



Diabetes Australia Limited

(Incorporated in Australian Capital Territory Company Limited by Guarantee)

ABN: 47 008 528 461

Consolidated Financial Statements

For the Year Ended 30 June 2021

Diabetes Australia Limited

ABN: 47 008 528 461

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For the Year Ended 30 June 2021

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Diabetes Australia Limited

ABN: 47 008 528 461

Corporate Information

30 June 2021

Directors

M Stanford
C Beyers
B Fenton
A Koumoukelis
R Manning (resigned 31/03/2021)
G Noonan
G Ross
S Stranks (resigned 28/01/2021)
J Townsend (resigned 22/05/2021)
P Williams (resigned 28/01/2021)
L Manaena (appointed 17/05/2021)
G Bunyan (appointed 15/06/2021)

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 Australia

Diabetes Australia Limited

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Directors' Report

30 June 2021

The Directors present this report on the Group for the financial year ended 30 June 2021.

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

- Company Director
- MBBS (NSW), MBA (Macquarie Uni)
- FAICD, Member of the Order of Australia

Experience

- Independent President and Board Chair since 06/04/2020

Special Responsibilities

- Independent President and Board Chair
- Ex Officio Member of all Board Committees
- Chair of the Transition Working Group

C Beyers

Qualifications

- Engineer
- GAICD, Bachelor of Environ. Engineering
- Grad Cert Bus (Philanthropy and Nonprofit)

Experience

- Board member since 16/11/2015

Special Responsibilities

- Chair of the People and Culture Committee
- Member of the Finance, Audit and Risk Management

B Fenton

Qualifications

- Manager
- Bachelor Nursing, Grad Cert Diabetes Education

Experience

- Board member since 21/05/2018

Special Responsibilities

- Chair of the NDSS Governance Committee

A Koumoukelis

Qualifications

- Solicitor
- LLM (Syd), LLB (UNSW). B Comm (UNSW), Public Notary, GAICD, FTIA

Experience

- Board member appointed 21/11/2020

Special Responsibilities

- Member of the NDSS Governance Committee
- Member of the Transition Working Group

G Noonan

Qualifications

- Bachelor of Science (Computer Science & Accounting)
- Member of the Institute of Chartered Accountants

Experience

- Board member since 29/01/2019

Special Responsibilities

- Chair of the Finance, Audit and Risk Management Committee
- Member of the People and Culture Committee

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Directors' Report

30 June 2021

G Ross

Qualifications

- Endocrinologist
- MBBS(Hons), FRACP

Experience

- Board member since 4/11/2016

Special Responsibilities

- Member of the People and Culture Committee
- Member of the Transition Working Group

L Manaena

Qualifications

- Leadership Coach and Facilitator
- MBus (Marketing), Dip Financial Services

Experience

- Board member since 17/05/2021

Special Responsibilities

- Member of the People and Culture Committee
- Member of the Transition Working Group

G Bunyan

Qualifications

- Company Director
- BA, LLB

Experience

- Board member since 15/06/2021

P Williams

Qualifications

- University Academic
- BSc (Hons), MSc, PhD, ARCPA, FFSc (RCPA)

Experience

- Board member since 19/01/2010, resigned 28/01/2021

R Manning

Qualifications

- Solicitor
- LLB

Experience

- Board member since 16/09/2014, resigned 31/03/2021

S Stranks

Qualifications

- Medical Practitioner
- MBBS, FRACP

Experience

- Board member since 12/11/2018, resigned 28/01/2021

J Townend

Qualifications

- Retired
- FFIA (Emeritus), LFS (Hons)
- Member of the Order of Australia

Experience

- Board member since 18/06/2010, resigned 22/05/2021

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Directors' Report

30 June 2021

Chief Executive Officer

Greg Johnson

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

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 Victoria from 2003 to 2012.

Company Secretary

Paul Southcott

B. Economics, CPA

Paul 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.

Constitution and Members' Guarantee

The Company is incorporated under the Corporations Act 2001 and is a Company limited by guarantee.

The Diabetes Australia Constitution was amended on 28 January 2021, by unanimous vote of the member organisations at that time, to support a staged unification process in which member organisations could choose to merge with Diabetes Australia. The new Constitution created a significant change to the membership categories and rights of members. The principal changes since that time are:

- On 28 and 29 April 2021 respectively, Diabetes Queensland and Diabetes NSW&ACT members voted overwhelmingly in favour of merging with Diabetes Australia and these two entities ceased to be member organisations and became controlled subsidiaries of Diabetes Australia.
- On 12 May 2021, the Kellion Diabetes Foundation members voted unanimously in favour of transferring the entities assets to Diabetes Australia and winding up the Foundation. This will occur in the 2021-22 financial year.
- On 27 July 2021, Diabetes Tasmania members voted overwhelmingly in favour of merging with Diabetes Australia and the entity ceased to be member organisation and became a controlled subsidiary of Diabetes Australia.
- On 12 August 2021, the Australian Diabetes Society and Australian Diabetes Educators members voted overwhelmingly in favour of change to their Constitutions to appoint Diabetes Australia as a member and to appoint a Diabetes Australia nominee director to their Boards. These two organisations remain as Member Organisations of Diabetes Australia and the members of ADS and ADEA have the same rights as General Members of Diabetes Australia.

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Directors' Report

30 June 2021

Constitution and Members' Guarantee (continued)

- The members of Diabetes NSW&ACT, Diabetes Qld and Diabetes Tasmania are transferring to become General Members of Diabetes Australia in their annual renewal process, and this should be completed in 2021-22.
- A new Diabetes Australia membership category of Reciprocal General Member was created. Diabetes Victoria remains a member organisation and its members may apply to become Reciprocal General Members of Diabetes Australia.
- If the Company (Diabetes Australia) is wound up, the Constitution states that each member pre 28 January 2021 is required to contribute a maximum of \$50 each, and each new Member post 28 January 2021 is required to contribute a maximum of \$10 towards meeting any outstanding obligations of the Company.
- At 30 June 2021, the number of members was 27,346.

Strategy and Purpose

Diabetes Australia is the national organisation supporting all people with or at risk of diabetes. We put people first. Diabetes Australia works in collaboration with member organisations, consumers, health professionals, researchers, and the community.

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

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

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Directors' Report

30 June 2021

Strategy and Purpose (continued)

The Board and management set and continue 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 2020-21 financial year.

Principal activities

Diabetes Australia is the national organisation supporting all people living with or at risk of diabetes. We put people first.

