



Financial Report

For the year ended 30 June 2024

ABN 71 005 239 510

Diabetes Victoria
Contents
As at 30 June 2024

Directors' report	2
Independent auditor's report to the members of Diabetes Victoria	9
Directors' declaration	12
Statement of profit or loss and other comprehensive income	13
Statement of financial position	14
Statement of changes in equity	15
Statement of cash flows	16
Notes to the financial statements	17
Auditor's independence declaration	32

**Diabetes Victoria
Directors' report
As at 30 June 2024**

The directors of Diabetes Victoria hereby submit the annual financial report of the company for the year ended 30 June 2024. In order to comply with the provisions of the Australian Charities and Not-for-profits Commission Act 2012, the Directors report as follows:

Directors Report

The names of the Directors of the Company during or since the end of the financial year are:

Richard Loveridge	Elected 2019; elected President 2022
<i>Qualifications</i>	B Comm, LLB, Grad Dip Applied Finance, FINSIA.
<i>Experience</i>	Experienced corporate and commercial lawyer, who provided specialist advice on capital raisings, mergers and acquisitions while a partner at Herbert Smith Freehills for more than 21 years. Currently holds several non-executive directorships.
<i>Special responsibilities</i>	President; Chair of Executive Committee; Chair of Audit & Risk Committee; Chair of Commercial Committee; <i>ex officio</i> on all other Committees.
Malcolm Gray AM	Elected 1994; resigned September 2023
<i>Qualifications</i>	B Comm, DDA, FREI, FAPI, FAICD.
<i>Experience</i>	Chairman: GrayJohnson property group; former President: International Cricket Council; and Chairman: BQ Design.
<i>Special responsibilities</i>	Director of Diabetes Australia Research Ltd; Audit & Risk Committee; and Commercial Committee.
Kathryn Arndt	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 of the Victorian Local Governance Association (VLGA) and experienced Non-Executive Director across health services, community-based organisations, financial services and industry associations. Member of the inaugural Victorian Ministerial Council on Women's Equality which concluded its term in mid-2020 and the former Women's Roundtable for Local Government and the Victorian Gender Equality Advisory Council. In her capacity as CEO of the VLGA, Kathryn represents the local government sector on a number of state and federal government committees.
<i>Special responsibilities</i>	Audit & Risk Committee; Commercial Committee; Consumer Advisory Committee; Executive Committee; Delegate on the Board of Diabetes Australia Limited.
Professor Peter Colman AM	Elected 2011
<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.
Erin Ferraris	Elected 2021
<i>Qualifications</i>	B Comm, MPA.
<i>Experience</i>	Engagement Manager at McKinsey & Company. Worked with hospitals and other healthcare sector clients in the US, UK and Australia, helping them to achieve their strategic and operational goals.
<i>Special responsibilities</i>	Community Advisory Committee
Anthony Howard AM, KC	Elected 2023
<i>Qualifications</i>	B.Juris/LLB, DipCrim.
<i>Experience</i>	Distinguished career in the law as a barrister and KC, then as a judge of the County Court (2006-2016), practicing principally in the criminal law jurisdiction.
<i>Special responsibilities</i>	Involvement over many years in various community and not-for-profit organisations, including as a Trustee of the Royal Melbourne Hospital Neuroscience Foundation, a member of the Victorian Bar's Indigenous Lawyers' Mentoring Program, a Board member of the youth mentoring organisation Big Brothers, Big Sisters and founding Chair of the Essendon Football Club's Lawson's coterie.
<i>Special responsibilities</i>	-

