



# Financial Report

## For the year ended 30 June 2018

ABN 71 005 239 510

# Table of Contents

	<b>Page</b>
Directors' report	1
Auditor's independence declaration	8
Independent auditor's report	9
Directors' declaration	11
Statement of profit or loss and other comprehensive income	12
Statement of financial position	13
Statement of changes in equity	14
Statement of cash flows	15
Notes to the financial statements	16

## Directors' Report

The Directors of Diabetes Victoria hereby submit the annual financial report of the company for the year ended 30 June 2018. In order to comply with the provisions of the *Australian Charities and Not-for-Profits Commission Act 2012*, the Directors report as follows:

The names of all Directors of the company during the end of the financial year are:

### Directors

<b>Christian Jose</b>	Elected 2007; elected President 2009
<i>Qualifications</i>	Master of Business Administration ( <i>Melbourne Business School</i> ), Dip Law ( <i>Sydney</i> ).
<i>Experience</i>	Authority Member: Australian Communications and Media Authority. Formerly a Partner at Herbert Smith Freehills, practising in the areas of competition law and market regulation; a Barrister at the Victorian Bar; and employed by various government agencies.
<i>Special responsibilities</i>	President; Chair of Executive Committee; <i>ex officio</i> member of all Committees; and Diabetes Victoria representative on the Board of Diabetes Australia Limited.
<b>Kathryn Arndt</b>	Elected 2007
<i>Qualifications</i>	Bachelor of Business ( <i>HRM</i> ), Graduate Diploma ( <i>Bus</i> ), Member of the Australian Institute of Company Directors.
<i>Experience</i>	CEO and non-executive Board Director with experience across health services and community-based organisations, financial services and industry associations; CEO: Victorian Local Governance Association; Member of the Victorian Ministerial Council on Women's Equality; Deputy Chair: Access Health & Community; and Company Secretary: Royal Melbourne Tennis Club.
<i>Special responsibilities</i>	Executive Committee; Chair of Programs and Services Committee ( <i>from 2007 until March 2018</i> ); and Alternate Delegate on the Board of Diabetes Australia Limited ( <i>from 2009 until 2016</i> ).
<b>Bill Butcher</b>	Elected 2011; resigned December 2017
<i>Qualifications</i>	Graduate in Metallurgy ( <i>RMIT University</i> ), Graduate in Marketing ( <i>Monash University</i> ).
<i>Experience</i>	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.
<i>Special responsibilities</i>	Executive Committee; and Programs and Services Committee.
<b>Professor Peter Colman AM</b>	Elected 2014
<i>Qualifications</i>	MBBS, FRACP, MD.
<i>Experience</i>	Practising Endocrinologist/Diabetologist for over 30 years. Head of the Department of Diabetes and Endocrinology: Royal Melbourne Hospital from 1992 to 2018. Previous positions include: President of the Australian Diabetes Society and a Board Member of Diabetes Australia Limited.
<i>Special responsibilities</i>	Chair of Clinical Advisory Committee.

