue recognition

Sale of goods
Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns and other similar allowances.

Rendering of services
Revenue from a contract to provide services is recognised upon delivery of that service.

Interest revenue
Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Government subsidies received
Government subsidies received are recognised in line with project expenditure, refer note 3(d).

Member subscription income
Total membership income is recognised when subscription funds are received.

Donations and bequests
Donations and bequests are recognised when funds are received_

Collection Business
Revenue from the collection business is recognised upon delivery of product.

Investment income
Income from investments is recognised when funds are received

(q) Comparative amounts

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

	2017 $	2016 $
4. Revenue		
Revenue from the sale of goods and services rendered	12,647,935	16,392,433
Government grants received	4,022,015	3,959,302
Member subscription income	1,334,822	1,516,874
Donations and bequests	2,048,143	2,194,847
Interest revenue	115,869	97,551
Investment income	268,667	211,014
Program and other income	914,957	1,656,747
	21,352,408	26,028,768

5. Surplus for the year

Surplus for the year has been arrived at after charging the following items of income and expense:

	2017 $	2016 $
Loss on disposal of property, plant and equipment	2,994	6,565
Write-offs	345	63,135
Operating lease expense	916,439	964,224
Superannuation	860,590	901,979

6. Key management personnel remuneration

The directors of Diabetes Victoria during the year were:

Christian Jose

Kathryn Arndt

Bill Butcher

Peter Colman

Patricia Dunning AM

Malcolm Gray AM

Margaret Kearin (resigned, 24 October 2016)

Glen Noonan

Jane Ryan

Victoria Stevenson

Edward Stockdale

Key management personnel compensation

The aggregate compensation of the key management personnel is set out below:

	2017 $	2016 $
Short-term employee benefits	595,052	660,602
Post-employment benefits	53,638	28,686
	648,690	689,288

	2017 $	2016 $
7. Remuneration of auditors:		
Audit of the financial report	42,000	40,850
Audit of programs and other services	20,400	10,250
	62,400	51,100

The auditor of Diabetes Victoria is Deloitte Touche Tohmatsu.

	2017 $	2016 $
8. Cash and cash equivalents		
Cash at bank	6,470,474	5,395,009
9. Other financial assets		
Available-for-sale investments carried at market value		
ASX 20 listed equities and other permitted investments	4,650,514	4,176,478
10. Current trade and other receivables		
Trade receivables	1,034,454	440,402
Allowance for doubtful debts	(6,600)	-
	1,027,854	440,402
Other receivables	199,209	769,464
	1,227,063	1,209,866

The average credit period on sales of goods and rendering of services is 30 days. No interest is charged on the trade receivables as the majority of income consists of grant income. Included in the company's trade receivables balance are debtors with a carrying amount of $11,549 which are past due at reporting date for which the company has not provided for. Apart from this there has not been a significant change in credit quality of the debtors and the amounts are still considered recoverable. The company does not hold any collateral over these balances.

	2017 $	2016 $
60 - 90 days	5,224	2,500
90+ days	12,925	29,046
	18,149	31,546

In determining the recoverability of a trade receivable, the company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors record a provision for doubtful debts when it is required.

	2017 $	2016 $
11. Inventories		
Finished goods:		
At cost	327,769	335,800
12. Other assets		
Prepayments	364,637	330,736

13. Property, plant and equipment

	Freehold land at cost	Buildings at Cost	Furniture, Equipment & Vehicles at cost	Total
Gross Carrying Amount	**$**	**$**	**$**	**$**
Balance at 1 July 2015	1,400,000	2,606,020	1,581,924	5,587,944
Additions	-	127,747	132,219	259,966
Disposals	-	-	(107,053)	(107,053)
Write-offs	-	(41,080)	(357,172)	(398,252)
Balance at 30 June 2016	**1,400,000**	**2,692,687**	**1,249,918**	**5,342,605**
Additions	-	103,558	161,130	264,688
Disposals	-	-	(72,390)	(72,390)
Write-offs	-	-	(97,871)	(97,871)
Balance at 30 June 2017	**1,400,000**	**2,796,245**	**1,240,787**	**5,437,032**
Accumulated Depreciation				
Balance at 1 July 2015	-	(1,072,054)	(1,033,642)	(2,105,696)
Disposals	-	-	31,817	31,817
Write-offs	-	-	336,034	336,034
Depreciation expense	-	(124,647)	(198,111)	(322,758)
Balance at 30 June 2016	**-**	**(1,196,701)**	**(863,902)**	**(2,060,603)**
Disposals	-	-	26,211	26,211
Write-offs	-	-	97,526	97,526
Depreciation expense	-	(106,991)	(164,871)	(271,862)
Balance at 30 June 2017	**-**	**(1,303,692)**	**(905,036)**	**(2,208,728)**
Net Book Value				
As at 30 June 2016	1,400,000	1,495,986	386,016	3,282,002
As at 30 June 2017	1,400,000	1,492,553	335,751	3,228,304