**Diabetes Victoria
Directors' report
As at 30 June 2024**

Daniel Richard Jefferson	Elected 2022
<i>Qualifications</i>	BA (Hons) European Studies, Australian Institute of Company Directors.
<i>Experience</i>	Partner at KPMG and a leader of the firm's health and human services consulting practice in Victoria. Over 23 years' experience in the public sector including senior executive at the Victorian Department of Health, Director of Commissioning for public hospitals and ambulance services, Director of the Health Workforce.
<i>Special responsibilities</i>	Programs & Services Committee
A/Professor Mark Kennedy	Elected 2018; resigned September 2023
<i>Qualifications</i>	MBBS, B Med Sci (<i>Hons</i>), Grad Dip Family Medicine, Grad Cert Internal Medicine, 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>	Clinical Advisory Committee; and Programs & Services Committee.
Victoria Stevenson	Elected 2011
<i>Qualifications</i>	RN, Grad Dip Health Education, CDE, FACN.
<i>Experience</i>	Diabetes Clinical Nurse Consultant at Western Health whose previous experience includes managing diabetes education services at hospitals including The Alfred and Austin Health and working in private practice. Various committee experiences with the ADEA, Conference convener, Deakin University and Mayfield Education's Diabetes Certification programs. Awards include the ADEA Jan Baldwin Award for holistic and client - focused diabetes education and care and the Diabetes Victoria Outstanding Contribution Award.
<i>Special responsibilities</i>	Clinical Advisory Committee; and Programs & Services Committee.
Edward Stockdale	Elected 2012
<i>Qualifications</i>	B Bus, Fellow CPA, Fellow AICD, Fellow GIA and Fellow CIS.
<i>Experience</i>	Chairman: CXi Software; Director: Trinity Bond Pty Ltd and 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>	Chair of Community Advisory Committee; Audit & Risk Committee; and Commercial Committee.
Dr Sarah Wenham	Elected 2018
<i>Qualifications</i>	MBBS (Hons), B Med Sci, MPH, MBA.
<i>Experience</i>	Associate Partner at McKinsey and Company, working 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 of Programs and Services Committee.

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

Since 1953, Diabetes Victoria has been the leading charity and peak consumer body committed to minimising the impact of diabetes in the Victorian community. We are presently updating our new strategic plan which encompasses: -

- Our Vision of 'A world in which diabetes can do no harm.'
- Our purpose is 'We are dedicated to reducing the impact of all types of diabetes on individuals, families, communities and health systems across Victoria.'

At the heart of our vision are two ambitions which drive our work every day:

1. All people with diabetes of all types will live well and longer.
2. There will be a cure for or prevention of all types of diabetes.

Our work covers type 1, type 2 and gestational diabetes, as well as programs for people at risk. We also rely heavily on the generosity of our caring community of members and supporters to help fund our diabetes education, awareness activities and research.

**Diabetes Victoria
Directors' report
As at 30 June 2024**

Principal activities and performance

It was certainly another extraordinary year with many achievements, and Diabetes Victoria is pleased to have continued to support Victorians affected by or at risk of diabetes while remaining true to its vision.

We made a significant contribution during the financial year, delivering many well-received programs, courses, events, and campaigns under the auspices of the National Diabetes Services Scheme (NDSS). As the coordinator of the Victorian Department of Health's long-standing Life! Program, we worked towards the prevention of type 2 diabetes, heart disease, and stroke.

We continued to grow our collection of pre-loved donated goods, strengthening our partnership with Savers Australia and contributing significantly towards a circular economy. In conjunction with Deakin University, the Australian Centre for Behavioural Research in Diabetes (ACBRD) continues to perform important research initiatives to support people living with diabetes.

During the year, we renewed the NDSS agreement for 12 months to 30 June 2025. The Life! Program was renewed for three years to 30 June 2027 and the Savers agreement for delivery of products and our donors to drop donations at their retail outlets for two years to 30 June 2026.

Based on the recent NDSS statistics, almost 90 Victorians are diagnosed with diabetes each day. Almost 400,000 Victorians are registered with the NDSS, an initiative of the Australian Government administered by Diabetes Australia, and Diabetes Victoria is the Victorian agent.

Diabetes Victoria delivered comprehensive and topic-specific education programs, basic information sessions, health professional training and upskilling programs, camps, peer support groups and Type 1 Diabetes in Schools programs. We reached out to approximately 650,000 registrants virtually and face-to-face.

On behalf of Diabetes Australia, we operate the NDSS Helpline and had 250,000 contacts with NDSS registrants throughout Australia. The NDSS Helpline's operating hours, which were extended during the pandemic, continue to provide greater support for people with diabetes. The NDSS Helpline also processed over 15,000 applications from people needing access to continuous glucose and flash monitoring subsidies.

The Victorian Department of Health *Life!* program is our flagship lifestyle intervention program for Victorians at risk of type 2 diabetes and cardiovascular disease. Several important initiatives are underway, including an expansion of our digital platforms and improvements to the e-referrals system. So far, almost 85,000 Victorians have completed at least the introductory session of the program, with successive evaluation reports showing positive outcomes for participants. We aim to take the long-established and successful *Life!* program to the next level by implementing recommendations from the program offering, content and workforce model reviews, and we strive to reduce the number of Victorians at risk of type 2 diabetes, heart disease and stroke.

Savers outlets in Melbourne rebounded well from their store closures during the pandemic and operate nine retail outlets in Victoria. We continue to collect donated pre-loved clothes and small household items supporting our work for people with diabetes. We delivered approximately 1.8 million kgs of clothes from households and charity banks, and our supporters dropped off approximately 3 million kgs of products at various Savers outlets.