<b>Professor Patricia Dunning AM</b>	Elected 2011
<i>Qualifications</i>	RN, MEd, PhD, Grad Dip Health Education, Grad Dip Professional Writing.
<i>Experience</i>	Chair in Nursing and Director: Centre for Quality and Patient Safety Health Research at Deakin University and Barwon Health; Past Vice President: International Diabetes Federation; and Member: Course Advisory Committee, Graduate Certificate of Diabetes Education at Deakin University.
<i>Special responsibilities</i>	Programs and Services Committee; and Clinical Advisory Committee.
<b>Malcolm Gray AM</b>	Elected 1994
<i>Qualifications</i>	B Com, DDA, FREI, FAPI, FAICD.
<i>Experience</i>	Chairman: GrayJohnson; former President: International Cricket Council; and Chairman: BQ Design.
<i>Special responsibilities</i>	Director of Diabetes Australia Research Ltd; Chair of Consumer Advisory Committee; Audit and Risk Committee; and Commercial Committee.
<b>Dr Mark Kennedy</b>	Appointed 2018 ( <i>to be confirmed at the 2018 AGM</i> )
<i>Qualifications</i>	MBBS, B Med Sc ( <i>Hon</i> ), Grad Dip Fam Med, Grad Cert Int Med, Grad Cert Man, GAICD.
<i>Experience</i>	Over 25 years' experience as a general practitioner with special interests in diabetes, medical education and research. Various senior management positions and board representations. Chair of the Primary Care Diabetes Society of Australia; and Clinical Associate Professor: Department of General Practice at The University of Melbourne.
<i>Special responsibilities</i>	Programs and Services Committee; and Clinical Advisory Committee.
<b>Glen Noonan</b>	Elected 2011
<i>Qualifications</i>	Bachelor of Science ( <i>Computer Science &amp; Accounting</i> ), Member of the Institute of Chartered Accountants.
<i>Experience</i>	Consulting Partner: PricewaterhouseCoopers, practising in the areas of finance, operations and transformation.
<i>Special responsibilities</i>	Chair of Audit and Risk Committee; Chair of Commercial Committee; and Alternate Delegate on the Board of Diabetes Australia Limited ( <i>from 2016</i> ).
<b>Dr Jane Ryan</b>	Elected 1997; resigned July 2017
<i>Qualifications</i>	PhD
<i>Experience</i>	Pharmaceutical industry – biotechnology.
<i>Special responsibilities</i>	Audit and Risk Committee; and Commercial Committee.
<b>Victoria Stevenson</b>	Elected 2011
<i>Qualifications</i>	RN, Grad Dip Health Education, CDE, FACN.
<i>Experience</i>	Diabetes educator in private practice and previous Manager of the Diabetes Education Services at Austin Health. Current Advisory Board member at Deakin University for the Graduate Certificate of Diabetes Education.
<i>Special responsibilities</i>	Interim Chair of Programs and Services Committee ( <i>since March 2018</i> ); and Clinical Advisory Committee.
<b>Edward Stockdale</b>	Elected 2012
<i>Qualifications</i>	B Bus ( <i>VU</i> ), Fellow CPA, Fellow AICD, Fellow CSA.
<i>Experience</i>	Trinity Bond Pty Ltd; Computershare Registry Services – Australia, UK & South Africa. Various senior management and board positions in Australia, the USA, the UK and South Africa.
<i>Special responsibilities</i>	Audit and Risk Committee; Commercial Committee; and Consumer Advisory Committee.

<b>Dr Sarah Wenham</b>	Appointed 2018 ( <i>to be confirmed at the 2018 AGM</i> )
<i>Qualifications</i>	MBBS ( <i>Hons</i> ), BMedSci, MPH, MBA
<i>Experience</i>	Associate Partner at McKinsey and Company, in the health and public sector practices. Previous experience in clinical medicine, as well as health systems and policy in Australia, the UK and the US.
<i>Special responsibilities</i>	Chair Designate of Programs and Services Committee ( <i>date to be confirmed</i> ).

**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 working to reduce the impact of diabetes in the Victorian community. We work to *support, empower and campaign* for all Victorians affected by diabetes, or those at risk.

Our key strategic priorities are:

- a) **Diabetes Leadership** – we advocate for people with diabetes and raise awareness about the seriousness of the condition and its impact on people's lives.
- b) **Diabetes Support** – we provide people living with diabetes with high quality information, resources and tools.
- c) **Diabetes Prevention** – we deliver prevention and awareness programs for people at high risk of developing type 2 diabetes.
- d) **Diabetes Research** – we provide considerable financial support each year to support research into all aspects of diabetes.

Diabetes Victoria is fully certified under ISO 9001:2015 quality accreditation standards and has a strong culture of continuous improvement.

### Principal Activities and Performance

The principal activities of Diabetes Victoria 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.

The National Diabetes Services Scheme (NDSS) is an initiative of the Australian Government, administered with the assistance of Diabetes Australia. Diabetes Victoria is the Agent for the NDSS in Victoria and we deliver a broad range of programs and services to support people with diabetes through all stages, phases and ages. We also deliver high quality education programs that our health professionals provide in supporting people with diabetes. As at 30 June 2018, almost 322,000 Victorians were living with diabetes and registered with the NDSS.

Diabetes Victoria was selected as the lead provider to deliver services for the NDSS National Helpline, which was fully operational in December 2017. The primary focus of the National Helpline is to deliver a nationally consistent message to all people living with diabetes. This was a major undertaking and we managed to deliver operational efficiencies and benefits to people living with diabetes throughout Australia.