Diabetes Australia's core focus areas are:

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

Some of the key activities and achievements in the 2020-21 financial year include:

- COVID-19 pandemic response – people with diabetes and families across Australia, and the staff and operations of Diabetes Australia and our member organisations and partners, continued to be severely disrupted by the COVID-19 pandemic and related lock downs and restrictions on service delivery and face to face activities. We focused efforts on supporting people with diabetes and families throughout the pandemic. This included advocacy to Governments and communications efforts to ensure people with diabetes were able to continue to access essential diabetes services, medicines and products; and continued access to 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 developed and ran a “**Be Healthy**” digital campaign to encourage people with diabetes to look after their health during the COVID-19 pandemic.
- Aboriginal and Torres Strait Islander health and diabetes - throughout the year we have taken more genuine steps forward in our cultural awareness, listening to and giving voice to aboriginal people and having First Nations people as part of the leadership of our organisation. Our Board and management cultural awareness session in Hobart was significant. We developed and ran the “Back on Track” campaign – an NDSS supported three-month awareness campaign encouraging Aboriginal and Torres Strait Islander. People to re-engage with diabetes healthcare. The campaign reached approximately 2 million people.
- 2021 marked the start of celebrations of “**100 Years of Insulin**” marking the discovery and first use of insulin in 1921-22. We have conducted a range of activities to reflect on the hundreds of thousands of Australian lives that have been saved and transformed by the use of insulin to manage diabetes.
- Diabetes Australia continued to work with the Australian Government and Commonwealth Department of Health on “refreshing” and updating the Australian National Diabetes Strategy for 2021-2030 and recommending important new areas for investment in diabetes care, prevention and research.

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Directors' Report

30 June 2021

Principal activities (continued)

- In June 2021, we were very pleased to sign a new three-year funding agreement with the Australian Government Department of Health to support Diabetes Australia's continued provision of services and support to people with diabetes through the National Diabetes Services Scheme. This ensures that over 1.4 million Australians living with diabetes and registered with the NDSS will continue to be able to access essential information and self-management support and services through the NDSS.
- Throughout the year we continued to deliver important NDSS diabetes information, support and programs despite COVID-19 disruption. We provided more than 13 million occasions of support to people with diabetes (telephone, face to face and online) and more than 306,000 people attended NDSS education and support programs. We 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.
- Diabetes Australia worked closely with the Commonwealth Department of Health in 2020-21 to continue to support the successful implementation of the Australian Government's Continuous Glucose Monitoring (CGM) Initiative as part of the National Diabetes Services Scheme (NDSS).
- We continued the national implementation of some important new diabetes programs:
 - KeepSight – a national diabetes eye screening program - continues to grow with over 175,000 people with diabetes enrolled with the program and more than 55,000 eye check reminders issued to 30 June 2021. There are now over 700 optometry practices across Australia connect to KeepSight and assisting with enrolments and providing diabetes eye checks;
 - The FootForward program focuses on early identification and early treatment of foot problems for people with diabetes to prevent more amputations;
 - A new digital portal and online education modules for Healthcare Professionals, other health workers and Aboriginal Health Workers were developed, A large scale awareness and engagement campaign for people with diabetes was undertaken to encourage people with diabetes to have regular foot checks; and
 - The Diabetes in Schools program has continued to grow with 31,000 training episodes provided for teachers and school staff and 2,300 training services for individual students - all over Australia and real impact already evident with change in practice and more lunch time insulin administration at schools being enabled.
- We worked in partnership work with the Juvenile Diabetes Research Foundation (JDRF) and Heart Foundation on the Targetted Translational Research Accelerator program funded from the MRFF and were pleased to see the first substantive funding rounds of \$47m commence.
- Diabetes Australia's highly regarded research program continued to support world leading Australian diabetes research and researchers with 55 new diabetes research projects awarded funding in 2020 (\$3.2 million in total).

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Directors' Report

30 June 2021

Principal activities (continued)

- We were very pleased to be able to provide \$500k funding over 3 years to support a new research project at Sydney University which will look at the Kellion Victory Medallists - people who have lived a long time with diabetes - and try to identify factors that may protect them from diabetes complications.
- This year we received the largest single bequest ever received for diabetes in Australia, the Charles Coghlan OAM estate bequest of \$8.76m. These funds will be used to support diabetes research in coming years. We also received \$1.5m from the Thiele (family) Foundation in Queensland directed to our Research Trust.
- Throughout the year we continued to raise awareness of diabetes issues and campaign for positive change including:
 - **“Heads Up on Diabetes”** - This campaign focussed on mental health issues, stigma and diabetes and achieved a cumulative reach of 17 million people.
 - **“If I Had Known”** - campaign tackling key barriers to managing type 2 diabetes for people who are newly diagnosed. The campaign reached 6.9 million people.
 - The **“Diabetes Lowdown”** – this campaign raises awareness of how hypoglycaemia affects people living with type 1 and type 2 diabetes who use insulin.
 - The **“Take Diabetes 2 Heart”** campaign raises awareness of the links between type 2 diabetes and cardiovascular disease.
 - The **“4,400 reasons to take diabetes seriously”** campaign continues to raise awareness of the risk on amputations related to diabetes. This included the **“Get Your Socks Off”** campaign in October 2020, involving more than 500 MPs and Senators in our social media campaign.
- In partnership with the Royal Australian College of General Practitioners we launched the latest edition of “Management of type 2 diabetes: a handbook for general practice” 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.
- Diabetes Australia has two quarterly publications. Circle magazine is for people with 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 on average to around 40,000 Health Professionals across Australia.
- As part of World Diabetes Day 2020, Diabetes Australia presented Outstanding Achievement Awards to three leaders in Australia’s diabetes community acknowledging their wonderful service and support for people with diabetes. Professor Trisha Dunning AM received her award in recognition of her contribution to diabetes education, support and research both nationally and internationally, Professor Liz Davis for her contribution to diabetes research and service development and Jan Alford for her contribution to diabetes education and support.
- We achieved a transformational change to the Constitution of Diabetes Australia in late January 2021, enabling many Member Organisations to merge with Diabetes Australia and create a stronger, more unified organisation and voice for diabetes in Australia.

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Directors' Report

30 June 2021

Principal activities (continued)

- Under the new Constitution, Diabetes Australia has changed from a federation of organisations to membership of people with diabetes and families and diabetes health professionals throughout Australia. At 30 June 2021 there were over 27,000 new members of Diabetes Australia (transferring from state organisation membership) and this number will increase substantially in the coming year.
- The composition of the Diabetes Australia Board has changed and is moving to a majority of independent, skills-based directors.
- In late April 2021, Diabetes NSW & ACT and Diabetes Queensland merged with Diabetes Australia. In May 2021, the Kellion Diabetes Foundation agreed to merge with and donate its assets to Diabetes Australia.