We are progressing with expanding our shared services initiatives under "For Purpose Commercial Solutions" by offering our expertise in implementing and strengthening digital platforms for other not-for-profit organisations on their journey towards digital transformation.

**Diabetes Victoria
Directors' report
As at 30 June 2024**

Review of operations

The net result was a surplus of \$2,117,163 (2023: surplus of \$1,448,207). The strong operating result was due to the strong performance of the social enterprises, an unrealised gain of \$1,791,932 on our investment portfolio and benefits associated with an organisation-wide restructure in the previous year.

The National Diabetes Services Scheme (*NDSS*) transaction fee income was \$7,538,729 (2023: \$8,164,277). *Life!* Program funding was \$6,197,604 (2023: \$4,946,666). The total bequest income was \$1,417,462 (2023: \$524,364).

The equity markets have steadied during the year, resulting in an unrealised gain of \$1,791,932 in our financial assets (2023: \$710,492).

The Company's commitment to research encompassing clinical and behavioural change research was \$930,181. This included the contribution to the Australian Centre for Behavioural Research of \$430,181 (2023: \$395,875).

Cash assets, which comprise the company's Business Money Management Account and Business Investment Account, decreased to \$6,221,943 (2023: \$13,330,924) mainly due to the utilisation of funds from the sale of the Elizabeth Street property to add to the investment portfolio.

Due to the improvement in external market conditions, our financial assets increased to \$26,917,078 (2023: \$20,257,996).

Changes in state of affairs

During the financial year, there were no significant changes to the company's state of affairs 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 effect to the company.

Environmental regulations

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

**Diabetes Victoria
Directors' report
As at 30 June 2024**

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 priorities;
- 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 becomes 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, legislation, and community expectations.

The Board delegates the responsibility for leadership, management and operation to the Chief Executive Officer. The Chief Executive Officer and Management Team are accountable for the achievement of business plans and operating budgets. The Board, Chief Executive Officer, and Management Team jointly develop the strategic priorities, annual business plan and operating budget.

The Board meets six times yearly 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) Audit & 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 financial management and reporting obligations are properly addressed, and a comprehensive risk management program is maintained. This Committee meets once a year, in July or August.

b) 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.

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 regularly and will meet as needed if a significant issue arises.

d) Community Advisory Committee

The Community 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 and may, from time to time, appoint small working groups to advise on particular matters. Such working groups will have clearly defined Terms of Reference, membership, deliverables, and timeframes.

e) 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.

f) Programs & Services Committee

The Programs and Services Committee provides governance and strategic advice on the programs and services provided by Diabetes Victoria. The Committee also ensures that Diabetes Victoria's programs and services have clearly specified objectives, functions, target reach and outcomes and are evaluated in a regular, rigorous and measurable manner. This Committee meets bi-monthly from March to November.

Subsequent events

There has not been any other 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 except the following matter.

During the financial year, the Department of Health paid premiums to indemnify the company's directors (as named below) and officers against third-party legal proceedings arising out of their lawful conduct while acting as directors or officers. The contract of insurance does not allow for the disclosure of the premium.

**Diabetes Victoria
Directors' report
As at 30 June 2024**

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 to take 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. On 30 June 2024, the number of members was 24,860 (2023: 28,101).

Directors' meetings

The following outlines 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, six board meetings were held.

<u>Directors</u>	<u>Held</u>	<u>Attended</u>
Kathryn Arndt	6	5
Professor Peter Colman	6	4
Erin Ferraris	3	3
Anthony Howard AM, KC	4	3
Daniel Richard Jefferson	6	6
A/Professor Mark Kennedy	1	1
Richard Loveridge	6	6
Victoria Stevenson	6	6
Edward Stockdale	6	6
Dr Sarah Wenham	6	5

Auditor's independence declaration


The auditor's independence declaration is included on page 32 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-profits Commission Act 2012.

On behalf of the Directors



Richard Loveridge
President
Melbourne, 2 August 2024



Ed Stockdale
Director
Melbourne, 2 August 2024

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 2024, 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 notes to the financial statements, including material accounting policy information and the Directors' declaration.

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

- a giving a true and fair view of the Company's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
- b complying with Australian Accounting Standards *AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2022*.

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 (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information other than the Finance Report and the Auditor's Report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – *AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* and the ACNC Act, and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are 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 the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors 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.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.