Diabetes Victoria is recognised as a national leader in delivering a large scale prevention program for those at risk of type 2 diabetes, heart disease or stroke. We have managed the Victorian Government-funded *Life!* Program since late 2007. The lifestyle behaviour change program is

delivered via either group sessions or telephone health coaching. More than 11,000 Victorians at high risk have participated in this program in the last year.

The Australian Centre for Behavioural Research in Diabetes (ACBRD) was established as a collaboration between Diabetes Victoria and Deakin University in 2010. The ACBRD undertake world-class research on social, psycho-social and behavioural aspects of diabetes, with an emphasis on improving self-management and the quality of diabetes care delivered. During the year, the ABCRD has had a significant impact in changing the way many people think and talk about diabetes, and has become a nationally and internationally-recognised research centre.

For almost two decades, Diabetes Victoria has managed a partnership with Savers Australia Pty Ltd in recycling unwanted clothing and small household items. Our collection business typically supplies over 3.5 million kilograms of product to Savers retail outlets. The collection business and the organisation's general fundraising activities generate a considerable amount of untied income for the organisation each year.

In addition, we have strong collaborations and partnerships with commercial partners, public health and advocacy groups, and other diabetes organisations in Australia.

### **Review of operations**

The net result was a surplus of \$488,645 (2017: \$653,170). This net surplus was after accounting for bequest income of \$1,473,588 (2017: \$783,706). National Diabetes Services Scheme (NDSS) transaction fee income was \$8,507,386 per income statement (2017: \$6,844,935) representing an increase of 24% compared to the previous year. *Life!* Program funding was \$4,334,922 (2017: \$4,022,015).

The company's commitment to the Diabetes Australia Research Trust was \$1,400,000 (2017: \$1,400,000). In addition, the contribution to the Australian Centre for Behavioural Research was \$500,412 (2017: \$547,744) taking the total contribution for research to \$1,900,412 (2017: \$1,947,744).

Cash assets which comprise the company's Business Money Management Account and Business Investment Account decreased to \$5,970,274 (30 June 2017: \$6,470,474). Other financial assets in ASX20 listed equities and permitted investments increased to \$5,714,527 (2017: \$4,650,514).

### **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 effects 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 financial targets against budget.

## **Board Committees**

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

### *a) 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.

### *b) 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. This Committee meets once in a year, in July or August.

### *c) 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. This Committee meets monthly, except December and January.

### *d) 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. This Committee meets five times a year.

### *e) 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. This Committee meets twice a year.

### *f) Consumer Advisory Committee*

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



## 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 2018, the number of members was 35,156 (2017: 35,485).

## Directors' meetings

The following 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, ten board meetings were held.

<u>Directors</u>	<u>Held</u>	<u>Attended</u>	
Christian Jose	10	8	
Kathryn Arndt	10	8	
Bill Butcher	5	3	<i>resigned December 2017</i>
Professor Peter Colman AM	10	7	
Professor Patricia Dunning AM	10	5	
Malcolm Gray AM	10	7	
Dr Mark Kennedy	5	4	<i>appointed 2018 (to be confirmed at the 2018 AGM)</i>
Glen Noonan	10	8	
Dr Jane Ryan	-	-	<i>resigned July 2017</i>
Victoria Stevenson	10	9	
Edward Stockdale	10	8	
Dr Sarah Wenham	5	4	<i>appointed 2018 (to be confirmed at the 2018 AGM)</i>

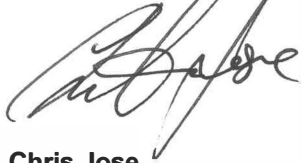


**Auditor's independence declaration**

The auditor's independence declaration is included on page 8 of the annual report.

This Directors' report is signed in accordance with a resolution of Directors.

On behalf of the Directors



**Chris Jose**  
Director  
Melbourne, 30 July 2018



**Glen Noonan**  
Director  
Melbourne, 30 July 2018

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## **Auditor's Independence Declaration to the Board Members of Diabetes Victoria**

In accordance with the requirements of section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, as lead auditor for the audit of Diabetes Victoria for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



E W Passaris  
Partner – Audit & Assurance

Melbourne, 30 July 2018

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## **Independent Auditor's Report to the Members of Diabetes Victoria**

### **Report on the audit of the financial report**

#### **Opinion**

We have audited the financial report of Diabetes Victoria (the "Company"), which comprises the statement of financial position as at 30 June 2018, and 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, and comprising notes to the financial statements, including a summary of significant accounting policies and the Director's declaration.