Operating results

The Diabetes Australia Group consolidated result for the year was an operating surplus of \$8,427,277 (2020: Deficit of \$1,288,218) which was much better than anticipated due to a significant bequest from Charles Coghlan OAM of \$8.76m, along with other large gifts from Foundations and Estates. This positively impacted Diabetes Australia Research Limited which is the trustee for the Diabetes Australia Research Trust. The research trust result for the year was a surplus of \$9,462,290 (2020: Deficit of \$927,832).

Diabetes NSW&ACT and Diabetes QLD became controlled Subsidiaries in late April and the Diabetes Australia Group Financial Statement includes their financial results for these subsidiaries for the two months to June 2021.

Significant changes in the state of affairs

Diabetes Australia held an Extraordinary General Meeting on 28 January 2021 and the members voted unanimously to adopt a new Constitution.

On 28 and 29 April 2021 respectively, Diabetes NSW Ltd (trading as Diabetes NSW&ACT) and Diabetic Association of Queensland (trading as Diabetes Qld) members voted overwhelmingly in favour of merging with Diabetes Australia and became controlled entities and wholly owned subsidiaries. At 30 June 2021, Diabetes Australia had 27,346 members.

After balance date events

On 27 July 2021, Diabetes Australia-Tasmania (trading as Diabetes Tasmania) members voted overwhelmingly in favour of merging with Diabetes Australia, and it became a wholly owned subsidiary.

On 12 August 2021, the members of the two national diabetes Health Professional Organisations (the Australian Diabetes Society and Australian Diabetes Educators Association) also voted strongly in favour of unification with Diabetes Australia. These entities have become Affiliate members and Diabetes Australia.

Diabetes Australia Limited

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Directors' Report

30 June 2021

After balance date events (continued)

Diabetes Australia CEO, Greg Johnson is stepping down from the role in November 2021, he has served with absolute distinction since 2012 after being CEO of Diabetes Victoria for almost ten years. Greg Johnson has successfully led development and implementation of clear and strong strategic plans for Diabetes Australia over the past decade; overseen the growth and development of Diabetes Australia as the national voice for people with diabetes and those at risk; steered the organisation from financial crisis to great strength; helped create some very significant new national diabetes programs including KeepSight and Diabetes in Schools; negotiated three NDSS funding agreements with the Australian Government Department of Health covering 13 years; and successfully completed the initial staged unification.

The Board has appointed Justine Cain as the new Group CEO, and she will commence in November. Justine holds a Bachelor of Laws and Bachelor of Science (Psychology). She has worked in many leadership roles including 11 years with Medibank in a variety of Strategy and Executive roles.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

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, 9 meetings of directors were held. Attendance by each director were as follows:

Director	Alternative Director	Director's Meetings	
		Eligible Meetings	Number Attended
M Stanford		9	9
C Beyers	M Andrew	9	9
B Fenton		9	8
A Koumoukelis		9	9
R Manning	F Dixon	7	6
G Noonan		9	9
G Ross		9	9
S Stranks	A Russell	5	4
J Townend		8	8
P Williams		5	5
L Manaena		2	2
G Bunyan		1	1

Diabetes Australia Limited

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Directors' Report

30 June 2021

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:

- NDSS Governance Committee
- People and Culture Committee

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.

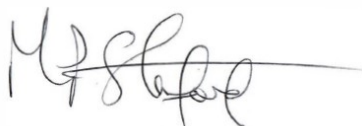
The People and Culture (previously Nomination and Remuneration) Committee advises and recommends to the Board candidates for key roles, including Directors, Committees, CEO and their remuneration and terms and conditions of employment. It also assists the CEO and Board in providing leadership in relation to organisational culture.

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:

- 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 willful breach of duty in relation to the Company.

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



.....
Michael Stanford, Director and Independent President



.....
Glen Noonan, Director & Chair of FARM Committee

Dated this18th..... day of October 2021.

RSM Australia Partners

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GPO Box 200 Canberra ACT 2601

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Diabetes Australia Limited for the year ended 30 June 2021, 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: 18 October 2021

GED STENHOUSE
Partner

Diabetes Australia Limited

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2021

	Notes	2021 \$	2020 \$
Revenue	4	66,793,647	53,870,349
Other income	4	1,559,817	550,007
Employee benefits expense	5	(10,055,225)	(5,701,661)
Depreciation and amortisation	5	(485,259)	(275,159)
Agents' remuneration	5	(25,975,783)	(31,348,770)
Research grants	5	(3,488,053)	(3,029,663)
Other expenses	5	(19,897,016)	(15,347,987)
Finance costs	5	(24,851)	(5,334)
Surplus/(deficit) for the year		8,427,277	(1,288,218)
Other comprehensive income for the year		-	-
Total comprehensive surplus/(deficit) for the year		8,427,277	(1,288,218)

The accompanying notes form part of these financial statements.

Diabetes Australia Limited

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Consolidated Statement of Financial Position

As at 30 June 2021

	Notes	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	30,575,266	11,503,470
Trade and other receivables	7	5,239,419	13,199,320
Inventories	8	106,066	-
Other assets	9	1,039,051	915,638
Financial assets at fair value through profit or loss	11	167,420	-
TOTAL CURRENT ASSETS		37,127,222	25,618,428
NON-CURRENT ASSETS			
Trade and other receivables	7	2,920,385	-
Other financial assets	10	3,058,597	-
Financial assets at fair value through profit or loss	11	14,652,063	-
Property, plant and equipment	12	21,996,706	245,296
Intangible assets	13	365,757	-
TOTAL NON-CURRENT ASSETS		42,993,508	245,296
TOTAL ASSETS		80,120,730	25,863,724
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	9,252,901	4,240,549
Provisions	15	2,526,089	704,678
Membership fees received in advance	16	1,009,220	-
Contract liabilities	17	6,133,544	151,812
Lease liabilities	18	288,617	59,069
Unspent NDSS Government grants	19	3,966,866	14,131,478
TOTAL CURRENT LIABILITIES		23,177,237	19,287,586
NON-CURRENT LIABILITIES			
Provisions	15	514,299	27,996
Lease liabilities	18	467,720	73,209
TOTAL NON-CURRENT LIABILITIES		982,019	101,205
TOTAL LIABILITIES		24,159,256	19,388,791
NET ASSETS		55,961,474	6,474,933
EQUITY			
Settlement capital		100	100
Retained earnings		55,961,374	6,474,833
TOTAL EQUITY		55,961,474	6,474,933

The accompanying notes form part of these financial statements.