Grant Thornton Audit Pty Ltd
Chartered Accountants



E W Passaris
Partner – Audit & Assurance

Melbourne, 2 August 2024

**Diabetes Victoria
Directors' declaration
As at 30 June 2024**

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
- 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.

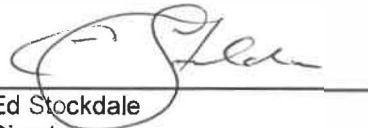
Signed in accordance with a unanimous resolution of the directors made pursuant to the Australian Charities and Not-for-profits Commission Act 2012.

On behalf of the directors



Richard Loveridge
President

2 August 2024



Ed Stockdale
Director

2 August 2024

Diabetes Victoria
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2024

	Note	2024	2023
		\$	\$
Income			
NDSS Revenue		7,538,729	8,164,277
Life! Program		6,577,906	4,946,666
Collection Business		2,977,221	3,506,956
Member Subscriptions		956,021	1,011,995
Bequests		1,417,462	524,364
Donations, Appeals and Corporate Partnerships		897,819	676,049
Program and Other Income		2,837,435	3,092,009
Total Income	5	<u>23,202,593</u>	<u>21,922,316</u>
Expenses			
Depreciation and amortisation expense	14,16	(378,514)	(196,535)
Employee benefits		(12,400,667)	(11,966,620)
Life! Program course delivery		(2,920,866)	(2,309,642)
Materials		(109,341)	(602,616)
Projects and programs		(270,711)	(233,048)
Consultancy and recruitment		(216,236)	(257,524)
Events		(334,724)	(389,267)
Occupancy costs		(621,368)	(521,838)
Motor vehicle expenses		(266,787)	(239,916)
Subscription to Diabetes Australia		(103,181)	(103,181)
Office and other expenditure		(3,501,801)	(3,193,962)
Depreciation of right of use assets	15	(838,230)	(729,430)
Finance costs		(94,396)	(66,899)
Total Expenses		<u>(22,056,822)</u>	<u>(20,810,478)</u>
Operating surplus		1,145,771	1,111,838
Unrealised Gain/(loss) on financial assets held at fair value through profit or loss		1,791,932	710,492
Realised Gain/(loss) on sale of financial assets		109,641	21,752
Contribution to diabetes research		(930,181)	(395,875)
Surplus for the year attributable to the members of Diabetes Victoria	21	2,117,163	1,448,207
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income for the year attributable to the members of Diabetes Victoria		<u>2,117,163</u>	<u>1,448,207</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Diabetes Victoria
Statement of financial position
As at 30 June 2024

	Note	2024 \$	2023 \$
Assets			
Current assets			
Cash and cash equivalents	9	6,221,943	13,330,924
Trade and other receivables	10	524,964	330,281
Inventories	11	245,644	-
Other current assets	12	522,173	460,790
Total current assets		<u>7,514,724</u>	<u>14,121,995</u>
Non-current assets			
Financial assets	13	26,917,078	20,257,996
Property, plant and equipment	14	696,880	979,568
Right-of-use assets	15	1,746,769	1,550,785
Intangible assets	16	255,815	173,335
Total non-current assets		<u>29,616,542</u>	<u>22,961,684</u>
Total assets		<u>37,131,266</u>	<u>37,083,679</u>
Liabilities			
Current liabilities			
Trade and other payables	17	3,321,499	5,219,459
Lease liabilities	19	548,832	894,748
Provisions	18	2,361,562	2,599,363
Contract liabilities	20	-	88,953
Total current liabilities		<u>6,231,893</u>	<u>8,802,523</u>
Non-current liabilities			
Lease liabilities	19	1,223,928	727,221
Provisions	18	134,726	130,379
Total non-current liabilities		<u>1,358,654</u>	<u>857,600</u>
Total liabilities		<u>7,590,547</u>	<u>9,660,123</u>
Net assets		<u>29,540,719</u>	<u>27,423,556</u>
Equity			
Development Reserve		6,700,000	6,700,000
Research Contingency Fund		705,788	705,788
Accumulated Funds	21	<u>22,134,931</u>	<u>20,017,768</u>
Total equity		<u>29,540,719</u>	<u>27,423,556</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Diabetes Victoria
Statement of changes in equity
For the year ended 30 June 2024

	Asset Revaluation Reserve \$	Development Reserve \$	Research Contingency Fund \$	Accumulated Funds \$	Total equity \$
Balance at 1 July 2022	11,346,946	6,700,000	705,788	7,222,615	25,975,349
Surplus for the year	-	-	-	1,448,207	1,448,207
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	1,448,207	1,448,207
Transfer	(11,346,946)	-	-	11,346,946	-
Balance at 30 June 2023	-	6,700,000	705,788	20,017,768	27,423,556