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

- a presenting fairly, in all material respects, the Company's financial position as at 30 June 2018 and of its performance and cash flows for the year then ended; and
- b complying with Australian Accounting Standards – Reduced Disclosure Requirements 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 Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### **Information Other than the Financial Report and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the information included in the Company's Directors report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

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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 Management and Those Charged with Governance for the Financial Report**

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Act 2012. This responsibility includes such internal control as management determines is necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



E W Passaris  
Partner – Audit & Assurance

Melbourne, 30 July 2018

**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**  
Director  
Melbourne, 30 July 2018



**Glen Noonan**  
Director  
Melbourne, 30 July 2018

**Statement of profit or loss and other comprehensive income for the financial year ended 30 June 2018**

	<b>Note</b>	<b>2018</b> <b>\$</b>	<b>2017</b> <b>\$</b>
<b>Revenue</b>			
NDSS Revenue		8,507,386	6,844,935
<i>Life!</i> Program		4,334,922	4,022,015
Collection Business		5,417,043	5,637,854
Member subscriptions		1,358,203	1,334,822
Bequests		1,473,588	783,706
Donations, appeals & corporate partnerships		1,214,019	1,264,436
Program and other income		1,863,187	1,464,640
<b>Total Revenue</b>	4	<b>24,168,348</b>	<b>21,352,408</b>
<b>Expenses</b>			
Employee benefits		(10,684,877)	(9,306,415)
<i>Life!</i> Program course delivery		(2,638,324)	(1,966,975)
Materials		(1,558,616)	(1,657,164)
Projects and programs		(605,454)	(600,796)
Consultancy and recruitment		(359,547)	(346,317)
Events		(539,168)	(575,286)
Occupancy costs		(945,459)	(1,097,121)
Depreciation and amortisation expense		(519,671)	(441,798)
Motor vehicle expenses		(579,663)	(571,981)
Subscription to Diabetes Australia		(103,181)	(103,181)
Office and other expenditure		(3,245,331)	(2,084,460)
<b>Total Expenses</b>		<b>(21,779,291)</b>	<b>(18,751,494)</b>
<b>Surplus for the year before research contributions</b>		<b>2,389,057</b>	<b>2,600,914</b>
Less Donations to Diabetes Research		(1,900,412)	(1,947,744)
Income tax expense		-	-
<b>Surplus for the year attributable to members</b>		<b>488,645</b>	<b>653,170</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Revaluation of land and buildings	13(a)	10,492,764	-
<b>Items that may be reclassified subsequently to profit or loss</b>			
Available for sale financial assets			
Net fair value gain / (loss) on available-for-sale financial assets		305,902	378,429
Reclassification adjustments relating to available-for-sale financial assets disposed of in the year		(34,352)	(39,777)
<b>Total comprehensive income for the year</b>		<b>11,252,959</b>	<b>991,822</b>

The accompanying notes form part of these financial statements

**Statement of financial position as at 30 June 2018**

	<b>Note</b>	<b>2018</b> <b>\$</b>	<b>2017</b> <b>\$</b>
<b>Current assets</b>			
Cash and cash equivalents	8	5,970,274	6,470,474
Trade and other receivables	10	964,827	1,227,063
Inventories	11	417,638	327,767
Other assets	12	503,572	364,637
<b>Total current assets</b>		<b>7,856,311</b>	<b>8,389,941</b>
<b>Non-current assets</b>			
Property, plant and equipment	13	13,816,202	3,228,307
Other financial assets (a)	9	5,714,527	4,650,514
Other intangible assets	14	438,740	428,824
<b>Total non-current assets</b>		<b>19,969,469</b>	<b>8,307,645</b>
<b>Total assets</b>		<b>27,825,780</b>	<b>16,697,586</b>
<b>Current liabilities</b>			
Trade and other payables	15	4,596,541	4,371,439
Provisions	16	1,514,758	1,258,992
Other liabilities	17	386,059	1,044,035
<b>Total current liabilities</b>		<b>6,497,358</b>	<b>6,674,466</b>
<b>Non-current liabilities</b>			
Provisions	16	236,559	184,216
<b>Total non-current liabilities</b>		<b>236,559</b>	<b>184,216</b>
<b>Total liabilities</b>		<b>6,733,917</b>	<b>6,858,682</b>
<b>Net assets</b>		<b>21,091,863</b>	<b>9,838,904</b>
<b>Equity</b>			
Development Reserve		5,538,645	5,300,000
Research Contingency Fund		250,000	-
Asset Revaluation Reserve	19	10,509,918	(254,396)
Accumulated Funds	18	4,793,300	4,793,300
<b>Total equity</b>		<b>21,091,863</b>	<b>9,838,904</b>

(a) The other financial assets have been classified as non-current assets as the financial instruments are categorised as 'available for sale' financial assets, and thus are non-current assets under AASB 139.