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Consolidated Statement of Changes in Equity For the Year Ended 30 June 2021

	Settlement capital \$	Retained earnings \$	Total \$
Balance at 1 July 2020	100	6,474,833	6,474,933
Surplus for the year	-	8,427,277	8,427,277
Other comprehensive income	-	-	-
Total comprehensive income	-	8,427,277	8,427,277
Fair value of net assets acquired through unification (Note 31)	-	41,059,264	41,059,264
Balance at 30 June 2021	100	55,961,374	55,961,474
Balance at 1 July 2019	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)
Balance at 30 June 2020	100	6,474,833	6,474,933

The accompanying notes form part of these financial statements.

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Consolidated Statement of Cash Flows For the Year Ended 30 June 2021

	2021	2020
	\$	\$
OPERATING ACTIVITIES:		
Receipts from grants	42,675,799	50,170,960
Registrant Contribution	33,049,997	32,728,195
Access Points Handling Fee	7,143,299	6,939,807
Other receipts	25,845,164	6,818,715
Payments to NDSS Agents	(28,573,361)	(34,483,647)
Payments to Access Points for Handling Fee	(7,143,972)	(6,939,810)
Registrant Contribution paid to Government	(31,923,291)	(32,153,519)
Payments to suppliers and employees	(37,445,235)	(26,038,559)
Interest received	35,129	131,798
GST Paid	(2,356,652)	(109,508)
Interest paid	(24,851)	(5,334)
Net cash provided by/(used by) operating activities	1,282,026	(2,940,902)
	20	
INVESTING ACTIVITIES:		
Payments for property, plant and equipment	(169,473)	(68,993)
Payments for intangibles	(57,618)	-
Proceeds received from investments	1,674,921	-
Cash received through unification of subsidiaries (Note 31)	19,633,714	-
Proceeds from term deposits	(3,058,597)	-
Net cash used by investing activities	18,022,947	(68,993)
FINANCING ACTIVITIES:		
Payments for lease liabilities	(233,177)	(167,469)
Net cash used by financing activities	(233,177)	(167,469)
Net (decrease)/increase in cash and cash equivalents held	19,071,796	(3,177,364)
Cash and cash equivalents at beginning of year	11,503,470	14,680,834
Cash and cash equivalents at end of financial year	30,575,266	11,503,470
	6	

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

The consolidated financial report covers Diabetes Australia Limited (the "Company" or parent entity") and its controlled entities ('the Group'). Diabetes Australia Limited is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The financial report was authorised for issue by the Directors on 18th October 2021.

Comparatives are consistent with prior years, unless otherwise stated.

1 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 Group 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 ("AASB") has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

2 Summary of Significant Accounting Policies

2.1 Basis for consolidation

The consolidated financial statements comprise the financial statements of Diabetes Australia Limited and its subsidiaries and special purpose entities (as outlined in Note 22) as at and for the year ended 30 June 2021.

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.

2.2 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.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies (continued)

2.3 Right-of-use assets

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

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

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

2.4 Lease liabilities

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

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

2.5 Trade and other receivables

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

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies (continued)

2.6 Investments and other financial assets

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

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

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

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

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

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies (continued)

2.7 Intangible assets

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 profit or loss when the asset is derecognised.

2.8 Property, plant and equipment

Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

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 profit or loss 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.

Depreciation

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

Fixed asset class

Office equipment	2 - 5 years
Computer equipment	2 - 5 years / remaining term of the contract
Fixture, fittings and furniture	3 - 10 years
Motor vehicles	18.75%
Buildings	30-50 years

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies (continued)

2.8 Property, plant and equipment (continued)

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 profit or loss when the asset is sold or derecognised. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

2.9 Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

2.10 Trade and other payables

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.

2.11 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.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies (continued)

2.11 Provisions and employee benefits (continued)

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.

2.12 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.

2.13 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 Group: 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 and 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.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies (continued)

2.13 Revenue recognition (continued)

Diabetes Australia Member Organisation/Parent contribution fees

Revenue from Diabetes Australia Member Organisation/Parent Contribution 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 Group 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.

Commercial partnerships

Commercial partnerships are recognised when the contract outcome can be reliably measured, control of the right to be compensated for the service has been attained and the stage of completion can be reliably measured.

Rental income

Rental income arising from operating leases are accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss and other comprehensive income.

Dividend income

The Group recognises dividends and distributions in profit or loss only when the Group's right to receive payment is established.

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.

Investment gains and losses

The changes in the fair value of investments including any gains or losses on the disposal of investments are recognised in profit and loss.

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.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies (continued)

2.14 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 like minded organisations.

Grants are recognised when paid to the recipient or when there is an obligation to make payment under a contract. Unpaid grants are recognised in the statement of financial position.

Diabetes Victoria previously paid research grants to recipients directly, which are not recognised in this financial report.

2.15 Contract liabilities

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

2.16 Comparative figures

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

2.17 Inventories

Stock on hand, being finished goods, has been valued at the lower of cost or net realisable value. Cost is based on the weighted average cost principle and includes expenditure incurred in acquiring the stock and bringing it to its existing location.

Inventory expensed immediately

A number of educational items are provided free of charge at various education seminars and events throughout the year. These are requisitioned from stock and expensed immediately.

2.18 Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies (continued)

2.19 New or amended Accounting Standards and Interpretations adopted

The Group 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.

3 Critical Accounting Estimates and Judgements

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.

Property valuation

The Group measures the office properties in Australia at revalued amounts, with changes in fair value being recognised in the statement of profit or loss. The office properties were valued by reference to transactions involving properties of a similar nature, location, and condition. The Group engaged an independent valuation specialist to assess fair values as at 30 June 2021 for the office properties in Australia.

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 Group 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 Group 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 Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

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Notes to the Consolidated Financial Statements For the Year Ended 30 June 2021

4 Revenue

	2021 \$	2020 \$
<i>Revenue</i>		
Federal Government grants - NDSS (Note 19) (i)	48,725,527	49,617,222
Federal Government grants - Other	235,266	-
Other grants	23,080	1,931
My Health for Life services	1,512,251	-
State Government projects	131,347	-
Life for a Child	1,038,986	-
Membership fees	205,206	-
Sale of goods	78,375	-
	51,950,038	49,619,153
<i>Other revenue</i>		
Diabetes Australia Member Organisation/Parent Contribution fees	320,172	374,828
Interest revenue	35,129	98,579
Commercial partnerships	948,471	1,071,961
Fundraising (ii)	13,539,837	2,705,828
	14,843,609	4,251,196
Total revenue	66,793,647	53,870,349
<i>Other income</i>		
Investment income	526,119	-
Government subsidies	508,500	241,500
Foreign exchange gain	109,363	-
Rental income	113,640	-
Other income	302,195	308,507
Total other income	1,559,817	550,007
Total revenue and other income	68,353,464	54,420,356

(i) Federal government grants

The revenue from Federal government relates to the National Diabetes Services Scheme. The 2020-21 revenue of \$48,725,527 (2020: \$49,617,222) for the ongoing registration of people with diabetes, and the provision of information, education and new and ongoing support services.