14. Other intangibles assets

	2017	2016
	$	$
Carrying amounts of:		
Capitalised development	428,824	445,559
Cost		
Balance at beginning of financial year	1,059,780	833,445
Additions	153,201	281,385
Disposals	-	(55,050)
Balance at end of financial year	1,212,981	1,059,780
Accumulated amortisation and impairment		
Balance at beginning of financial year	(614,221)	(471,966)
Amortisation expense	(169,936)	(196,388)
Disposals	-	54,133
Balance at end of financial year	(784,157)	(614,221)

	2017 $	2016 $
15. Current trade and other payables		
Trade payables	681,170	720,376
Trade payables- Diabetes Australia Limited	2,157,727	1,964,891
Other payables	1,532,542	1,634,290
	4,371,439	4,319,557

The average credit period on purchases of goods is 30 days. The company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe

16. Provisions

	2017 $	2016 $
Current		
Employee benefits	1,258,992	1,273,216
Non-current		
Employee benefits	184,216	110,862
Total employee benefits	1,443,208	1,384,078

17. Other liabilities

	2017 $	2016 $
Income in advance	1,044,035	624,733

18. Equity

	2017 $	2016 $
Balance at beginning of financial year	4,140,130	3,237,937
Transfer to Development Reserve	-	(300,000)
Net surplus for the year	653,170	1,202,193
Balance at end of financial year	4,793,300	4,140,130

19. Asset Revaluation reserve

	2017 $	2016 $
Balance at beginning of financial year	(593,048)	(68,074)
Net gain / (loss) arising on revaluation of available-for-sale financial assets	338,652	(524,974)
Balance at end of financial year	(254,396)	(593,048)

The asset revaluation reserve represents the cumulative gains and losses arising on the revaluation of available-for-sale financial assets that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

20. Members Guarantee

The Company is 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 2017, the number of members was 35,485 (2016: 38,868).

	2017 $	2016 $

21. Commitments for expenditure

Operating leases / Leasing arrangements
Operating leases relate to lease of premises, office equipment and delivery trucks. All operating lease contracts do not contain market review clauses. Diabetes Victoria does not have an option to purchase the leased assets at the expiry of the lease periods.

	2017 $	2016 $
Non-cancellable operating lease payments		
Not longer than 1 year	489,540	679,754
Longer than 1 year but not longer than 2 years	354,581	307,466
Longer than 2 years but not longer than 5 years	532,749	446,911
Longer 5 years	9,102	-
	1,385,972	1,434,131

22. Economic dependency

A significant volume of the economic company's operations are performed for the Commonwealth Government via the National Diabetes Services Scheme (NDSS), with the State Department of Health & Human Services, and with Savers Limited regarding the collection business.

Approximately 77% of the company's revenue is derived from these sources.

23. Segment information

The Company operates in Australia and its major activities are the provision of services and information to people with diabetes. As these activities are considered to be interrelated and comprise of one industry, the business consists of one reporting segment.

24. Related party disclosures

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless stated. Transactions with Diabetes Australia Limited and other related Diabetes companies include all NDSS income, Diabetes Australia Limited annual subscription and contributions to the Diabetes Australia Research Trust. All related parties are directly related entities.

	2017 $	2016 $
Aggregate amounts received or receivable from other related parties	6,844,935	10,991,265
Aggregate amounts paid or payable to other related parties	(4,415,780)	(2,464,797)

25. Subsequent events

There were no materially significant post balance day events for the year ended 30 June 2017.

26. Note to the statement of cash flows

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled as follows:

	2017 $	2016 $
Cash and cash equivalents	6,470,474	5,395,009

(b) Reconciliation of surplus for the year to net cash flows from operating activities

	2017 $	2016 $
Surplus for the year	653,170	1,202,193
Loss on sale or disposal of non-current assets	2,994	6,565
Depreciation and amortisation of non-current assets	441,798	519,146
Write-offs	345	63,135
Changes in assets and liabilities		
(Increase) / Decrease in assets:		
Trade and other receivables	(17,197)	(483,132)
Current inventories	8,030	92,700
Other current assets	(33,902)	(36,529)
Increase/(decrease) in liabilities:		
Trade and other payables	51,882	38,328
Other liabilities	419,302	(554,747)
Provisions	59,130	(60,239)
Net cash generated by operating activities	1,585,552	787,420

27. Financial instruments

	2017 $	2016 $
Financial assets		
Cash and bank balances	6,470,474	5,395,009
Available-for-sale financial assets	4,650,514	4,176,478
Financial liabilities	4,371,439	4,319,557

Fair value of financial instruments
The Board of Directors consider that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair values.

For the purposes of AASB13, investments in listed shares which are available-for-sale financial assets represent level 1 investments in relation to fair value hierarchy. Level 1 inputs are quoted prices in markets for identical assets or liabilities that the entity can access at measurement date.

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