The accompanying notes form part of these financial statements.



**Statement of changes in equity for the year ended 30 June 2018**

	Accumulated funds \$	Development reserve \$	Asset revaluation reserve \$	Research Contingency Fund \$	Total \$
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 income/(loss) for the year	-	-	338,652	-	338,652
Total comprehensive income/(loss) for the year	653,170	-	338,652	-	991,822
<b>Balance at 30 June 2017</b>	<b>4,793,300</b>	<b>5,300,000</b>	<b>(254,396)</b>	<b>-</b>	<b>9,838,904</b>
Balance at 1 July 2017	4,793,300	5,300,000	(254,396)	-	9,838,904
Surplus for the year	488,645	-	-	-	488,645
Transfer to reserve	(488,645)	238,645	-	250,000	-
Other comprehensive gain for the year	-	-	10,764,314	-	10,764,314
Total comprehensive income for the year	-	238,645	10,764,314	250,000	11,252,959
<b>Balance at 30 June 2018</b>	<b>4,793,300</b>	<b>5,538,645</b>	<b>10,509,918</b>	<b>250,000</b>	<b>21,091,863</b>

The accompanying notes form part of these financial statements.

**Statement of cash flows for the year ended 30 June 2018**

	<u>Note</u>	<u>2018</u> \$	<u>2017</u> \$
<b>Cash flows from operating activities</b>			
Receipts from customers		24,392,766	20,642,486
Payments to suppliers and employees		(23,620,190)	(19,172,803)
Interest received		137,423	115,869
Net cash generated by operating activities	25(b)	<u>909,999</u>	<u>1,585,552</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment & intangible assets		(630,537)	(389,703)
Proceeds on sale of / payment for available-for-sale financial assets		(792,462)	(135,384)
Proceeds from sale of property, plant and equipment		12,800	15,000
Net cash used in investing activities		<u>(1,410,199)</u>	<u>(510,087)</u>
<b>Net increase in cash and cash equivalents</b>		(500,200)	1,075,465
<b>Cash and cash equivalent at the beginning of the financial year</b>		<u>6,470,474</u>	<u>5,395,009</u>
<b>Cash and cash equivalent at the end of the financial year</b>	25(a)	<u>5,970,274</u>	<u>6,470,474</u>

The accompanying notes form part of these financial statements.

## **Notes to the 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. Changes in accounting policies**

#### **2.1 New and revised standards that are effective for these financial statements**

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

<b>Standard/Interpretation</b>	<b>Effective for annual reporting periods beginning on or after</b>	<b>Expected to be initially applied in the financial year ending</b>
AASB 9 Financial Instruments	1 January 2018	30 June 2019
AASB 15 Revenue from Contracts with Customers, 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15, 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

### **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 (IFRS) as applicable to not-for-profit entities. Due to the application of Australian Specific provisions contained only within IFRS, this financial report is not necessarily compliant with International Accounting Standards

The financial statements were authorised for issue by the directors on 30 July 2018.

### 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 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 (cont'd)

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 current replacement cost of an 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 under Div 50 of the Income Tax Assessment Act 1997. 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 include fixed and variable overhead expenses which can be reasonably estimated and applied to the inventory on hand. The majority of inventory is valued on a first in first out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and 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**

Land and buildings are stated at fair value. 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.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in equity. To the extent that the increase reverses a decrease previously recognised in profit and loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the assets original cost, net of tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings.

### 3. Significant accounting policies (cont'd)

#### (k) Property, plant and equipment (cont'd)

During the year, the measurement of land and buildings was changed from cost to revaluation. A valuation expert completed a valuation of the Elizabeth Street property, which resulted in a \$10,492,764 increase to the value of the land and buildings originally recognised at cost. The valuation was completed by Charter Keck Cramer, and adopted by Diabetes Victoria at 30 June 2018.

