

**DIABETES AUSTRALIA LIMITED**  
**(Incorporated in Australian Capital Territory**  
**Company Limited by Guarantee)**

**ABN 47 008 528 461**

**Financial Report**  
**For the Year Ended**  
**30 June 2020**



**Diabetes Australia Limited**

**ABN 47 008 528 461**

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**CORPORATE INFORMATION**

**Directors**

C Beyers  
B Fenton  
A Koumoukelis (appointed 21/04/2020)  
R Manning  
G Noonan  
B O'Farrell (resigned 08/11/2019)  
G Ross  
M Stanford (appointed 06/04/2020)  
S Stranks  
J Townend  
L Tutt (resigned 15/04/2020)  
M Watson (resigned 31/10/2019)  
A Burnett (appointed 06/11/2019, resigned 30/11/2019)  
P Williams

**Company secretary**

P Southcott

**Registered office**

19-23 Moore Street  
Turner ACT 2612

**Principal place of business**

19-23 Moore Street  
Turner ACT 2612

**Bankers**

Commonwealth Bank of Australia  
33-35 Northbourne Avenue,  
Canberra City ACT 2600

National Australia Bank Limited  
179 London Circuit,  
Canberra ACT 2600

**Auditors**

RSM

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**DIRECTORS' REPORT**

The Directors present this report on the Group for the financial year ended 30 June 2020.

**Directors**

The names and details of the Group's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

**Names, qualifications, experience and special responsibilities**

**M Stanford**

Qualifications	<ul style="list-style-type: none"><li>- Company Director</li><li>- MB BS (NSW), MBA (Macquarie Uni)</li><li>- FAICD, Member of the Order of Australia</li></ul>
Experience	<ul style="list-style-type: none"><li>- Appointed as Independent President and Board Chair on 06/04/2020</li></ul>
Special Responsibilities	<ul style="list-style-type: none"><li>- Independent President and Board Chair</li><li>- Ex Officio Member of all Board Committees</li></ul>

**C Beyers**

Qualifications	<ul style="list-style-type: none"><li>- Engineer</li><li>- Grad. AICD, Bachelor of Environ. Engineering</li><li>- Grad Cert Bus (Philanthropy and Nonprofit)</li></ul>
Experience	<ul style="list-style-type: none"><li>- Board member since 16/11/2015</li></ul>
Special Responsibilities	<ul style="list-style-type: none"><li>- Member of the Finance, Audit and Risk Management Committee</li><li>- Member of the Nomination and Remuneration Committee</li></ul>

**B Fenton**

Qualifications	<ul style="list-style-type: none"><li>- Manager</li><li>- Bachelor Nursing, Grad Cert Diabetes Education</li></ul>
Experience	<ul style="list-style-type: none"><li>- Board member since 21/05/2018</li></ul>
Special Responsibilities	<ul style="list-style-type: none"><li>- Member of of the NDSS Governance Committee</li></ul>

**A Koumoukelis**

Qualifications	<ul style="list-style-type: none"><li>- Solicitor</li><li>- LLM (Syd), LLB (UNSW). B Comm (UNSW) . Public Notary, GAICD, FTIA</li></ul>
Experience	<ul style="list-style-type: none"><li>- Board member appointed 21/11/2020</li><li>- Member of of the NDSS Governance Committee</li></ul>

**R Manning**

Qualifications	<ul style="list-style-type: none"><li>- Solicitor</li><li>- LLB</li></ul>
Experience	<ul style="list-style-type: none"><li>- Board member since 16/09/2014</li><li>- Chair of the NDSS Governance Committee</li><li>- Member of the Nomination and Remuneration Committee</li></ul>

**DIRECTORS' REPORT (CONT'D)**

**G Noonan**

- |                          |   |
|--------------------------|---|
| Qualifications           | - Bachelor of Science (Computer Science & Accounting)<br>- Member of the Institute of Chartered Accountants                     |
| Experience               | - Board member since 29/01/2019   |
| Special Responsibilities | - Chair and member of the Finance, Audit and Risk Management Committee<br>- Member of the Nomination and Remuneration Committee |

**B O'Farrell**

- |                |   |
|----------------|---|
| Qualifications | - Chief Executive Officer, Parliamentarian (Retired)<br>- BA (ANU), Honorary Doctorate (Kaslik) Lebanon |
| Experience     | - Board member since 01/01/2019; resigned 08/11/2019  |

**G Ross**

- |                          |   |
|--------------------------|---|
| Qualifications           | - Endocrinologist<br>- MBBS(Hons), FRACP          |
| Experience               | - Board member since 4/11/2016                    |
| Special Responsibilities | - Member of Nomination and Remuneration Committee |

**S Stranks**

- |                |   |
|----------------|---|
| Qualifications | - Medical Practitioner<br>- MBBS, FRACP |
| Experience     | - Board member since 12/11/2018         |

**J Townend**

- |                          |   |
|--------------------------|---|
| Qualifications           | - Retired<br>- AM, FFIA(Emeritus), LFS(Hons)                |
| Experience               | - Board member since 18/06/2010                             |
| Special Responsibilities | - Director and Chair of Diabetes Australia Research Limited |

**L Tutt**

- |                |   |
|----------------|---|
| Qualifications | - Company Director<br>- AM, BEc, LLB, FCA, CTA, FCPA, MAICD |
| Experience     | - Board member since 05/05/2014; resigned 15/04/2020        |

**M Watson**

- |                |   |
|----------------|---|
| Qualifications | - Company Director<br>- DipTch, B Ed, Grad Dip Dist Ed, Dip Man, PhD, GAICD, FAIM, FGIA |
| Experience     | - Board member since 03/12/2009; resigned 31/10/2019                                    |

**A Burnett**

- |                          |  |
|--------------------------|--|
| Qualifications           | - Solicitor<br>- BA, LLB, LLM, MA                    |
| Experience               | - Board member since 06/11/2019; resigned 30/11/2019 |
| Special Responsibilities | - Member of of the NDSS Governance Committee         |

**DIRECTORS' REPORT (CONT'D)**

**P Williams**

Qualifications	- University Academic - BSc (Hons), MSc, PhD, ARCPA, FFSc (RCPA)
Experience	- Board member since 22/12/2008 (resigned 11/10/2009, rejoined 19/01/2010)
Special Responsibilities	- Chair and member of International Affairs Committee - Director of Diabetes Australia Research Limited

**Chief Executive Officer**

**Greg Johnson**

B. Pharm; Dip Hosp Pharm; Grad Dip Health Services Management; MBA;  
Honorary Professor – Deakin University

Greg Johnson has extensive experience in CEO, senior management and governance roles in the private, public and NGO sectors for over 30 years.

Greg was appointed Chief Executive in October 2012. Prior to that he was Acting Chief Executive from July 2009 to 2011 and Chief Executive of Diabetes Australia Victoria from 2003 to 2013.

**Company Secretary**

**Paul Southcott**

B. Economics, CPA

Paul Southcott has extensive experience in senior management roles in the private and public sector in financial management, strategic planning, office administration and governance.

He was appointed as Company Secretary on 30 November 2008.

**Dividends**

Diabetes Australia Limited is a company limited by guarantee and does not pay dividends.

**Members' Guarantee**

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute a maximum of \$50 each towards meeting any outstanding obligations of the Company.

At 30 June 2020, the number of members was 7 (2019:9).