(ii) Fundraising

Diabetes Australia received \$8.76m from the Estate of Charles Campbell Coghlan OAM in the 2020-21 financial year. By agreement the funds were provided to Diabetes Victoria, and under which they are required to provide Diabetes Australia one third of the funds per year over the next three years. Diabetes Victoria made their first payment installment in the 2020-21 financial year, with the next two payments being in the 2021-22 and 2022-23 financial years.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

5 Expenses

	2021	2020
	\$	\$
<i>Employee benefits expense</i>		
Wages and salaries	8,770,389	5,023,126
Superannuation expense	757,039	442,711
Other employee benefits expense	527,797	235,824
	10,055,225	5,701,661
<i>Depreciation and amortisation</i>		
Depreciation of fixtures, fittings and furniture	45,067	36,272
Depreciation of computer equipment	73,310	59,124
Depreciation of office equipment	11,976	9,298
Depreciation of right-of-use asset	254,407	170,465
Depreciation of buildings	58,855	-
Amortisation of other software	41,644	-
	485,259	275,159
<i>National Diabetes Services Scheme (NDSS)</i>		
Agents' remuneration (i)	25,975,783	31,348,770
<i>Finance costs</i>		
Interest paid on borrowings	24,851	5,334
(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 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 universal services agent remuneration was amended in 2020-21, the funding reduction was allocated to CSP, which has a greater impact and will help improve health outcomes for people with diabetes. The Continuing Support Programs 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 provide a broad range of advice and assistance to assist Diabetes Australia and the Commonwealth deliver the NDSS services.

The decrease in Agent remuneration is due to Diabetes NSW/ACT and Diabetes QLD being a subsidiary of Diabetes Australia for 2 months, therefore no longer an NDSS Agent, along with Agent surpluses in 2020-21 financial year.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

5 Expenses (continued)

	2021 \$	2020 \$
<i>Other expenses</i>		
Rental expense on operating leases	65,570	79,759
Suppliers and contractors - Non NDSS (i)	7,149,749	4,651,295
Suppliers and contractors - NDSS Agents (ii)	7,454,908	8,104,831
Publications and promotions	1,680,584	753,608
Life for a Child	747,540	-
Office and equipment	1,422,315	1,032,110
General expenses	1,376,350	726,384
	19,897,016	15,347,987
<i>Research grants</i>		
Research grants	3,488,053	3,029,663

(i) Suppliers and contractors - Non NDSS

Suppliers and contractors - Non NDSS (2021: \$7,149,749; 2020: \$4,651,295) 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) Suppliers and contractors - NDSS Agents

Suppliers and contractors - NDSS Agents (2021: \$7,454,908; 2020: \$8,104,831) consists of national services, leadership and expert advice that Diabetes Australia engages directly from NDSS Agents. The majority of the 2021 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 delivery 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.

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Notes to the Consolidated Financial Statements For the Year Ended 30 June 2021

6 Cash and Cash Equivalents

	2021	2020
	\$	\$
Cash at bank and in hand	25,971,794	7,403,470
Bank deposits	4,603,472	4,100,000
	<u>30,575,266</u>	<u>11,503,470</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 twelve months and may be rolled over from time to time. 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 \$62,882 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.

Included in cash and cash equivalents is \$22,304 held by the Commonwealth Bank as security for a guarantee provided by them to De Pasquale Bros Pty Ltd for the lease of premises at Level 5, 11 Finchley Street, Milton, QLD. This guarantee is for Diabetes Australia Limited obligations for rental bond.

7 Trade and Other Receivables

	2021	2020
	\$	\$
CURRENT		
Trade receivables (i)	4,495,448	12,803,166
GST receivable	522,210	271,818
Other receivables	221,761	124,336
	<u>5,239,419</u>	<u>13,199,320</u>
NON-CURRENT		
Trade receivables	<u>2,920,385</u>	-

(i) Trade receivables

In June 2020, exclusive of GST \$10,808,267 was invoiced for NDSS Quarter one funding in advance. The equivalent transaction occurred in the 2021-22 financial year.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

7 Trade and Other Receivables (continued)

7.1 Financial assets classified as trade and other receivables

	2021	2020
	\$	\$
Total current trade and other receivables	5,239,419	13,199,320
Less: GST receivable	(522,210)	(271,818)
Financial assets as trade and other receivables	<u>4,717,209</u>	<u>12,927,502</u>

7.2 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.

	0-30	31-60	61-90	>90	Considered impaired	Total
	\$	\$	\$	\$	\$	\$
2021						
Trade receivables	7,309,440	15,673	79,560	11,160	-	7,415,833
Other receivables	740,221	3,750	-	-	-	743,971
	<u>8,049,661</u>	<u>19,423</u>	<u>79,560</u>	<u>11,160</u>	<u>-</u>	<u>8,159,804</u>
2020						
Trade receivables	12,592,649	209,789	728	-	-	12,803,166
Other receivables	396,154	-	-	-	-	396,154
	<u>12,988,803</u>	<u>209,789</u>	<u>728</u>	<u>-</u>	<u>-</u>	<u>13,199,320</u>

Receivables past due but not considered impaired are \$110,143 (2020: \$210,517). 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.