	Asset Revaluation Reserve \$	Development Reserve \$	Research Contingency Fund \$	Accumulated Funds \$	Total equity \$
Balance at 1 July 2023	-	6,700,000	705,788	20,017,768	27,423,556
Surplus for the year	-	-	-	2,117,163	2,117,163
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	2,117,163	2,117,163
Balance at 30 June 2024	-	6,700,000	705,788	22,134,931	29,540,719

The above statement of changes in equity should be read in conjunction with the accompanying notes

Diabetes Victoria
Statement of cash flows
For the year ended 30 June 2024

	Note	2024	2023
		\$	\$
Cash flows from operating activities			
Receipts from customers and funders		22,101,460	21,400,563
Payments to suppliers and employees		<u>(24,019,382)</u>	<u>(21,942,369)</u>
		(1,917,922)	(541,806)
Interest received		419,533	465,705
Finance costs paid - Leases		<u>(94,396)</u>	<u>(66,899)</u>
Net cash used in operating activities	26	<u>(1,592,785)</u>	<u>(143,000)</u>
Cash flows from investing activities			
Payments for financial assets		(4,359,534)	(7,371,225)
Payments for property, plant, equipment & intangible assets	14,16	(273,239)	(879,383)
Proceeds from disposal of property, plant and equipment		<u>-</u>	<u>13,719,596</u>
Net cash from/(used in) investing activities		<u>(4,632,773)</u>	<u>5,468,988</u>
Cash flows from financing activities			
Repayment of lease liabilities		<u>(883,423)</u>	<u>(709,843)</u>
Net cash used in financing activities		<u>(883,423)</u>	<u>(709,843)</u>
Net increase/(decrease) in cash and cash equivalents		(7,108,981)	4,616,145
Cash and cash equivalents at the beginning of the financial year		<u>13,330,924</u>	<u>8,714,779</u>
Cash and cash equivalents at the end of the financial year	9	<u><u>6,221,943</u></u>	<u><u>13,330,924</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Diabetes Victoria
Notes to the financial statements
As at 30 June 2024

Note 1. General information

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

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

15-31 Pelham Street
Carlton VIC 3053

Note 2. Change in accounting policies

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of the new and revised standards have not had a material impact on the disclosures or on the amounts reported in these financial statements.

Note 3. Significant accounting policies

The accounting policies that are material to the company are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New and revised standards that are effective for these financial statements

Any new or amended accounting standards or interpretations that are not yet mandatory have not been early adopted.

At the date of authorisation of the financial statements, there were no Standards and Interpretations that were in issue but not yet effective that would materially affect the company.

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 — Simplified Disclosure Requirements, and complies with other requirements of the law.

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

The financial statements were authorised for issue by the directors on 2 August 2024.

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 16 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:

Note 3. Significant accounting policies (continued)

- 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.

Revenue recognition

The company recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

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 when or as the performance obligation is satisfied.

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.

Government grants with sufficiently specific and enforceable performance obligations - If the government grant terms contain sufficiently specific performance obligations and contain enforceable criteria, the grant revenue is recognised upon satisfying those performance obligations.

Government grants without sufficiently specific and enforceable performance obligations - If the government grant terms are not sufficiently specific, or the terms do not contain enforceable criteria, the grant *income* is recognised at the time the grant becomes receivable.

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.

Member subscription income

Total membership income is recognised when subscription funds are received.

Donations and bequests

Donations and bequests that contain sufficiently specific performance obligations and enforceable conditions are recognised upon satisfying those performance obligations.

Donations and bequests that are not sufficiently specific and do not contain enforceable conditions are recognised when the funds are received.

Note 3. Significant accounting policies (continued)

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Collection business

Revenue from the collection business is recognised once control of the products pass to the customer, upon delivery to the customer.

Investment income

Income from investments is recognised when funds are received.

Income tax

As the company is a tax exempt institution in terms of subsection 50-10 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

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.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at fair value through profit or loss.

Note 3. Significant accounting policies (continued)

Impairment of financial assets

The company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Property, plant and equipment

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. 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.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	4 years
Plant and equipment	3-10 years

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

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Note 3. Significant accounting policies (continued)

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

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.

Impairment of non-financial 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.

Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 3. Significant accounting policies (continued)

Portable long service leave scheme

From 1 July 2019 the company commenced making contributions for certain eligible employees to Victoria's new portable long service leave scheme, pursuant to the Long Service Benefits Portability Act 2018. A levy of 1.65% of eligible salaries is paid to the Portable Long Service Leave Authority. Any amounts payable to eligible employees in relation to long service leave post 1 July 2019 will be funded by the Authority as and when they arise. However, the existence of the scheme does not discharge the company's obligation to pay long service leave to employees in the event that the Authority cannot meet its obligations. At balance date the directors have no reason to believe that the Authority will not meet its obligations under the agreements with the company as employer. The gross receivable from the Authority and provision for long service leave payable to eligible employees (which are equal and offsetting) have not been recognised in these financial statements.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

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

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.

Contingent liability

There are no contingent liabilities as at 30 June 2024 (2023: nil). There are no capital commitments as at 30 June 2024 (2023: nil).

Comparative amounts

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

Note 4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. There are no critical accounting judgements, estimates and assumptions that are likely to affect the current or future financial years.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Fair value measurement hierarchy

The company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective. The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Employee benefits provision

As discussed in note 3, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Diabetes Victoria
Notes to the financial statements
As at 30 June 2024

Note 5. Income

	2024	2023
	\$	\$
Revenue from the sale of goods	2,977,221	3,507,576
Revenue from services rendered	7,538,729	8,164,277
State government grants received	6,577,906	4,946,666
Member subscription income	956,021	1,011,995
Donations, corporate partnerships & bequests	2,315,281	1,200,413
Interest	419,533	465,705
Investment income	1,095,463	806,175
Program and other income	1,322,439	1,819,509
	<u>23,202,593</u>	<u>21,922,316</u>
	2024	2023
	\$	\$
<i>Timing of revenue recognition</i>		
Revenue earned point in time	8,666,425	8,345,668
Revenue earned over time	14,536,168	13,576,648
	<u>23,202,593</u>	<u>21,922,316</u>

Note 6. Surplus for the year

	2024	2023
	\$	\$
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	2,045	7,657
Write off of property, plant and equipment	94,933	6,795
Operating lease expense	163,052	103,960
Superannuation	1,283,179	1,201,396
	<u>1,543,209</u>	<u>1,319,808</u>

Note 7. Key management personnel remuneration

	2024	2023
	\$	\$
The aggregate compensation of the key management personnel is set out below:		
Short-term employee benefits	793,274	863,987
Post-employment benefits	124,216	106,199
	<u>917,490</u>	<u>970,186</u>

Note 8. Remuneration of auditors

	2024	2023
	\$	\$
Audit of the financial report	53,000	48,500
Audit of programs and other services	10,900	8,800
Total remuneration of auditors	<u>63,900</u>	<u>57,300</u>

The auditor of Diabetes Victoria is Grant Thornton Audit Pty Ltd.

Diabetes Victoria
Notes to the financial statements
As at 30 June 2024

Note 9. Cash and cash equivalents

	2024	2023
	\$	\$
<i>Current assets</i>		
Cash at Bank	<u>6,221,943</u>	<u>13,330,924</u>

The company has provided a bank guarantee in connection to the commercial lease of the premises at Pelham Street. The guarantee amounts to \$148,845 (2023: \$148,845).

Note 10. Trade and other receivables

	2024	2023
	\$	\$
<i>Current assets</i>		
Trade receivables	410,570	313,200
Allowance for expected credit losses	<u>(36,320)</u>	<u>(36,320)</u>
	374,250	276,880
Other receivables	<u>150,714</u>	<u>53,401</u>
	<u>524,964</u>	<u>330,281</u>
	2024	2023
	\$	\$
<i>Trade receivables past due:</i>		
60 - 90 days	163,891	15,800
90+ days	<u>88,757</u>	<u>50,081</u>
	<u>252,648</u>	<u>65,881</u>

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 \$252,648 which are past due at reporting date. 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.

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. The Directors have made a provision for expected credit losses from trade receivables of \$36,320 (2023: \$36,320).

Note 11. Inventories

	2024	2023
	\$	\$
<i>Current assets</i>		
Finished goods - at cost	<u>245,644</u>	<u>-</u>

Diabetes Victoria
Notes to the financial statements
As at 30 June 2024

Note 12. Other current assets

	2024 \$	2023 \$
<i>Current assets</i>		
Prepayments	<u>522,173</u>	<u>460,790</u>

Note 13. Financial assets

Financial assets at fair value through profit or loss – listed equities

	2024 \$	2023 \$
<i>Non-current assets</i>		
Equity investments	13,917,078	7,257,996
Restricted equity investment (a)	<u>13,000,000</u>	<u>13,000,000</u>
	<u>26,917,078</u>	<u>20,257,996</u>

(a) The restricted equity investments represent proceeds from the sale of 570 Elizabeth Street, which the Company considers should be preserved. The fair value measurement of the investments is disclosed in Note 27.