**Strategy and Purpose**

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

The 2020-25 strategic plan includes four strategic priorities:

**Leadership for Diabetes:**

- Build the voice, brand and cause
- Advocacy to transform lives
- Listen, connect, partner

## DIRECTORS' REPORT (CONT'D)

### Living with Diabetes:

- Self care, support and choice
- The different ages, stages, types, places and cultures
- The impact of diabetes on people

### Preventing Diabetes:

- National prevention programs
- Risk assessment and early detection
- Healthy communities, workplaces, environments

### Research for Diabetes

- Help set the diabetes research agenda
- Evidence and outcomes
- Grow diabetes research funding opportunities

The Board and management set and continued to implement and monitor achievement against the goals and strategies in the Diabetes Australia Strategic Directions 2020-25.

Various planning and strategy sessions for directors and senior management were held during the 2019-20 financial year.

### Principal activities

Diabetes Australia is the national body for people affected by all types of diabetes and those at risk. A non-profit organisation, Diabetes Australia works in partnership with consumers, health professionals, and researchers. We are committed to reducing the impact of diabetes.

Diabetes Australia's core focus areas are:

- people affected by all types of diabetes - this includes people with type 1 diabetes, people with type 2 diabetes, women with gestational diabetes, people with other forms of diabetes, their families and carers; and
- people at risk of developing diabetes.

Some of the key activities and achievements in the 2019-20 financial year include:

- In April 2020 Dr Michael Stanford AM commenced as Diabetes Australia's new Independent President and Board Chair. Michael has had a distinguished career in healthcare leadership and management with 23 years' experience as a Chief Executive Officer and Managing Director of healthcare organisations, along with 26 years of Non-Executive Director experience across health services and other sectors.

- We were very pleased to secure a one-year extension to the NDSS Agreement which now extends to 30 June 2021. This extension was granted in response to the COVID-19 pandemic. We expect that a new NDSS Agreement for a further three-year period to 30 June 2024 will be developed in 2020-21. The Australian Government has also confirmed its commitment to the **KeepSight** (diabetes vision loss and blindness prevention) program and will work with Diabetes Australia to ensure that the program remains sustainable over the long term.

- Diabetes Australia worked closely with the Department of Health to support the expansion of Australian Government's **Continuous Glucose Monitoring** (CGM) Funding Initiative through the National Diabetes Services Scheme (NDSS). CGM devices were first subsidised in April 2017 for children and young people under 21 years with type 1 diabetes. The initiative was expanded on 1 March 2019 and again on 1 March 2020 to broaden eligibility and include Flash glucose monitoring. The CGM Initiative now provides subsidised access to:

**DIRECTORS' REPORT (CONT'D)**

- o Children and young people aged under 21 years with type 1 diabetes;
- o Children and young people under 21 years with conditions very similar to type 1 diabetes who require insulin;
- o Women with type 1 diabetes who are actively planning pregnancy, pregnant, or immediately post pregnancy;
- o People with type 1 diabetes aged 21 years or older who have a valid concessional status.

affected by type 1 diabetes able to access CGM at no cost through the NDSS administered by Diabetes Australia. We have also provided CGM education and support during 2019-20.

- Diabetes Australia welcomed a number of major diabetes research funding announcements throughout 2019-20 including:
  - o \$6m for a multiyear research program led by Prof Alex Brown to address foot problems and amputation prevention in Aboriginal and Torres Strait Islander people with diabetes.
  - o \$2.9m over three years for Prof Louise Maple Brown, Menzies Centre (Darwin) and a team across Northern Australia to address intergenerational diabetes and a Gestational Diabetes registry project.
  - o \$964K over 4 years for Prof Helena Teede, Monash University and partners for the Good4Mums project addressing interventions after GDM to prevent type 2 diabetes
  - o \$47m over 4 years for MRFF funded translation research focused on diabetes and heart disease.
- Diabetes Australia raised awareness and advocated for various national diabetes priorities to the Australian Government and State/Territory Governments during the year.
- Diabetes Australia continued activity to raise the profile of diabetes issues and drive positive change through national advocacy, policy, campaigns, & communication including:
  - o The “**4,400 reasons to take diabetes seriously**” campaign to end avoidable amputations related to diabetes in a generation. This included delivering annual “**Get Your Socks Off**” Campaign in October, involving MPs and Senators, to raise awareness of the link between diabetes and serious foot problems and limb amputations
  - o a Parliamentary KeepSight event and a series of meetings with key MPs and Senators, with international expert Professor Peter Scanlon, to help demonstrate the success in implementing diabetes screening programs such as KeepSight
  - o as part of National Diabetes Week 2019, we conducted the “**It’s About Time**” campaign, to encourage and promote early detection of type 1 and type 2 diabetes.
  - o In partnership with the Royal Australian College of General Practitioners we launched the latest edition of “**Management of type 2 diabetes in general practice**” handbook that provides GPs and other health professionals with new information on issues including early-onset type 2 diabetes, the use of technology in helping people with diabetes, how to best to manage type 2 diabetes in older people and the impact of diabetes on mental health
  - o We launched a new national campaign focused on mental health and diabetes – “**Heads Up on Diabetes**”



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DIRECTORS' REPORT (CONT'D)

- o We continued other national awareness campaigns:

- 'If only I could' campaign tackling key barriers to managing type 2 diabetes for people who are newly diagnosed.
- The "Diabetes Lowdown" - to raise awareness of how hypoglycaemia affects people living with type 1 and type 2 diabetes who use insulin
- The "Take Diabetes 2 Heart" campaign to raise awareness of the links between type 2 diabetes and cardiovascular disease.

- o Partnered with the Pedestrian Council for the sixth year to promote Diabetes Australia Walk to Work Day

COVID-19 Response – in response to COVID-19, we focused efforts on supporting people with diabetes throughout the pandemic. This included advocacy and communications efforts to ensure people with diabetes were able to continue to access essential diabetes medicines and products; and continued access both routine and urgent health care and health professional visits; access timely and credible health information and advice regarding COVID-19 risk, symptoms, testing and treatment; as well as general information and advice about diabetes management and staying healthy during COVID-19.

We continued our work in the prevention of diabetes and related conditions. We are an active member of the

- Australian Chronic Disease Prevention Alliance working with the Heart Foundation, Stroke Foundation, Kidney Health Australia and Cancer Council Australia

As Australia's member of the International Diabetes Federation (IDF), we continued to play a role in the IDF and IDF Western Pacific Region, including supporting the Australians e on each board. Diabetes Australia also

- continued to support the **Life for a Child** Program and the **Insulin for Life** program both of which provide humanitarian diabetes support in many poor and developing nations.

Diabetes Australia's highly regarded research program continued to support world leading Australian research

- and researchers with 57 new projects awarded funding in 2020 (\$3.7 million in total). Diabetes Australia continues to shine a light on the importance of diabetes research and discovery.

Diabetes Australia has two quarterly publications. **Circle** magazine is for people affected by diabetes and their carers and has a circulation of over 130,000. It provides readers with the latest information on how to live well

- with diabetes, plus advice and tips on nutrition, research, health, lifestyle issues and community events". The **Diabetes Management Journal** is for health professionals and circulated to 40,000 Health Professionals, including 28,000 GPs.

This year we have acknowledge three very special members of the Australian diabetes community with Outstanding Achievement Awards for a lifetime of service. Neill Decker OAM and Ian Rodwell AO both received Awards for their contribution to diabetes leadership and research in the Kellion Diabetes Foundation and on the

- Diabetes Australia Research Board respectively. Dr Alan Stocks AM received his Award acknowledging many great achievements including being the mainstay of the Kellion Victoria Medal program since its inception many years ago.