Whilst this is a change in accounting policy, the change is not applied retrospectively under AASB 116 property, plant and equipment.

#### (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.

#### (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 2018 (2017: nil). There are no capital commitments as at 30 June 2018 (2017: 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.

##### Available-for-sale ('AFS') financial assets

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



### 3. Significant accounting policies (cont'd)

#### (o) Financial assets (cont'd)

amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

##### De-recognition of financial assets

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 de-recognition 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.

On de-recognition 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.

**3. Significant accounting policies (cont'd)**

**(p) Revenue recognition (cont'd)**

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 to changes in presentation for the current financial year.

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>4. Revenue</b>		
Revenue from the sale of goods and services rendered	14,065,256	12,647,935
State government grants received	4,334,922	4,022,015
Member subscription income	1,358,203	1,334,822
Donations, corporate partnerships & bequests	2,687,607	2,048,143
Interest	137,423	115,869
Investment income	319,461	268,667
Program and other income	1,265,476	914,957
	<b>24,168,348</b>	<b>21,352,408</b>

**5. Surplus for the year**

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

Profit/(loss) on disposal of property, plant and equipment	10,675	(2,994)
Write-offs	3,693	345
Operating lease expense	981,501	916,439
Superannuation	942,811	860,590

**6. Key management personnel remuneration**

The directors of Diabetes Victoria during the year were:

Christian Jose

Kathryn Arndt

Bill Butcher (resigned December 2017)

Professor Peter Colman AM

Professor Patricia Dunning AM

Malcolm Gray AM

Dr Mark Kennedy (appointed 2018, to be confirmed at 2018 AGM)

Glen Noonan

Dr Jane Ryan (resigned July 2017)

Victoria Stevenson

Edward Stockdale

Dr Sarah Wenham (appointed 2018, to be confirmed at 2018 AGM)

**Key management personnel compensation**

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

Short-term employee benefits	615,823	595,052
Post-employment benefits	70,905	53,638
	<b>686,728</b>	<b>648,690</b>

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>7. Remuneration of auditors:</b>		
Audit of the financial report	41,000	42,000
Audit of programs and other services	3,000	20,400
	<b>44,000</b>	<b>62,400</b>

The auditor of Diabetes Victoria is Grant Thornton Audit Pty Ltd., previously Deloitte Touche Tohmatsu.

**8. Cash and cash equivalents**

Cash at bank	5,970,274	6,470,474
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**9. Other financial assets**

Available-for-sale investments carried at market value		
ASX 20 listed equities and other permitted investments	5,714,527	4,650,514

**10. Current trade and other receivables**

Trade receivables	672,613	1,034,454
Allowance for doubtful debts	(5,100)	(6,600)
	667,513	1,027,854
Other receivables	297,314	199,209
	<b>964,827</b>	<b>1,227,063</b>

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 \$45,247 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.

60 - 90 days	654	5,224
90+ days	44,593	12,925
	<b>45,247</b>	<b>18,149</b>

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.

**11. Inventories**

Finished goods:		
At cost	417,638	327,767

**12. Other assets**

Prepayments	503,572	364,637
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### 13. Property, plant and equipment

	Freehold land at fair value \$	Buildings at fair value \$	Furniture, Equipment & Vehicles at cost \$	Total \$
<b>Gross Carrying Amount</b>				
Balance at 1 July 2016	1,400,000	2,642,910	1,299,698	5,342,608
Additions	-	103,558	161,130	264,688
Disposals	-	-	(72,390)	(72,390)
Write-offs	-	-	(97,871)	(97,871)
<b>Balance at 30 June 2017</b>	<b>1,400,000</b>	<b>2,746,468</b>	<b>1,290,567</b>	<b>5,437,035</b>
Additions	-	84,483	365,964	450,447
Disposals	-	-	(126,274)	(126,274)
Write-offs	-	(30,270)	(139,340)	(169,610)
Adjustments	-	10,000	-	10,000
Revaluation (a)	10,492,764	-	-	10,492,764
<b>Balance at 30 June 2018</b>	<b>11,892,764</b>	<b>2,810,681</b>	<b>1,390,917</b>	<b>16,094,362</b>
<b>Accumulated Depreciation</b>				
Balance at 1 July 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)
<b>Balance at 30 June 2017</b>	<b>-</b>	<b>(1,303,692)</b>	<b>(905,036)</b>	<b>(2,208,728)</b>
Disposals	-	-	79,604	79,604
Write-offs	-	29,740	135,851	165,591
Depreciation expense	-	(114,088)	(200,539)	(314,627)
<b>Balance at 30 June 2018</b>	<b>-</b>	<b>(1,388,040)</b>	<b>(890,120)</b>	<b>(2,278,160)</b>
<b>Net Book Value</b>				
As at 30 June 2017	1,400,000	1,442,776	385,531	3,228,307
As at 30 June 2018	11,892,764	1,422,641	500,797	13,816,202