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Notes to the Consolidated Financial Statements For the Year Ended 30 June 2021

8 Inventories

	2021	2020
	\$	\$
CURRENT		
Trading stock	106,066	-

9 Other Assets

	2021	2020
	\$	\$
CURRENT		
Prepayments	1,039,051	915,638
	1,039,051	915,638

10 Other Financial Assets

	2021	2020
	\$	\$
NON-CURRENT		
Term deposits	3,058,597	-

11 Financial Assets at Fair Value Through Profit or Loss

	2021	2020
	\$	\$
CURRENT		
Investment portfolio	167,420	-
NON-CURRENT		
Managed investment portfolio	14,652,063	-

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

12 Property, Plant and Equipment

	2021 \$	2020 \$
<i>Right-of-use assets</i>		
At cost	1,180,423	299,747
Accumulated depreciation	(454,936)	(170,465)
	725,487	129,282
<i>Office equipment</i>		
At cost	201,556	75,646
Accumulated depreciation	(178,609)	(46,117)
	22,947	29,529
<i>Computer equipment</i>		
At cost	2,590,691	207,435
Accumulated depreciation	(2,183,261)	(162,968)
	407,430	44,467
<i>Fixtures, fittings and furniture</i>		
At cost	2,528,304	176,831
Accumulated depreciation	(1,598,725)	(134,813)
	929,579	42,018
<i>Land and building</i>		
At valuation	20,615,197	-
Accumulated depreciation	(703,934)	-
	19,911,263	-
<i>Motor vehicles</i>		
At cost	79,324	-
Accumulated depreciation	(79,324)	-
	-	-
Total property, plant and equipment	21,996,706	245,296

Diabetes Australia Limited

ABN: 47 008 528 461

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2021

12 Property, Plant and Equipment (continued)

Reconciliations

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

	Right-of-use assets	Office equipment	Computer equipment	Fixtures, fittings and furniture	Land and buildings	Motor vehicles	Total
	\$	\$	\$	\$	\$	\$	\$
Year ended 30 June 2021							
Balance at 1 July 2020	129,282	29,529	44,467	42,018	-	-	245,296
Additions	729,426	-	118,005	51,468	-	-	898,899
Additions through unification (Note 31)	121,186	5,394	318,268	881,160	19,970,118	-	21,296,126
Depreciation expense	(254,407)	(11,976)	(73,310)	(45,067)	(58,855)	-	(443,615)
Balance at 30 June 2021	725,487	22,947	407,430	929,579	19,911,263	-	21,996,706
Year ended 30 June 2020							
Balance at 1 July 2019	-	17,515	87,427	39,649	-	-	144,591
Additions	299,747	14,187	16,164	38,641	-	-	368,739
Transfers	-	7,125	-	-	-	-	7,125
Depreciation expense	(170,465)	(9,298)	(59,124)	(36,272)	-	-	(275,159)
Balance at 30 June 2020	129,282	29,529	44,467	42,018	-	-	245,296

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

12 Property, Plant and Equipment (continued)

Revaluation of freehold land and buildings

As at 30 June 2021, the fair value of the Group's Glebe, Wollongong and Milton land and buildings is based on independent valuations performed as at 30 June 2021 of \$15,250,000, \$450,000, \$4,500,000 respectively.

Right-of-use assets

The Group leases land and buildings for its offices under agreements of between 1 to 4 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

The Group also leases plant and equipment and motor vehicles under agreements of between 3 to 5 years.

13 Intangible Assets

	2021 \$	2020 \$
<i>NDSS Developed software (i)</i>		
Cost	2,152,020	2,152,020
Accumulated amortisation and impairment	(2,152,020)	(2,152,020)
	-	-
<i>Other software (ii)</i>		
Cost	815,791	59,275
Accumulated amortisation and impairment	(450,034)	(59,275)
	365,757	-
Total Intangibles	365,757	-

Description of intangible assets

(i) NDSS Developed software

Software developed by a third party on the Group'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.

(ii) Other software

Other software relates to websites and software not related to the NDSS. Other Software costs are carried as cost less accumulated amortisation and accumulated impairment losses.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

13 Intangible Assets (continued)

Reconciliations

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

	Developed software \$	Other software \$	Total \$
Year ended 30 June 2021			
Balance at 1 July 2020	-	-	-
Additions	-	57,618	57,618
Additions through unification (Note 31)	-	349,783	349,783
Amortisation	-	(41,644)	(41,644)
Balance at 30 June 2021	-	365,757	365,757

There was no movement in intangible assets for the year ended 30 June 2020.

14 Trade and Other Payables

	2021 \$	2020 \$
CURRENT		
Trade payables	4,911,757	1,669,991
Sundry payables and accrued expenses	3,244,084	1,109,182
Employee benefits	688,526	228,561
GST payable	408,534	1,232,815
	9,252,901	4,240,549
Financial liabilities at amortised cost classified as trade and other payables		
Total current trade and other payables	9,252,901	4,240,549
Less: GST payable	(408,534)	(1,232,815)
Financial liabilities as trade and other payables	8,844,367	3,007,734

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

15 Provisions

	2021 \$	2020 \$
CURRENT		
Annual leave	1,877,471	464,149
Long service leave	648,618	240,529
	<u>2,526,089</u>	<u>704,678</u>
NON-CURRENT		
Long service leave	<u>514,299</u>	<u>27,996</u>

Nature and timing of provisions

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.

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 2.11 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.

16 Membership fees received in advance

	2021 \$	2020 \$
Membership fees received in advance	<u>1,009,220</u>	<u>-</u>

17 Contract liabilities

	2021 \$	2020 \$
Contract liabilities		
Life for a Child	3,552,262	-
Corporate Partnership	1,121,710	33,333
Federal Government grants - Non NDSS	841,668	-
My Health for Life	323,395	-
Other grants	294,509	118,479
	<u>6,133,544</u>	<u>151,812</u>

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

18 Lease Liabilities

	2021 \$	2020 \$
CURRENT		
Lease liabilities	<u>288,617</u>	<u>59,069</u>
NON-CURRENT		
Lease liabilities	<u>467,720</u>	<u>73,209</u>
	<u>756,337</u>	<u>132,278</u>
Movement of lease liabilities during the year		
Balance at beginning of the year	132,278	-
Additions	729,426	299,746
Lease payments	(259,574)	(172,787)
Interest expense	26,396	5,319
Leases acquired on unification (Note 31)	127,811	-
Balance at 30 June 2021	<u>756,337</u>	<u>132,278</u>

19 Unspent NDSS Government Grants

	2021 \$	2020 \$
CURRENT		
NDSS funds payable to Federal Government	<u>3,966,866</u>	<u>14,131,478</u>

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 2.14.

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was \$3,966,866. At the end of the 2016-21 NDSS agreement, all surplus funds will be returned to the Federal Government.