## Performance measures

In 2019-20 we provided quality diabetes information and support on more than 12.8 million occasions, and more than 295,000 people attended NDSS education and support programs. We have continued to focus on priority groups including children/adolescents/young people with diabetes, women with diabetes in pregnancy, Aboriginal and Torres Strait Islander people with diabetes, older people with diabetes, people with diabetes from culturally and linguistically diverse communities, rural and remote communities, and mental health and diabetes.

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**DIRECTORS' REPORT (CONT'D)**

**Operating results**

The Diabetes Australia Group result for the year was an operating deficit of \$1,288,218 (2019: Surplus of \$951,685) which was less than budget due to the impact of COVID-19 and non-Government funding uncertainty. This impacted Diabetes Australia one controlled entity being Diabetes Australia Research Limited which is the trustee for the Diabetes Australia Research Trust. The research entity result for the year was a deficit of \$927,832 (2019: Surplus of 7,988).

**Significant changes in the state of affairs**

Nil.

**After balance date events**

In July 2020, Diabetes Australia entered into an agreement for the sublease of office premises at 19-23 Moore Street, Canberra for the period 1 July 2020 to 30 June 2024.

**Environmental regulations and performance**

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

**Share options**

Diabetes Australia Limited is a Company limited by guarantee and does not grant share options.

**Directors' meetings**

During the financial year, 8 meetings of directors were held. Attendance by each director were as follows:

Director	Alternative Director	Director's Meetings	
		Eligible Meetings	Number Attended
M Stanford		2	2
C Beyers	M Andrew	8	7
A Burnett		2	2
B Fenton		8	5
A Koumoukelis		2	2
R Manning	F Dixon	8	8
G Noonan		8	7
B O'Farrell		2	2
G Ross		8	6
S Stranks	A Russell	8	7
J Townend		8	8
L Tutt	A Koumoukelis	8	7
M Watson	A Burnett	2	2
P Williams		8	8

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**DIRECTORS' REPORT (CONT'D)**

**Finance, Audit, and Risk Management Committee**

The Board is responsible for the finance, audit and risk management of the Group. The Board has a Finance, Audit and Risk Management (FARM) Committee which advises the Board on a range of matters.

**Other Committees**

Other standing committees of the board are the:

- Medical, Education and Scientific Committee (MESC)
- International Affairs Committee (IAC)
- NDSS Governance Committee
- Nomination and Remuneration Committee

The MESC provides the Board with expert advice on medical, education and scientific matters.

The IAC provides the Board with advice on matters related to the International Diabetes Federation and global activities in diabetes.

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

The Nomination and Remuneration Committee recommends to the Board candidates for key roles (CEO and Independent President), their remuneration and terms and conditions of employment.

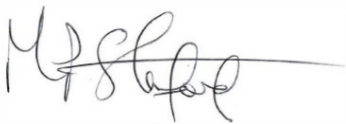
**Indemnifying officers**

During or since the end of the financial year, the company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

- i. The company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company.

Signed in accordance with a resolution of the Board of Directors.

Michael Stanford, Director and Independent President



Glen Noonan, Director & Chair of FARM Committee



Dated this 30th day of October 2020.

**RSM Australia Partners**

Equinox Building 4, Level 2, 70 Kent Street Deakin ACT 2600  
GPO Box 200 Canberra ACT 2601

T +61(0) 2 6217 0300  
F +61(0) 2 6217 0401

[www.rsm.com.au](http://www.rsm.com.au)

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Diabetes Australia Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

**RSM AUSTRALIA PARTNERS**

Canberra, Australian Capital Territory  
Dated: 30 October 2020

**GED STENHOUSE**  
Partner

**Diabetes Australia Limited****ABN 47 008 528 461**

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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED  
30 JUNE 2020**

	Note	Consolidated	
		2020	2019
		\$	\$
Revenue	2 (a)	50,378,737	46,217,808
Other income	2 (b)	4,041,619	5,113,837
Employee benefits expense	3 (a)	(5,701,661)	(4,675,569)
Depreciation and amortisation	3 (b)	(275,159)	(91,765)
Agents' remuneration	3 (c)	(31,348,770)	(30,219,153)
Research grants		(3,029,663)	(1,904,180)
Other expenses	3 (d)	(15,353,321)	(13,489,293)
Surplus/(Deficit) for the year		(1,288,218)	951,685
Other comprehensive income		-	-
Total comprehensive income for the year		(1,288,218)	951,685

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

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**Diabetes Australia Limited**

**ABN 47 008 528 461**

**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020**

		<b>Consolidated</b>	
	<b>Note</b>	<b>2020</b>	<b>2019</b>
		<b>\$</b>	<b>\$</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	11,503,470	14,680,834
Trade and other receivables	5	13,199,319	14,256,080
Other assets	8	915,638	720,384
<b>TOTAL CURRENT ASSETS</b>		<b>25,618,427</b>	<b>29,657,298</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	245,296	151,716
Intangible assets	7	-	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>245,296</b>	<b>151,716</b>
<b>TOTAL ASSETS</b>		<b>25,863,723</b>	<b>29,809,014</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	4,392,361	3,782,094
Provisions	10	704,678	582,691
Lease liabilities	11	59,069	-
Unspent Government grants	12	14,131,478	17,633,107
<b>TOTAL CURRENT LIABILITIES</b>		<b>19,287,586</b>	<b>21,997,892</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	10	27,996	47,971
Lease liabilities	11	73,209	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>101,205</b>	<b>47,971</b>
<b>TOTAL LIABILITIES</b>		<b>19,388,791</b>	<b>22,045,863</b>
<b>NET ASSETS</b>		<b>6,474,933</b>	<b>7,763,151</b>
<b>EQUITY</b>			
Reserves		100	100
Retained earnings		6,474,833	7,763,051
<b>TOTAL EQUITY</b>		<b>6,474,933</b>	<b>7,763,151</b>

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

**Diabetes Australia Limited**

**ABN 47 008 528 461**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020**

	<b>Consolidated</b>		
	<b>Settlement capital</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 30 June 2018</b>	100	6,811,366	6,811,466
Surplus for the year	-	951,685	951,685
Other comprehensive income	-	-	-
Total comprehensive income	-	951,685	951,685
<b>Balance at 30 June 2019</b>	100	7,763,051	7,763,151
Deficit for the year	-	(1,288,218)	(1,288,218)
Other comprehensive income	-	-	-
Total comprehensive income	-	(1,288,218)	(1,288,218)
<b>Balance at 30 June 2020</b>	100	6,474,833	6,474,933

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

## STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2020

		Consolidated	
	Note	2020	2019
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from grants		50,170,960	49,782,577
Registrant Contribution		32,728,195	33,026,116
Access Points Handling Fee		6,939,807	6,738,831
Other receipts		6,818,715	6,307,031
Payments to NDSS Agents		(34,483,647)	(33,241,068)
Payments to Access Points for Handling Fee		(6,939,810)	(6,746,345)
Registrant Contribution paid to Government		(32,153,519)	(33,263,631)
Payments to suppliers and employees		(26,043,893)	(21,818,635)
Interest received		131,798	213,205
GST Received/(Paid)		(109,508)	(737,180)
Net cash flows from operating activities	13 (b)	(2,940,902)	260,901
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant, equipment and intangibles		(68,993)	(60,044)
Net cash flows used in investing activities		(68,993)	(60,044)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash flows used in financing activities		167,469	-
		167,469	-
Net increase/(decrease) in cash and cash equivalents		(3,177,364)	200,857
Cash and cash equivalents at beginning of the financial year		14,680,834	14,479,977
Cash and cash equivalents at end of the financial year	4	11,503,470	14,680,834

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



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**NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020****NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial report of Diabetes Australia Limited (the Company) for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the directors on 23 October 2020.