(a) The land and building at Elizabeth Street, Melbourne was re-valued as at 30 June 2018; this resulted in an increase of \$10,492,764 to freehold land. The revaluation of the land is based on independent valuation performed by Charter Keck Cramer and is reflected in the asset revaluation reserve and other comprehensive income.

	2018 \$	2017 \$
<b>14. Other intangibles assets</b>		
<b>Cost</b>		
Balance at beginning of financial year	1,212,981	1,059,780
Additions	224,632	153,201
Disposals	(9,672)	-
<b>Balance at end of financial year</b>	<b>1,427,941</b>	<b>1,212,981</b>
<b>Accumulated amortisation and impairment</b>		
Balance at beginning of financial year	(784,157)	(614,221)
Amortisation expense	(205,044)	(169,936)
<b>Balance at end of financial year</b>	<b>(989,201)</b>	<b>(784,157)</b>
<i>Carrying amounts of:</i>		
Capitalised development	438,740	428,824

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>15. Current trade and other payables</b>		
Trade payables	587,402	681,170
Trade payables- Diabetes Australia Limited	2,238,786	2,157,727
Other payables	1,770,353	1,532,542
	<b>4,596,541</b>	<b>4,371,439</b>

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**

**Current**

Employee benefits	1,514,758	1,258,992
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**Non-current**

Employee benefits	236,559	184,216
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Total employee benefits	1,751,317	1,443,208
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**17. Other liabilities**

Income in advance	386,059	1,044,035
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**18. Equity**

Balance at beginning of financial year	4,793,300	4,140,130
Transfer to Development Reserve	(238,645)	-
Transfer to Research Contingency Fund	(250,000)	-
Net surplus for the year	488,645	653,170
Balance at end of financial year	4,793,300	4,793,300

**19. Asset Revaluation reserve**

Balance at beginning of financial year	(254,396)	(593,048)
Revaluation of land and buildings	10,492,764	-
Net gain / (loss) arising on revaluation of available-for-sale financial assets	271,550	338,652
Balance at end of financial year	10,509,918	(254,396)

The asset revaluation reserve represents the cumulative gains and losses arising on the revaluation of land and buildings and 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 2018, the number of members was 35,156 (2017: 35,485).

**2018**                      **2017**  
**\$**                                      **\$**

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**21. Commitments for expenditure**

**Operating leases / Leasing arrangements**

Operating leases relate to lease of premises, office equipment and delivery trucks. Diabetes Victoria does not have an option to purchase the leased assets at the expiry of the lease periods.

Non-cancellable operating lease payments		
No longer than 1 year	883,831	489,540
Longer than 1 year but not longer than 2 years	753,330	354,581
Longer than 2 years but not longer than 5 years	375,694	532,749
Longer than 5 years	-	9,102
	2,012,855	1,385,972

**22. Economic dependency**

A significant volume of the 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 76% of the company's revenue is derived from these sources.

**23. 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.

Aggregate amounts received or receivable from other related parties	8,507,386	6,844,935
Aggregate amounts paid or payable to other related parties	(4,551,985)	(4,415,780)

**24. Subsequent events**

There were no materially significant post balance day events for the year ended 30 June 2018.