Note 14. Property, plant and equipment

	Leasehold improvements at cost \$	Furniture, Equipment & Vehicles at cost \$	Total \$
Gross Carrying Amount			
Balance at 1 July 2022	473,589	1,234,212	1,707,801
Additions	678,834	136,115	814,949
Disposals	-	(4,529)	(4,529)
Write offs	(25,014)	(230,978)	(255,992)
Balance at 30 June 2023	<u>1,127,409</u>	<u>1,134,820</u>	<u>2,262,229</u>
Additions	28,387	100,702	129,089
Write-offs	(424,474)	(507,731)	(932,205)
Balance at 30 June 2024	<u>731,322</u>	<u>727,791</u>	<u>1,459,113</u>
Accumulated Depreciation			
Balance at 1 July 2022	(349,371)	(1,038,189)	(1,387,560)
Disposals	-	4,254	4,254
Write-offs	26,967	228,284	255,251
Depreciation expense	(51,654)	(102,952)	(154,606)
Balance at 30 June 2023	<u>(374,058)</u>	<u>(908,603)</u>	<u>(1,282,661)</u>
Write-offs	363,966	473,306	837,272
Depreciation expense	(217,657)	(99,187)	(316,844)
Balance at 30 June 2024	<u>(227,749)</u>	<u>(534,484)</u>	<u>(762,233)</u>

Diabetes Victoria
Notes to the financial statements
As at 30 June 2024

Note 14. Property, plant and equipment (continued)

	Leasehold improvements at cost \$	Furniture, Equipment & Vehicles at cost \$	Total \$
Balance at 30 June 2023	753,351	226,217	979,568
Balance at 30 June 2024	503,573	193,307	696,880

Note 15. Right-of-use assets

	2024 \$	2023 \$
<i>Non-current assets</i>		
Land and buildings - right-of-use	2,081,696	2,377,393
Less: Accumulated depreciation	(454,306)	(1,077,176)
	<u>1,627,390</u>	<u>1,300,217</u>
Motor vehicles - right-of-use	573,020	751,447
Less: Accumulated depreciation	(453,641)	(500,879)
	<u>119,379</u>	<u>250,568</u>
	<u><u>1,746,769</u></u>	<u><u>1,550,785</u></u>

Additions to the right-of-use assets during the year were \$1,034,214 (2023: \$1,134,008).

The company leases land and buildings for its offices and warehouses, under agreements of between 3 to 4 years with, in some cases, options to extend. On renewal, the terms of the leases are renegotiated. The company also leases motor vehicles under agreements of between 2 to 4 years.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Property \$	Vehicles \$	Total \$
Balance at 1 July 2023	1,300,217	250,568	1,550,785
Additions	1,034,214	-	1,034,214
Depreciation expense	(707,041)	(131,189)	(838,230)
Balance at 30 June 2024	<u><u>1,627,390</u></u>	<u><u>119,379</u></u>	<u><u>1,746,769</u></u>

Diabetes Victoria
Notes to the financial statements
As at 30 June 2024

Note 16. Intangible assets

	2024	2023
	\$	\$
Cost		
Balance at beginning of financial year	1,885,226	1,820,792
Additions	144,150	64,434
Balance at end of financial year	<u>2,029,376</u>	<u>1,885,226</u>
Accumulated amortisation and impairment		
Balance at beginning of financial year	(1,711,891)	(1,669,962)
Amortisation expense	(61,670)	(41,929)
Balance at end of financial year	<u>(1,773,561)</u>	<u>(1,711,891)</u>
Capitalised development	<u>255,815</u>	<u>173,335</u>

The intangible assets primarily relate to software and software development costs.