Diabetes Australia Limited is a public company limited by guarantee incorporated and domiciled in Australia.

The nature of the operations and principal activities of the company are described in the directors' report.

**Basis of preparation**

The financial report is a general purpose financial report that has been prepared in accordance with the Australian Accounting Standards (including Australian Accounting Interpretations) and the *Australian Charities and Not-for-Profits Commission Act 2012*. The company is a not-for-profit entity for financial reporting purposes under the Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar unless otherwise stated.

**Accounting policies****a. New or amended Accounting Standards and Interpretations adopted**

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.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the entity:

**AASB 16 Leases**

The company has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets and an interest expense on the recognised lease liabilities. In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. At transition date, there was no impact on the opening balances due to the adoption of this standard.

**AASB 15 Revenue from Contracts with Customers**

The company has adopted AASB 15 from 1 July 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

**AASB 1058 Income of Not-for-Profit Entities**

The company has adopted AASB 1058 from 1 July 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives.

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020 (CONT'D)

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)*****Impact of adoption***

AASB 15, AASB 16 and AASB 1058 were adopted using the modified retrospective approach and as such comparatives have not been restated. The adoption of AASB15 and AASB 1058 did not have any material impact on the financial performance or position of the group in either the current or prior financial reporting periods.

Upon initial application of AASB 16, the following amounts were recognised as at 1 July 2019:

Right-of-use Asset including make good assets (Note 6)	\$299,746
Lease Liabilities (Note 11)	\$299,746

**b. Basis of consolidation**

The consolidated financial statements comprise the financial statements of Diabetes Australia Limited and its subsidiaries and special purpose entities (as outlined in note 14) as at and for the period ended 30 June 2020.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and surplus and deficits resulting from intergroup transactions have been eliminated in full.

**c. Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid funds with original maturities of six months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**d. Trade and other receivables**

Trade receivables, which generally have a 30 day term, are recognised initially at fair value, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the entity will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment.

**e. Investments and other financial assets*****Initial recognition and measurement***

Financial assets and financial liabilities are recognised when the Group becomes a party to contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through income statement' in which case transaction costs are expensed to the statement of comprehensive income immediately.

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020 (CONT'D)

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)***Derecognition*

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the statement of comprehensive income.

*Classification and subsequent measurement*

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

*Amortised cost* is calculated as:

- i. the amount at which the financial asset or financial liability is measured at initial recognition;
- ii. less principal repayments;
- iii. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method, and
- iv. less any reduction for impairment

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in the statement of comprehensive income.

(i) *Financial assets*

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is the equivalent to the date that the entity commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial assets are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

*Classification and subsequent measurement*

Financial assets are subsequently measured at either fair value or amortised cost using the effective interest rate method. The subsequent measurement depends on the classification of the financial instrument as described below.

All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.

All other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020 (CONT'D)

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****e. Investments and other financial assets (cont'd)***(iii) Financial liabilities*

Non derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

*Fair value*

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

*Impairment*

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

**Intangible assets**

- f. Intangible assets are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets have been assessed as finite. Intangible assets with finite lives are amortised over their useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of the future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognised.

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020 (CONT'D)

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****g. Property, plant and equipment**

Plant and equipment is stated as historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. All other repairs and maintenance are recognised in the statement of comprehensive income as incurred.

Depreciation is calculated on a straight-line basis over the useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Office furniture and equipment	2.5 - 5 years
Computer equipment	2 - 2.5 years
Fixture, fittings and furniture	5 years
NDSS computer equipment	remaining term of contract

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

Asset classes carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment and any significant part initial recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is sold or derecognised. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

**i. Impairment of assets**

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets, to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the comprehensive income statement.

Where the future economic benefits of an asset are not primarily dependent upon the assets ability to generate net cash inflows and when the Group would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation reserve in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation reserve for that same class of asset.

**Trade and other payables**

- j. Trade and other payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020 (CONT'D)

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****l. Provisions and employee benefits**

Provisions are recognised when there is a present obligation as a result of services rendered as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

*Wages, salaries, superannuation, annual leave and sick leave*

Employee benefits expected to be settled within one year together with benefits arising from wages, salaries and annual leave which may be settled after one year, have been measured at the amounts expected to be paid when the liability is settled.

Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable. Contributions made by the entity to an employee superannuation fund are charged as expenses when incurred.

*Long service leave*

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the project unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of services.

**m. Taxation**

*Income tax*

The Group is a charitable institution for the purposes of Australian taxation legislation and is exempt from income tax in accordance with Section 50-5 of the *Income Tax Assessment Act 1997*. The Group holds deductible gift recipient status.

*Goods and services tax (GST)*

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020 (CONT'D)

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****n. Revenue recognition**

The group recognises revenue as follows:

*Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the group 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.

*Sales revenue*

Events, fundraising and raffles are recognised when received or receivable.

*Donations & Bequests*

Donations are recognised at the time they are received.

*Affiliation fees*

Revenue from affiliation fees are recognised upon the due date in accordance with the Parent's constitution.

*Grants*

Grant revenue is recognised in profit or loss when the group satisfies the performance obligations stated within the funding agreements.

If conditions are attached to the grant which must be satisfied before the company is eligible to retain the contribution, the grant will be recognised in the statement of financial position as a liability until those conditions are satisfied.

*Interest revenue*

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the rate inherent to the instrument.

*Other revenue*

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

*Volunteer services*

The group has elected not to recognise volunteer services as either revenue or other form of contribution received. As such, any related consumption or capitalisation of such resources received is also not recognised.

*Rendering of services*

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer.

**o. Research grants**

Research grants are amounts granted in Australia to recipients following a rigorous review process oversighted by the Diabetes Australia Research Advisory panel, specialising in the prevention, management and cure for diabetes. Diabetes Australia has a smaller number of grants that are provided in partnership with likeminded organisations.

Grants are recognised when paid to the recipient or when there is an obligation to make payment under a contract. Unpaid grants are not recognised in the statement of financial position. Rather, the unpaid component is recognised as a commitment.

Diabetes Victoria pays research grant recipients directly, and is not recognised in this financial report.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020 (CONT'D)

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**p. Fundraising appeals and associated costs**

An appeal is run for regular donations through the "Cure Club" initiative without any face-to-face canvassing activities. Other ad hoc appeals are run from time to time.

Fundraising costs are those incurred in seeking such donations and do not include costs of disseminating information relating to the activities carried on by the Group.

**q. Comparative figures**

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

**r. Significant accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expense. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

*Coronavirus (COVID-19) pandemic*

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

**New accounting standards for applications in future periods**

- s.** There are no Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Group for the annual reporting period ended 30 June 2020.



## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020 (CONT'D)

**NOTE 2: REVENUE AND OTHER INCOME**

		Consolidated	
		2020	2019
		\$	\$
<b>(a) Revenue</b>			
<i>Revenue from government grants and other</i>			
grants—	Federal government grants (Note 12)	(i) 49,617,222	45,267,137
—	Other grants	1,931	-
<i>Other revenue</i>			
—	Affiliation fees	374,828	400,000
—	Interest received	98,579	234,552
—	Publications	286,177	316,119
<b>Total Revenue</b>		<b>50,378,737</b>	<b>46,217,808</b>
<b>(b) Other income</b>			
—	Commercial Partnerships	785,784	1,417,883
—	Fundraising	80,902	53,515
—	Donations and bequests	2,624,926	3,415,539
—	NDSS on costing	77,452	50,161
—	Gain/(Loss) on Disposal of Assets	-	(1,166)
—	Other income	472,555	177,905
<b>Total Other Income</b>		<b>4,041,619</b>	<b>5,113,837</b>
<b>Total Revenue and Other Income</b>		<b>54,420,356</b>	<b>51,331,645</b>

(i) Federal government grants

The revenue from Federal government relates to the National Diabetes Services Scheme. The 2019-20 revenue of \$49,617,222 (2019: \$45,267,137) for the ongoing registration of people with diabetes, and the provision of information, education and new and ongoing support services.

AASB 15 was adopted using the modified retrospective approach and as such comparatives have not been provided for disaggregation of revenue.

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020 (CONT'D)

**NOTE 3: EXPENSES**

	Consolidated	
	2020	2019
	\$	\$
<b>(a) Employee benefits expense</b>		
— Wages and salaries	5,023,126	4,133,633
— Superannuation expense	442,711	360,184
— Other employee benefits expense	235,824	181,752
	<u>5,701,661</u>	<u>4,675,569</u>
<b>(b) Depreciation and amortisation</b>		
— Office equipment	9,298	3,702
— Computer equipment	59,124	56,738
— Fixtures, furniture and fittings and leasehold improvement	36,272	31,136
— Amortisation of Right of Use Asset	170,465	-
— Other software	-	189
	<u>275,159</u>	<u>91,765</u>
<b>(c) National Diabetes Services Scheme (NDSS) variable expenditure</b>		
— Agents' remuneration (i)	31,348,770	30,219,153
	<u>31,348,770</u>	<u>30,219,153</u>

*(i) Agents' remuneration*

The National Diabetes Services Scheme (NDSS) is an initiative of the Australia Government administered by Diabetes Australia, and delivered to people with diabetes through state and territory diabetes organisations, as NDSS Agents. The scheme is supported by two Health Professional Agents which are the key national organisations dedicated to diabetes in Australia.

The NDSS Agent remuneration is for Universal Services, Continuing Support Programs and Health Professional Bodies. The Universal Services (2020: \$16,020,232; 2019: \$15,559,208) are nationally consistent services to Registrants that maximise their capacity to manage their diabetes, this includes mechanisms that expand consumer engagement and self-management including access to Registration cards and starter Packs, telephone support, online support, information and resources, and other activities. The Continuing Support Programs (2020: \$14,176,856; 2019: \$13,561,222) provides access to self-management education and support programs for Registrants, along with access to education and support for Health Professionals. The Health Professional Bodies (2020: \$1,151,682; 2019: \$1,098,723) provide a broad range of advice and assistance to assist Diabetes Australia and the Commonwealth deliver the NDSS services.

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020 (CONT'D)

		Consolidated	
		2020	2019
		\$	\$
<b>(d) Other expenses</b>			
— Bad and doubtful debts expense		-	-
— Rental expense on operating leases		79,759	223,576
— Consultants and contractors - Third Parties	(i)	4,614,911	4,107,658
— Consultants and contractors - NDSS Agents	(ii)	8,104,831	5,825,542
— Fundraising activities		12,296	15,573
— Interest Expense		5,334	-
— Office and equipment		1,032,110	1,055,870
— General expenses		1,502,836	1,864,572
— Other expenses		1,244	396,502
		<u>15,353,321</u>	<u>13,489,293</u>

*(i) Consultants and contractors - Third Parties*

Consultants and Contractors - Third Parties (2020: \$4,614,911; 2019: \$4,107,658) includes expertise to assist in KeepSight and Type 1 Diabetes in School Programs, implementation of Government initiatives (Expansion of CGM eligibility and NDSS Enhancement), NDSS Marketing Campaign and information technology development.

*(ii) Consultants and contractors - NDSS Agents*

Consultants and contractors - NDSS Agents (2020: \$8,104,831; 2019: \$5,825,542) consists of national services, leadership and expert advice that Diabetes Australia engages directly from NDSS Agents. The majority of the 2020 expenditure was for national services, with the key elements, being:

- NDSS inbound contacts (phone and email) operates through a centralised NDSS Helpline to deliver material efficiencies; and
- National fulfillment and distribution provider for key NDSS resources is centralised through a service provider and delivers consistency and material efficiencies.
- The establishment and development of MyDESMOND will deliver an integrated comprehensive online behavioural change program for people with type 2 diabetes.
- The establishment and delivery of Type 1 Diabetes in Schools program as a targeted, nationally consistent 3-tiered training program, which aims to ensure that children are supported in managing their condition.

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020 (CONT'D)

**NOTE 4: CASH AND CASH EQUIVALENTS**

	Note	Consolidated	
		2020	2019
		\$	\$
CURRENT			
Cash at bank and on hand		7,403,470	10,280,834
Bank deposits		4,100,000	4,400,000
	20	<u>11,503,470</u>	<u>14,680,834</u>

**Reconciliation to statement of cash flows**

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 30 June:

Cash at bank and on hand		7,403,470	10,280,834
Bank deposits		4,100,000	4,400,000
	13	<u>11,503,470</u>	<u>14,680,834</u>

Cash at bank earns interest at floating rates based on daily deposit rates. Bank deposits are made for varying periods of between one and six months, depending on the Group's cash requirements. These deposits earn interest at market rate, are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Included in cash and cash equivalents is \$46,233 held by the Commonwealth Bank as a security for a guarantee provided by them to 101 NBV Pty Ltd as Trustee for 101 NBV Trust and KF 101 Northbourne Pty Ltd as Trustee for KF 101 Northbourne Trust and MB 101 Northbourne Pty Ltd as Trustee for MB 101 Northbourne Trust. This guarantee is for Diabetes Australia Limited obligations for rental bond under its previous tenancy agreement for the registered office. A request has been made for the release of this guarantee.

Included in cash and cash equivalents is \$79,469 held by the Commonwealth Bank as security for a guarantee provided by them to Victory Homes Pty Ltd for the lease of premises at 19-23 Moore Street Turner ACT. This guarantee is for Diabetes Australia Limited obligations for rental bond under its new tenancy agreement for the registered office.

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020 (CONT'D)

**NOTE 5: TRADE AND OTHER RECEIVABLES**

	Note	Consolidated	
		2020	2019
		\$	\$
CURRENT			
Trade receivables	(i)	12,803,166	13,844,205
Provision for impairment of receivables		-	-
		12,803,166	13,844,205
Taxation assets		271,818	368,262
Other receivables		124,335	43,613
Total current trade and other receivables		13,199,319	14,256,080

*(i) Trade receivables*

In June 2020, \$10,808,267 exclusive of GST (2019 \$11,403,516) was invoiced for NDSS Quarter one in advance.