	2018	2017
	\$	\$

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**25. 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:

Cash and cash equivalents	5,970,274	6,470,474
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**(b) Reconciliation of surplus for the year to net cash flows from operating activities**

Surplus for the year	488,645	653,170
Loss on sale or disposal of non-current assets	(10,675)	2,994
Depreciation and amortisation of non-current assets	519,671	441,798
Write-offs	3,693	345

**Changes in assets and liabilities**

(Increase) / Decrease in assets:

Trade and other receivables	262,236	(17,197)
Current inventories	(89,871)	8,030
Other current assets	(138,935)	(33,902)

Increase/(decrease) in liabilities:

Trade and other payables	225,102	51,882
Other liabilities	(657,976)	419,302
Provisions	308,109	59,130

Net cash generated by operating activities	909,999	1,585,552
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**26. Financial instruments**

**Financial assets**

Cash and bank balances	5,970,274	6,470,474
Available-for-sale financial assets	5,714,527	4,650,514

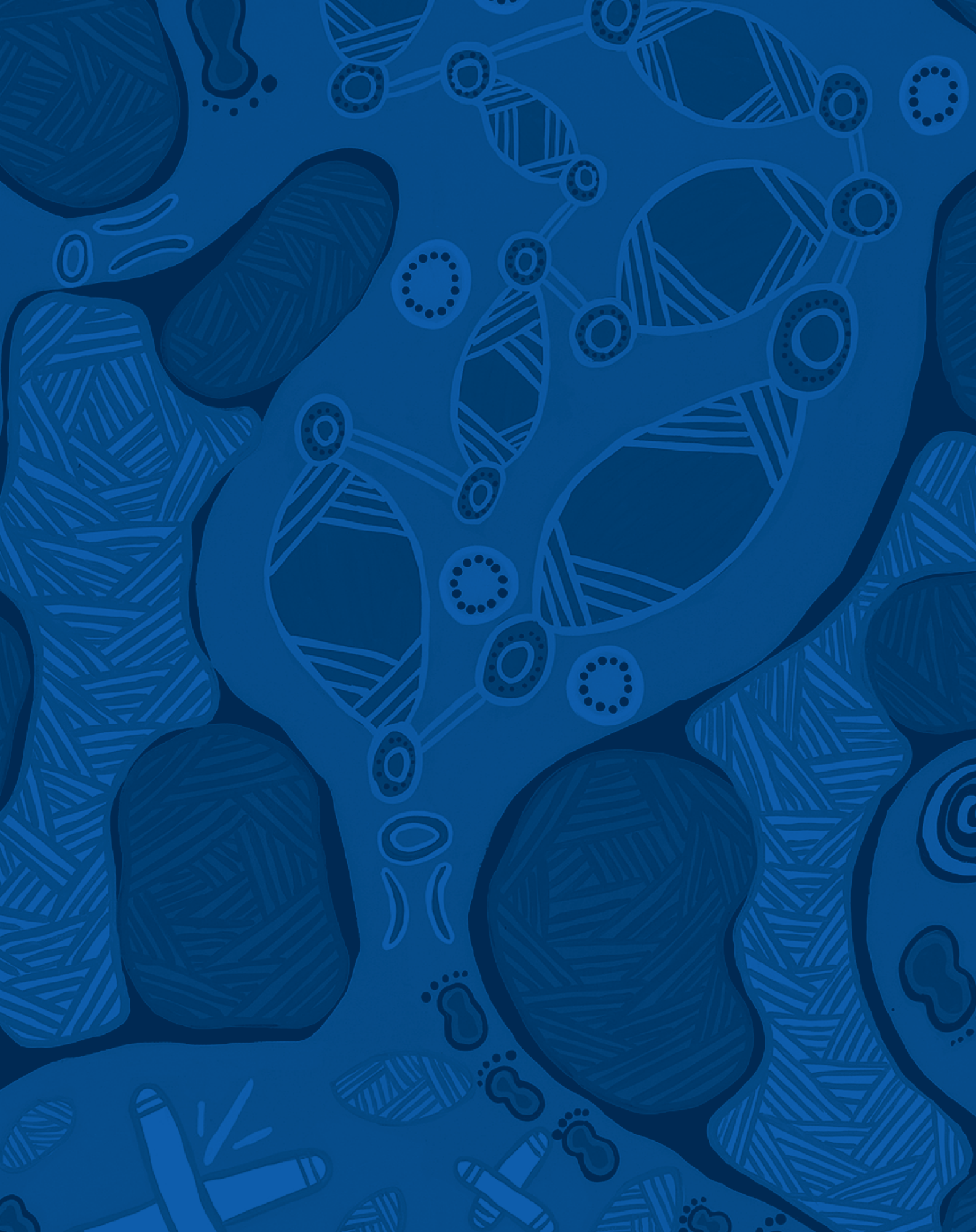
<b>Financial liabilities</b>	4,596,541	4,371,439
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**Fair value of financial instruments**

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 AASB 13, 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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