Note 17. Trade and other payables

	2024	2023
	\$	\$
<i>Current liabilities</i>		
Trade payables	343,801	690,641
Trade payables - Diabetes Australia Limited	-	15,879
Other payables	2,977,698	4,512,939
	<u>3,321,499</u>	<u>5,219,459</u>

Note 18. Provisions

	2024	2023
	\$	\$
<i>Current liabilities</i>		
Employee benefits	<u>2,361,562</u>	<u>2,599,363</u>
<i>Non-current liabilities</i>		
Employee benefits	<u>134,726</u>	<u>130,379</u>
	<u>2,496,288</u>	<u>2,729,742</u>

Diabetes Victoria
Notes to the financial statements
As at 30 June 2024

Note 19. Lease liabilities

	2024	2023
	\$	\$
<i>Current liabilities</i>		
Lease liability - Buildings	417,876	625,043
Lease liability - Vehicles	130,956	269,705
	<u>548,832</u>	<u>894,748</u>
<i>Non-current liabilities</i>		
Lease liability - Buildings	1,223,928	727,221
Total lease liabilities	<u><u>1,772,760</u></u>	<u><u>1,621,969</u></u>
<i>Future lease payments</i>		
Future lease payments are due as follows:		
Within one year	548,832	894,748
One to five years	1,355,247	792,785
	<u><u>1,904,079</u></u>	<u><u>1,687,533</u></u>

Note 20. Contract liabilities

	2024	2023
	\$	\$
<i>Current liabilities</i>		
Contract liabilities	-	88,953
	<u><u>-</u></u>	<u><u>88,953</u></u>

Note 21. Accumulated Funds

	2024	2023
	\$	\$
Accumulated Funds		
Balance at beginning of financial year	20,017,768	7,222,615
Net surplus for the year	2,117,163	1,448,207
Transfer from Asset Revaluation Reserve	-	11,346,946
Balance at end of financial year	<u><u>22,134,931</u></u>	<u><u>20,017,768</u></u>

Note 22. 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 2024, the number of members was 24,860 (2023: 28,101).

Note 23. 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 Victorian Department of Health for the Life! program, and with Savers Limited regarding the collection business.

Approximately 74% of the company's revenue is derived from these sources.

Diabetes Victoria
Notes to the financial statements
As at 30 June 2024

Note 24. Related party disclosures

Parent entity

Diabetes Victoria is the parent entity.

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.

	2024	2023
	\$	\$
Aggregate amounts received or receivable from other related parties	8,256,708	8,212,279
Aggregate amounts paid or payable to other related parties	(2,355,873)	(5,331,857)

Note 25. 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.

Note 26. Notes 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:

	2024	2023
	\$	\$
Cash and cash equivalents	<u>6,211,943</u>	<u>13,330,924</u>
(b) Reconciliation surplus for the year to net cash flows		
Surplus for the period	2,117,163	1,448,207
(Profit)/Loss on sale or disposal of property, plant and equipment	-	(7,657)
(Profit)/Loss on sale or disposal of financial assets	(109,641)	(21,752)
Depreciation and amortisation of non-current assets	1,216,744	925,964
Write off of property, plant and equipment	94,933	6,795
Dividends reinvested	(397,975)	(272,141)
Unrealised (Gain)/Loss on financial assets	<u>(1,791,932)</u>	<u>(710,492)</u>
	1,129,292	1,368,924
(Increase)/decrease in assets:		
Trade and other receivables	(194,683)	170,029
Current inventories	(245,644)	386,460
Other current assets	<u>(61,383)</u>	<u>86,687</u>
	(501,710)	643,176
Increase/(decrease) in liabilities:		
Trade and other payables	(1,897,971)	(1,892,607)
Other liabilities	(88,942)	(282,246)
Provisions	<u>(233,454)</u>	<u>19,753</u>
Net cash used in operating activities	<u>(1,592,785)</u>	<u>(143,000)</u>

Diabetes Victoria
Notes to the financial statements
As at 30 June 2024

Note 27. Financial instruments

	2024	2023
	\$	\$
Financial assets		
Cash and bank balances (amortised cost)	6,221,943	13,330,924
Trade and other receivables (amortised cost)	524,964	330,281
Fair value through profit & loss investments – listed equities	26,917,078	20,257,996
	<u>33,663,985</u>	<u>33,919,201</u>
	2024	2023
Financial liabilities		
Trade and other payables (amortised cost)	3,321,499	5,219,456
Lease Liabilities	1,772,760	1,621,969
	<u>5,094,259</u>	<u>6,841,425</u>

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, the fair value measurement of investments is Level 1 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.

Grant Thornton Audit Pty Ltd

Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
GPO Box 4736
Melbourne VIC 3001
T +61 3 8320 2222

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 2024, I declare that, to the best of my knowledge and belief, there have been 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, 2 August 2024

Diabetes Victoria

Wurundjeri Woi-wurrung Country
Suite G01, 15-31 Pelham Street
Carlton VIC 3053

Telephone 1300 437 386
NDSS Helpline 1800 637 700
mail@diabetesvic.org.au
diabetesvic.org.au



FS 622205