**(a) Financial assets classified as trade and other receivables**

	Note	Consolidated	
		2020	2019
		\$	\$
Trade and other receivables			
— Total current		13,199,319	14,256,080
Less taxation assets		271,818	368,262
Financial assets as trade and other receivables	20	12,927,501	13,887,818

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020 (CONT'D)

**(b) Credit risk**

The following table details the Group's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the Group and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Past due but not impaired					Considered Impaired
	Total	0-30	31-60	61-90	> 90	
	\$	\$	\$	\$	\$	\$
<b>2020</b>						
Trade receivables	12,803,166	12,592,649	209,789	728	-	-
Other receivables	396,153	396,153	-	-	-	-
<b>Total</b>	<b>13,199,319</b>	<b>12,988,802</b>	<b>209,789</b>	<b>728</b>	<b>-</b>	<b>-</b>
<b>2019</b>						
Trade receivables	13,844,205	13,647,270	151,464	-	45,471	-
Other receivables	411,875	411,875	-	-	-	-
<b>Total</b>	<b>14,256,080</b>	<b>14,059,145</b>	<b>151,464</b>	<b>-</b>	<b>45,471</b>	<b>-</b>

Receivables past due but not considered impaired are \$210,517 (2019: \$196,935). Payment terms on these amounts have not been renegotiated. The Group is satisfied that payment will be received in full.

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020 (CONT'D)

**NOTE 6: PROPERTY, PLANT AND EQUIPMENT****(a) Reconciliation of carrying amounts at the beginning and end of the period**

	Consolidated					
	Right of Use Asset	Office equipment	Computer equipment	Fixtures, fittings and furniture	Video conferencing hardware	Total
	\$	\$	\$	\$	\$	\$
<b>Year ended 30 June 2020</b>						
Carrying amount at beginning of year	-	17,515	87,427	39,649	7,125	151,716
Additions	299,746	14,187	16,165	38,641	-	368,739
Transfers	-	7,125			(7,125)	-
Disposal	-	-		-	-	-
Depreciation expense	(170,465)	(9,298)	(59,124)	(36,272)	-	(275,159)
Carrying amount at the end of year	129,281	29,529	44,468	42,018	-	245,296
<b>At 30 June 2020</b>						
Cost	299,746	75,646	207,435	176,831	-	759,658
Accumulated depreciation	(170,465)	(46,117)	(162,968)	(134,813)	-	(514,362)
Net carrying amount	129,281	29,529	44,468	42,018	-	245,296
<b>Year ended 30 June 2019</b>						
Carrying amount at beginning of year	-	2,642	117,256	64,516	-	184,414
Additions	-	18,575	28,075	6,269	7,125	60,044
Disposal	-	-	(1,166)	-	-	(1,166)
Depreciation expense	-	(3,702)	(56,738)	(31,136)	-	(91,576)
Carrying amount at the end of year	-	17,515	87,427	39,649	7,125	151,716
<b>At 30 June 2019</b>						
Cost	-	54,334	191,270	138,189	7,125	390,918
Accumulated depreciation	-	(36,819)	(103,843)	(98,540)	-	(239,202)
Net carrying amount	-	17,515	87,427	39,649	7,125	151,716

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020 (CONT'D)

**NOTE 7: INTANGIBLE ASSETS****(a) Reconciliation of carrying amounts at the beginning and end of the period**

	Consolidated		
	Developed software	Other software	Total
	\$	\$	\$
<b>Year ended 30 June 2020</b>			
Carrying amount at beginning of year	-	-	-
Additions	-	-	-
Amortisation	-	-	-
Carrying amount at the end of year	-	-	-
<b>At 30 June 2020</b>			
Cost	2,152,020	59,275	2,211,295
Accumulated amortisation	(2,152,020)	(59,275)	(2,211,295)
Net carrying amount	-	-	-
<b>Year ended 30 June 2019</b>			
Carrying amount at beginning of year	-	189	189
Amortisation	-	(189)	(189)
Carrying amount at the end of year	-	-	-
<b>At 30 June 2019</b>			
Cost	2,152,020	32,275	2,184,295
Accumulated amortisation	(2,152,020)	(32,275)	(2,184,295)
Net carrying amount	-	-	-



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NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020 (CONT'D)
**NOTE 7: INTANGIBLE ASSETS (CONT'D)****(b) Description of intangible assets***(i) Developed software*

Software developed by a third party on the entity's behalf and is operational as intended. Developed software costs are carried as cost less accumulated amortisation and accumulated impairment losses. The intangible NDSS assets have been assessed as having a finite life and were amortised using the straight line method for the remaining life of the prior NDSS contract, which was expired on the 30 June 2016. Parent company owns the remaining intangible assets.

**NOTE 8: OTHER ASSETS**

	Consolidated	
	2020	2019
	\$	\$
Prepayments	915,638	720,384
	<u>915,638</u>	<u>720,384</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020 (CONT'D)

**NOTE 9: TRADE AND OTHER PAYABLES**

	Note	Consolidated	
		2020	2019
		\$	\$
CURRENT			
Trade payables		803,391	381,058
Sundry payables and accrued expenses		1,109,182	1,268,419
Taxation liabilities		1,232,815	1,264,575
Commercial Income received in advance		151,812	214,117
Employee benefits		228,561	179,747
Registrant Contribution		864,265	472,049
Access Points Handling Fee		2,335	2,129
	9 (a)	4,392,361	3,782,094

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

	Note	Consolidated	
		2020	2019
		\$	\$
Trade and other payables			
— Total current		4,392,361	3,782,094
Less income received in advance		(151,812)	(214,117)
Less taxation liabilities		(1,232,815)	(1,264,575)
Financial liabilities as trade and other payables	20	3,007,734	2,303,402

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020 (CONT'D)

**NOTE 10: PROVISIONS**

	Consolidated	
	2020	2019
	\$	\$
CURRENT		
— Annual leave	464,149	381,531
— Long service leave	240,529	201,160
	<u>704,678</u>	<u>582,691</u>
NON CURRENT		
— Long service leave	27,996	47,971
	<u>27,996</u>	<u>47,971</u>

For a description of the nature and timing of cash flows associated with the above provisions, refer to section (b) on this page.

**(a) Movements in provisions**

	Consolidated		
	Annual leave	Long service leave	Total
	\$	\$	\$
Opening balance at 1 July 2019	381,531	249,131	630,662
Net change in provision during the year	82,618	19,394	102,012
Closing balance at 30 June 2020	<u>464,149</u>	<u>268,525</u>	<u>732,674</u>

**(b) Nature and timing of provisions***(i) Annual leave*

A provision has been recognised for employee entitlements relating to annual leave. Annual leave is expected to be taken within one year, is recognised as a current liability and measured at the amounts expected to be paid when the liability is settled.

*(ii) Long service leave*

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in Note 1(l) to this report.

Where an employee has an unconditional entitlement to long service leave, it is expected that the employee will take unconditional long service leave within one year, and has been classified as a current liability.

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020 (CONT'D)

**NOTE 11: LEASE LIABILITIES**

	Consolidated	
	2020	2019
	\$	\$
CURRENT		
— Lease liabilities	59,069	-
	59,069	-
NON CURRENT		
— Lease liabilities	73,209	-
	73,209	-
	<b>132,278</b>	<b>-</b>

## Movement of lease liabilities during the year

Balance at 1 July 2019	-	-
New leases	299,746	-
Lease payments	(172,787)	-
Interest expense	5,319	-
Balance at 30 June 2020	<b>132,278</b>	<b>-</b>

**Accounting Policy**

At inception of a contract, the entity assesses whether a contract is, or contains, a lease. A contract is considered to contain a lease if it allows the entity the right to control the use of an identified asset over a period of time in return for consideration.