Movement in government grants

	2021 \$	2020 \$
Government grants as at beginning of year	14,131,478	17,633,107
Received during the year	37,156,585	45,677,578
Funds returned from Agents	1,404,330	438,015
Recognised in Profit and Loss during the year	<u>(48,725,527)</u>	<u>(49,617,222)</u>
Government grants as at end of year	<u>3,966,866</u>	<u>14,131,478</u>

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 Consolidated Financial Statements

For the Year Ended 30 June 2021

20 Reconciliation of Cash Flow From Operations

Reconciliation of net income to net cash provided by operating activities:

	2021	2020
	\$	\$
Net surplus/(deficit) for the year	8,427,277	(1,288,218)
<i>Adjustments for</i>		
- Depreciation and amortisation	485,259	275,159
<i>Changes in assets and liabilities</i>		
- Decrease in trade and other receivables	6,237,230	1,056,761
- Decrease/(increase) in other assets	86,373	(195,254)
- Increase in inventories	26,040	-
- Decrease in trade and other payables	(16,287,867)	(2,769,375)
- Increase/(decrease) in provisions	2,307,714	(19,975)
Net cash flows provided by/(used in) operating activities	<u>1,282,026</u>	<u>(2,940,902)</u>

21 Constitution and Members' Guarantee

The Company is incorporated under the Corporations Act 2001 and is a Company limited by guarantee.

The Diabetes Australia Constitution was amended on 28 January 2021, by unanimous vote of the member organisations at that time, to support a staged unification process in which member organisations could choose to merge with Diabetes Australia. The new Constitution created a significant change to the membership categories and rights of members. The principal changes since that time are:

- On 28 and 29 April 2021 respectively, Diabetes Queensland and Diabetes NSW & ACT members voted overwhelmingly in favour of merging with Diabetes Australia and these two entities ceased to be member organisations and became controlled subsidiaries of Diabetes Australia.
- On 12 May 2021, the Kellion Diabetes Foundation members voted unanimously in favour of transferring the entities assets to Diabetes Australia and winding up the Foundation. This will occur in the 2021-22 financial year.
- On 27 July 2021, Diabetes Tasmania members voted overwhelmingly in favour of merging with Diabetes Australia and the entity ceased to be member organisation and became a controlled subsidiary of Diabetes Australia.
- On 12 August 2021, the Australian Diabetes Society and Australian Diabetes Educators members voted overwhelmingly in favour of change to their Constitutions to appoint Diabetes Australia as a member and to appoint a Diabetes Australia nominee director to their Boards. These two organisations remain as Member Organisations of Diabetes Australia and the members of ADS and ADEA have the same rights as General Members of Diabetes Australia.
- The members of Diabetes NSW & ACT, Diabetes QLD and Diabetes Tasmania are transferring to become General Members of Diabetes Australia in their annual renewal process and this should be completed in 2021-22.
- A new Diabetes Australia membership category of Reciprocal General Member was created. Diabetes Victoria remains a member organisation and its members may apply to become Reciprocal General Members of Diabetes Australia.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

21 Constitution and Members' Guarantee (continued)

- If the Company (Diabetes Australia) is wound up, the Constitution states that each member pre 28 January 2021 is required to contribute a maximum of \$50 each, and each new Member post 28 January 2021 is required to contribute a maximum of \$10 towards meeting any outstanding obligations of the Company.
- At 30 June 2021, the number of members was 27,346 (2020: 7).

22 Related Party Transactions

Related parties

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

- Diabetes Australia Research Limited
- Diabetes Australia Research Trust
- Diabetes NSW & ACT
- Diabetes Qualified Pty Ltd
- Gilicious Management Pty Ltd
- Diabetes Association of Queensland 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 2020-21 and 2019-2020, Diabetes Australia Limited made a \$8,761,154 and \$915,000 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.

Other related parties

The Members and some subsidiaries 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 5.

23 Key Management Personnel Disclosures

Directors' compensation

Dr Michael Stanford commenced as the Independent President and received \$51,538 (2020: \$10,577) remuneration for the necessary duties to fulfil the role.

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

23 Key Management Personnel Disclosures (continued)

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:

Executive	Position
Greg Johnson	Chief Executive Officer
Sturt Eastwood	Chief Executive Officer Diabetes NSW&ACT and Diabetes Qld
Paul Southcott	General Manager, Corporate Services
Jan Ridd	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:

	2021	2020
	\$	\$
Short - term employee benefits	1,075,798	896,575
Post - employment benefits	104,023	75,663
Total compensation	1,179,821	972,238

Sturt's key management personnel fees included in the above are from the date of unification and therefore only represent a 2 month period. Increased key management personnel fees are anticipated in future financial years due to unification activities.

24 Commitments

Research grants

	2021	2020
	\$	\$
Payable - General research grants		
Within one year	1,531,193	1,492,695
Payable - Millennium research grants		
Within one year	112,500	225,000
After one year but not more than five years	-	75,000
	112,500	300,000
Payable - Other research grants		
Within one year	615,000	155,000
After one year but not more than five years	375,000	60,000
	990,000	215,000
Total research grant commitments	2,633,693	2,007,695

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

24 Commitments (continued)

As part of the national research program administered through Diabetes Australia Research Trust, 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; and

3 year grant commencing in December 2019 to Deakin University to support behavioural research and the Australian Centre for Behavioural Research in Diabetes.

Leasing commitments

Operating lease commitments – Group as lessor

Future minimum rentals receivable under non-cancelable operating leases are:

	2021	2020
	\$	\$
Within one year	612,682	-
Total minimum lease payments	612,682	-

25 Contingencies

There are no contingent liabilities or contingent assets as at 30 June 2021 and 30 June 2020.

26 Events Subsequent To The End Of The Reporting Period

The COVID-19 pandemic will continue to significantly affect the operations of the Group, the result of those operations and the state of affairs of the Group in future financial years.

On 27 July 2021, Diabetes Australia-Tasmania (trading as Diabetes Tasmania) members voted overwhelmingly in favour of merging with Diabetes Australia and it became a wholly owned subsidiary.

On 12 August 2021, the members of the two national diabetes Health Professional Organisations (the Australian Diabetes Society and Australian Diabetes Educators Association) also voted strongly in favour of unification with Diabetes Australia. These entities have become Affiliate members. However, these entities are not controlled by Diabetes Australia.

Diabetes Australia CEO, Greg Johnson is stepping down from the role in November 2021.