Where a contract or arrangement contains a lease, the entity recognises a right-of-use asset and a lease liability at the commencement date of the lease.

Lease liabilities are initially measured at the present value of future minimum lease payments, discounted using the entity's incremental borrowing rate if the rate implicit in the lease cannot be readily determined, and are subsequently measured at amortised cost using the effective interest rate. Minimum lease payments include fixed payments, amounts expected to be paid under a residual value guarantee, the exercise price of purchase options for which the Entity is reasonably certain to exercise and incorporate the entity's expectations of lease extension options

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020 (CONT'D)

**NOTE 12: UNSPENT GOVERNMENT GRANTS**

	Consolidated	
	2020	2019
	\$	\$
CURRENT		
— Federal government grants (NDSS)	14,131,478	17,633,107
Total government grants deferred	14,131,478	17,633,107

The accounting policies adopted and the description of government grants received by the Group, including the conditions attached to the grants, have been disclosed in Note 1 (k and n).

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was \$14,131,478 as at 30 June 2020 and is expected to be recognised as revenue in future periods.

**(a) Movement in government grants**

	Consolidated	
	2020	2019
	\$	\$
Government grants as at beginning of year	17,633,107	17,146,872
— Received during the year	45,677,578	45,415,965
— Funds returned from Agents	438,015	337,407
— Recongised in Profit and Loss during the year	(49,617,222)	(45,267,137)
Government grants as at end of year	14,131,478	17,633,107

The National Diabetes Services Scheme (NDSS) is an initiative of the Australian Government administered by Diabetes Australia Limited. The agreement provides that any surplus under the contract may need to be returned to the Government at the end of any financial year.

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020 (CONT'D)

**NOTE 13: CASH FLOW STATEMENT RECONCILIATION**

	Note	Consolidated	
		2020	2019
		\$	\$
<b>(a) Reconciliation of cash</b>			
Cash at bank		7,403,470	10,280,834
Bank deposits		4,100,000	4,400,000
	4	11,503,470	14,680,834
<b>(b) Reconciliation of cash flow from operations with surplus/(deficit)</b>			
Net Surplus/(Deficit) for the year		(1,288,218)	951,685
Cash flows excluded from profit attributable to operating activities			
<i>Adjustments for</i>			
Depreciation and amortisation		275,159	91,765
Losses on disposal of fixed assets		-	1,166
<i>Changes in assets and liabilities</i>			
(Increase)/decrease in trade and other receivables		1,056,761	(679,323)
(Increase)/decrease in other assets		(195,254)	(387,381)
(Decrease)/increase in trade and other payables		(2,769,375)	277,398
(Decrease)/increase in long-term provisions		(19,975)	5,591
Net cash flows used in operating activities		(2,940,902)	260,901

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NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020 (CONT'D)

**NOTE 14: MEMBERS' GUARANTEE**

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute a maximum of \$50 each towards meeting any outstanding obligations of the Company.

At 30 June 2020, the number of members was 7 (2019:9).

**NOTE 15: RELATED PARTY TRANSACTIONS**

**(a) Related parties**

The consolidated financial statements include the financial statements of Diabetes Australia Limited and the subsidiaries listed below:

- Diabetes Australia Research Trust
- Diabetes Australia Research Limited

Diabetes Australia Limited as parent company, manages and provides administrative support for Diabetes Australia Research Limited which acts as trustee for the Diabetes Australia Research Trust. In 2019-20 and 2018-2019, Diabetes Australia Limited made a \$915,000 and \$500,000 donation respectively to Diabetes Australia Research Limited. The trust activities include the provision of grants to support research in prevention, management and cure of diabetes.

**(b) Other related parties**

The Members of Diabetes Australia Ltd are sub-contracted under the National Diabetes Services Scheme as Agents and two Health Professionals and are paid to provide services to people with diabetes. These payments are included in, described and quantified at Note 3(c).

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020 (CONT'D)

**NOTE 16: KEY MANAGEMENT PERSONNEL COMPENSATION****(a) Directors' compensation**

Dr Michael Stanford commenced as the Independent President from 6 April 2020 and received \$10,577 remuneration for the necessary duties to fulfil the role.

The Hon Barry O'Farrell was the Independent President to the 8 November 2019 and received \$19,231 remuneration for the necessary duties to fulfil the role.

All other directors act in an honorary capacity and receive no remuneration for their services.

**(b) Other key management personnel**

The following personnel also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly during the year:

<b>Executive</b>	<b>Position</b>
Greg Johnson	Chief Executive Officer
Paul Southcott	General Manager, Corporate Services
Jan Ridd	General Manager, NDSS
Katharine Balmaks	Former General Manager, NDSS
Taryn Black	National Policy & Program Director

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

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Short - term employee benefits	896,575	872,817
Post - employment benefits	75,663	71,348
Other long - term benefits	-	-
Termination benefits	-	-
<b>TOTAL COMPENSATION</b>	<b>972,238</b>	<b>944,165</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020 (CONT'D)

**NOTE 17: COMMITMENTS**

	Consolidated	
	2020	2019
	\$	\$
<b>(a) Research grants</b>		
Payable - General research grants		
— Within one year	1,492,695	792,022
— After one year but not more than five years	-	-
	<u>1,492,695</u>	<u>792,022</u>
Payable - Millennium research grants		
— Within one year	225,000	187,451
— After one year but not more than five years	75,000	74,999
	<u>300,000</u>	<u>262,450</u>
Payable - Other research grants		
— Within one year	155,000	155,000
— After one year but not more than five years	60,000	100,000
	<u>215,000</u>	<u>255,000</u>
Total research grant commitments	<u>2,007,695</u>	<u>1,309,472</u>

As part of the national research program administered through Diabetes Australia Research, two types of grants are awarded. General research grant payments are made on a half yearly basis for one year; Millennium grant payments are made on a half yearly basis for two years.

Other research grants are commitments to other organisations and individuals for research related activities including:

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

**NOTE 18: CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There are no contingent liabilities or contingent assets as at 30 June 2020 and 30 June 2019.

**NOTE 19: EVENTS AFTER THE BALANCE DATE**

In July 2020, Diabetes Australia Ltd entered into a four year agreement for the lease of office premises at 19-23 Moore Street, Canberra.

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020 (CONT'D)

**NOTE 20: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES****Financial risk management objectives**

The group's activities do not expose it to many financial risks, with only liquidity risk being needed to be actively managed.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	Weighted Average		Floating interest		Non Bearing Interest	
	2020	2019	2020	2019	2020	2019
	%	%	\$	\$	\$	\$
Financial assets						
Cash and cash equivalents	1.05	1.89	11,503,470	14,680,834		
Receivables					12,927,501	13,887,818
Total financial assets	1.05	1.89	11,503,470	14,680,834	12,927,501	13,887,818
Financial liabilities						
Trade and sundry payables					3,007,734	2,303,402
Total financial liabilities					3,007,734	2,303,402

**Risk exposures and responses**

The main risks arising from the company's financial instruments are interest rate risk, liquidity risk, and credit risk. The Group does not use derivative instruments to manage risks associated with its financial instruments.

The directors have overall responsibility for risk management, including risks associated with financial instruments, which seeks to ensure maximum return on funds held, whilst minimising potential adverse effects on financial performance.

Risk management policies are established to identify and analyse the risks associated with the Group's financial instruments, to set appropriate risk limits and controls and to monitor the risks and adherence to limits. The Finance, Audit and Risk Management (FARM) Committee is responsible for monitoring the effectiveness of the Group's risk management policies and processes and to regularly review risk management policies and systems, taking into account changes in market conditions and the Group's activities. The FARM committee is responsible for developing and monitoring investment policies.

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020 (CONT'D)

**NOTE 20: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)***(i) Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to the risk of changes in market interest rates relates to the Group's cash, and short-term deposits.

The Group has no debt obligations exposed to interest rate risk.

At balance date, the Group had the following mix of financial assets exposed to Australian variable interest rate risk:

<b>Consolidated</b>			
	<b>Note</b>	<b>2020</b>	<b>2019</b>
		<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>			
Cash		7,403,470	10,280,834
Bank deposits		4,100,000	4,400,000
	4	11,503,470	14,680,834

*(ii) Interest rate sensitivity*

A 0.50% decrease in interest rates and 0.50% increase in interest rates have been determined to be a reasonable possible movement in interest rates over a 12 month period based on information from various financial institutions, review of movements over the past two years and economic forecasters' expectations. If this change has occurred at the reporting date, it would, with all other variables held constant, have increase or decreased the Group's surplus as follows:

<b>Consolidated</b>		
	<b>Net Surplus Higher/(Lower)</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
+ 0.50% (50 basis points)	72,899	56,953
- 0.50% (50 basis points)	(72,899)	(56,953)

The movements in net surplus are due to higher/(lower) interest from variable rate cash, and bank deposits.

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020 (CONT'D)

**NOTE 20: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)***(iii) Liquidity risk*

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- investing surplus cash only with major financial institutions;
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets; and
- Directors are in receipt of monthly management reports.

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the statement of financial position.

	Note	Consolidated			Total
		Within 1 year	1 - 5 years	> 5 years	
		\$	\$	\$	\$
<b>Year ended 30 June 2020</b>					
Liquid financial assets					
Cash and cash equivalents	4	11,503,470	-	-	11,503,470
Trade and other receivables	5	12,927,501	-	-	12,927,501
		<u>24,430,971</u>	<u>-</u>	<u>-</u>	<u>24,430,971</u>
Financial liabilities					
Trade and other payables	9	(3,007,734)	-	-	(3,007,734)
		<u>(3,007,734)</u>	<u>-</u>	<u>-</u>	<u>(3,007,734)</u>
<b>Net liquid assets</b>		<b><u>21,423,237</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>21,423,237</u></b>
<b>Year ended 30 June 2019</b>					
Liquid financial assets					
Cash and cash equivalents	4	14,680,834	-	-	14,680,834
Trade and other receivables	5	13,887,818	-	-	13,887,818
		<u>28,568,652</u>	<u>-</u>	<u>-</u>	<u>28,568,652</u>
Financial liabilities					
Trade and other payables	9	(2,303,402)	-	-	(2,303,402)
		<u>(2,303,402)</u>	<u>-</u>	<u>-</u>	<u>(2,303,402)</u>
<b>Net liquid assets</b>		<b><u>26,265,250</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>26,265,250</u></b>

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020 (CONT'D)

**NOTE 20: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

*(iv) Credit risk*

Exposure to credit risk relating to financial assets arises from the potential non-performance by counter parties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and removal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counter parties), ensuring to the extent possible, that customers and counter parties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms are generally 30 days from the invoice date.

The maximum exposure to credit risk by class of recognised financial assets at balance date is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed in Note 6.

At the reporting date, the Group did not have any material credit risk exposures to any single receivable or group of receivables or any bank or financial institution.

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**NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020 (CONT'D)**
**NOTE 21: ECONOMIC DEPENDENCE**

A significant portion of the Group's income is from the Federal Department of Health to operate the National Diabetes Services Scheme (NDSS). The Group has successfully renegotiated a further four year agreement with the Department to continue to conduct NDSS services from 1 July 2016 to 30 June 2020. The Agreement has subsequently been extended to 30 June 2021. Activities managed under the NDSS are dependent on these funds, and for Diabetes Australia Limited to operate at its current capacity.

The level of income from bequest and donations is not directly under the control of the Group and may substantially vary from year to year.

The Group is also reliant on members' affiliation fees as sources of revenue.

**NOTE 22: PARENT ENTITY**

	<b>2020</b>	<b>2019</b>
Information relating to Diabetes Australia Limited	<b>\$</b>	<b>\$</b>
Current assets	23,449,541	26,904,540
Total assets	23,694,837	27,056,256
Current liabilities	18,777,885	21,831,987
Total liabilities	18,879,107	21,879,958
Issued capital	-	-
Retained earnings	4,815,648	5,176,298
Total equity	4,815,648	5,176,298
Surplus or deficit of the parent entity	(360,650)	943,697
Total comprehensive income of the parent entity	(360,650)	943,697

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NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2020 (CONT'D)

**NOTE 23: AUDITORS' REMUNERATION**

The auditor of Diabetes Australia Limited is RSM Australia

	Consolidated	
	2020	2019
	\$	\$
<i>Amounts received or due and receivable by RSM for:</i>		
— auditing or reviewing the financial report of the entity and any other entity in the consolidated group	48,000	46,450

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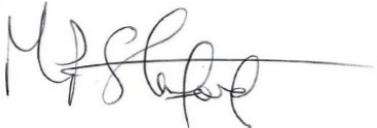
**DIRECTORS' DECLARATION**

The directors of the Group declare that:

1. The financial statements and notes are in accordance with both the *Australian Charities and Not-for-Profits Commission Act 2012* and:
  - (a) comply with Australian Accounting Standards; and
  - (b) give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the Group.
2. In the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
3. The Statement of Profit or Loss and Other Comprehensive Income gives a true and fair view of all income and expenditure of the Group with respect to fundraising appeals; and
4. The Statement of Financial Position gives a true and fair view of the state of affairs with respect to fundraising appeals; and
5. The internal controls exercised by the Group are appropriate and effective in accounting for all income received and applied by the Group from any of its fundraising appeals.

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

Michael Stanford, Director and Independent President

A handwritten signature in black ink, appearing to read 'M Stanford', with a long horizontal line extending to the right.

Glen Noonan, Director & Chair of FARM Committee

A handwritten signature in blue ink, appearing to read 'Glen Noonan', with a long horizontal line extending to the right.

Dated this 30th day of October 2020



**RSM Australia Partners**

Equinox Building 4, Level 2, 70 Kent Street Deakin ACT 2600

GPO Box 200 Canberra ACT 2601

T +61(0) 2 6217 0300

F +61(0) 2 6217 0401

[www.rsm.com.au](http://www.rsm.com.au)**INDEPENDENT AUDITOR'S REPORT****TO THE MEMBERS OF****DIABETES AUSTRALIA LIMITED****Opinion**

We have audited the financial report of Diabetes Australia Limited ("the entity"), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

- (a) giving a true and fair view of the registered entity's consolidated financial position as at 30 June 2020 and of its financial performance and cash flows for the year ended on that date; and
- (b) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Diabetes Australia Limited in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

**Other Information**

Those charged with governance are responsible for the other information. The other information comprises the information included in Diabetes Australia Limited's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

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

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

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

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

The Directors of the registered entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

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

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

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



**RSM AUSTRALIA PARTNERS**



Canberra, Australian Capital Territory  
Dated: 30 October 2020

**GED STENHOUSE**  
Partner