The Board has appointed Justine Cain as the new Group CEO, and she will commence in November. Justine holds a Bachelor of Laws and Bachelor of Science (Psychology). She has worked in many leadership roles including 11 years with Medibank in a variety of Strategy and Executive roles.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

26 Events Subsequent To The End Of The Reporting Period (continued)

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

27 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	
	2021	2020	2021	2020	2021	2020
	%	%	\$	\$	\$	\$
<i>Financial assets</i>						
Cash and cash equivalents	0.26	1.05	30,575,266	11,503,470	-	-
Receivables	-	-	-	-	4,717,209	12,927,502
Total financial assets	0.26	1.05	30,575,266	11,503,470	4,717,209	12,927,502
<i>Financial liabilities</i>						
Trade and other payables	-	-	-	-	8,844,367	3,007,734
Total financial liabilities	-	-	-	-	8,844,367	3,007,734

Risk exposure and responses

The main risks arising from the Group'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. With the new subsidiaries becoming part of the wholly owned Group in April, the Diabetes Australia Board are considering expanding the FARM Committee responsibilities, this will be implemented in 2021-22 financial year. The FARM committee in 2021-22 will revisit the Group Investment Policy.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

27 Financial Risk Management Objectives And Policies (continued)

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:

	2021	2020
	\$	\$
Cash	25,971,794	7,403,470
Bank deposits	4,603,472	4,100,000
	30,575,266	11,503,470

Interest rate sensitivity

A 0.25% decrease in interest rates and 0.25% 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:

	2021	2020
	\$	\$
+0.25% (25 basis points)	76,438	28,759
-0.25% (25 basis points)	(76,438)	(28,759)

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

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

27 Financial Risk Management Objectives And Policies (continued)

-- 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.

	Within 1 year \$	1-5 years \$	> 5 years \$	Total \$
Year end 30 June 2021				
<i>Liquid financial assets</i>				
Cash and cash equivalents	30,575,266	-	-	30,575,266
Trade and other receivables	4,717,209	2,920,385	-	7,637,594
	35,292,475	2,920,385	-	38,212,860
<i>Financial liabilities</i>				
Trade and other payables	(8,844,367)	-	-	(8,844,367)
Net liquid assets	26,448,108	2,920,385	-	29,368,493
Year end 30 June 2020				
<i>Liquid financial assets</i>				
Cash and cash equivalents	11,503,470	-	-	11,503,470
Trade and other receivables	12,927,502	-	-	12,927,502
	24,430,972	-	-	24,430,972
<i>Financial liabilities</i>				
Trade and other payables	(3,007,734)	-	-	(3,007,734)
Net liquid assets	21,423,238	-	-	21,423,238

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 7.

Diabetes Australia Limited

ABN: 47 008 528 461

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2021

27 Financial Risk Management Objectives And Policies (continued)

At the reporting date, the Group has a significant credit risk exposure in relation to Diabetes Victoria. Diabetes Australia received \$8.76m from the Estate of Charles Campbell Coghlan OAM in the 2020-21 financial year. By agreement the funds were provided to Diabetes Victoria, and under which they are required to provide Diabetes Australia one third of the funds per year over the next three years. Diabetes Victoria made the first payment instalment in the 2020-21 financial year, with the next two payments being in the 2021-22 and 2022-23 financial years. Although this gives the Group large exposure to a single entity, this receivable has been assessed for recoverability and the full amount is expected to be received, in line with the terms of the agreement.

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

28 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 three year agreement with the Department to continue to conduct NDSS services from 1 July 2021 to 30 June 2024. Activities managed under the NDSS are dependent on these funds and for Diabetes Australia Group 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 other grants as sources of revenue.

29 Parent Entity

Information relating to Diabetes Australia Limited

	2021 \$	2020 \$
ASSETS		
Current assets	13,825,936	23,449,541
Non-current assets	748,207	245,296
Total Assets	14,574,143	23,694,837
LIABILITIES		
Current liabilities	9,413,120	18,777,885
Non-current liabilities	1,048,292	101,222
Total Liabilities	10,461,412	18,879,107
EQUITY		
Issued capital	100	100
Retained earnings	4,112,631	4,815,648
Total Equity	4,112,731	4,815,748
Deficit of the parent entity	(703,017)	(360,650)
Total comprehensive loss of the parent entity	(703,017)	(360,650)

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

29 Parent Entity (continued)

Contingent liabilities and guarantees

Diabetes Australia Limited has agreed to provide operational and financial support to Diabetes Australia QLD for a period no less than 12 months from the signing of the 2020-21 Diabetes Australia QLD financial statements, so as to enable Diabetes Australia QLD to pay its debts as and when they become due and payable.

The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

Capital commitments

The parent entity had no capital commitments as at 30 June 2021 and 30 June 2020.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in Note 2.

30 Auditors' Remuneration

During the financial year the following fees were paid or payable for services provided by RSM Australia and other subsidiary auditors:

	2021	2020
	\$	\$
- Audit of the financial report of the entity and any other entity in the Group	195,900	48,000

The audit fees incorporate the audit fee for the whole year for the subsidiaries acquired during the year as it is not reasonable to split this between post and pre unification.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

31 Unification

On 28 and 29 April 2021 respectively, Diabetes Queensland and Diabetes NSW&ACT members voted overwhelmingly in favour of merging with Diabetes Australia and these two entities ceased to be member organisations and became controlled subsidiaries of Diabetes Australia (Note 21).

The details of the fair value of the net assets acquired are as follows:

	Diabetes Association of Queensland Limited	Diabetes NSW & ACT	Total
	\$	\$	\$
Cash and cash equivalents	8,585,544	11,048,170	19,633,714
Trade and other receivables	391,682	806,033	1,197,715
Inventories	-	132,106	132,106
Investments	5,038,046	11,456,358	16,494,404
Prepayments	209,224	562	209,786
Property, plant and equipment	4,655,889	16,640,237	21,296,126
Intangible assets	45,635	304,148	349,783
Trade and other payables	(4,671,827)	(5,711,309)	(10,383,136)
Provisions	(859,660)	(961,294)	(1,820,954)
Contract liabilities	(598,235)	(4,571,836)	(5,170,071)
Accrued expenses	(521,809)	(230,589)	(752,398)
Lease liabilities	-	(127,811)	(127,811)
Fair value of net assets acquired	12,274,489	28,784,775	41,059,264

For the two months period ended 30 June 2021, Diabetes QLD and Diabetes NSW & ACT contributed revenue of \$3,760,642 & \$3,920,201 and deficit of \$141,471 & \$220,587, respectively to the Group's results. If the acquisition had occurred on 1 July 2020, management estimates that consolidated revenue would have been \$104 million, and consolidated surplus for the year would have been \$15.13 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 July 2020.

Diabetes Australia Limited

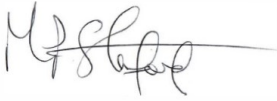
ABN: 47 008 528 461

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 2021 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 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



.....
Glen Noonan, Director & Chair of FARM Committee

Dated this 18th day of October 2021

RSM Australia Partners

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**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 2021, 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 2021 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 2021, 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. This description forms part of our auditor's report.

A handwritten signature in black ink that reads 'RSM'.

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink that reads 'GED Stenhouse'.

Canberra, Australian Capital Territory
Dated: 18 October 2021

GED STENHOUSE
Partner