

**JDRF Australia**

ABN 40 002 286 553

**Financial report  
for the year ended 30 June 2018**

***JDRF Australia***

ABN 40 002 286 553

***Financial report - 2018***

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## Directors' Report

JDRF Australia is registered as a company limited by guarantee not having a share capital under the provisions of the *Australian Charities and Not-for-profits Commission Act 2012*. The directors present their report on the company for the year ended 30 June 2018.

### Directors

The following persons were directors of JDRF Australia during the whole of the financial year and up to the date of this report:

Richard Goyder AO  
Paul Heath  
Stuart Green  
Mike Wilson  
Kate Aitken  
Professor James Best AO  
Jeffrey Browne  
Phil Chronican  
Rebecca Davies AO  
Selina Lightfoot  
Jonathan Salmon

### Principal activities and performance

JDRF Australia has an ongoing cycle of measurement and monitoring of performance against budgets and annual operating plans. Regular reporting is provided to the Board and relevant Board Committees including on the following key areas:

- Research strategy and investment
- Government programs, policy, and advocacy
- Financial performance, risk and operations
- Community programs and engagement
- Talent and human resources

#### *Research investment*

In 2018, JDRF Australia continued to fund the best and most promising Australian type 1 diabetes research, as well as providing support programs to the Australian type 1 diabetes community. JDRF Australia invested \$9.3m (2017: \$10.2m) directly in Australian research and support programs, including direct funding for Australian research projects, management of Government-funded research and support initiatives, fellowships, conference grants, postgraduate scholarships, travel grants for young scientists, and a range of other support programs.

The partnership agreement with the Helmsley Charitable Trust (Helmsley) to jointly fund the Environmental Determinants of Islet Autoimmunity (ENDIA) study at The University of Adelaide completed its third year of funding. At the end of 2018 we had disbursed a total of \$5.3m (2017: \$4.3m) of Helmsley funds towards this study, with the remaining US\$75k to be acquitted by the end of the current grant period to 31 December 2018.

During 2018, Helmsley committed a further US\$2.2m in funding over three years towards two further research projects; at the end of 2018 we had acquitted AUD\$1m of these funds.

#### *Government support*

The JDRF Type 1 Diabetes Clinical Research Network (CRN II) is a Government-funded research initiative managed by JDRF Australia. The most recent commitment to the CRN was of \$35m in 2013. \$29.6m of this earmarked for competitive funding, \$26.9m (2017: \$26.5 m) has been committed towards research projects of which we have acquitted \$13.6m (2017: \$8.8m). Our budgeted expenditure on research for 2019 is \$11.8m (2018: \$6.9m) based on current estimates of milestones being met during the year.

### **Principal activities and performance (continued)**

In December 2016 JDRF signed a further multi-year (2017 through 2019) funding agreement with the Department of Health to administer the Insulin Pump Program. We acquitted the \$522k of funds allocated for 2018 enabling the provision of 68 pumps to eligible children who would otherwise would not have been able to access these devices due to their financial circumstances. In September 2018 the Commonwealth Government increased funding for the Insulin Pump Program and amended the existing contract to provide for a new funding agreement of \$1.3m per annum over 4-year period which secures \$5.5m in funding until 2022.

### **Review of operations**

The net result of the company for the financial year was a surplus of \$948,995 (2017: \$1,161,394). The company is a not-for-profit entity and is exempt from the payment of income tax.

### **JDRF Australia's mission**

JDRF Australia's mission is to accelerate life-changing breakthroughs to cure, prevent, and treat type 1 diabetes and its complications.

### **JDRF Australia's strategy**

Our multi-year strategy recognises five focus areas through which JDRF Australia delivers on its mission:

- Bridging key gaps in the research system
- Supporting tools and talent to accelerate research progress
- Developing and promoting JDRF's brand and impact
- Engaging our community and partners for funding and influence
- Being an exceptional organisation

### **Financial performance and operations**

JDRF Australia raises funds from a variety of sources to support our ability to invest in Australian type 1 diabetes research. In 2018, total revenue increased by 6% to \$18.5m from \$17.6m in 2017. Total fundraising revenue grew 19% to \$10.0m in 2018 from \$8.5m in 2017 on the back of a 2.5 times growth in major contributions, which contributed \$4.1m.

### **Community engagement**

JDRF Australia's fundraising result and related research investment is not possible without the strong support of the Australian type 1 diabetes community and their family and friends. JDRF Australia continued its active engagement with the type 1 diabetes community, reaching out through the Peer Support Program to over 90% of newly diagnosed children and families known to JDRF Australia within six weeks of diagnosis. These individuals also received a KIDSAC or t1d education and support pack distributed to hospitals and diabetes clinics nationally at time of diagnosis.

The JDRF Peer Support Program connects newly diagnosed families to mentors that have lived with type 1 diabetes for a number of years to share experiences and provide emotional support. In 2018 we offered Peer Support to over 1200 families. Of these, 330 newly diagnosed families were connected to a mentor through the program. There are currently approximately 120 mentors Australia wide who connect with families to provide this support.

Our T1D Connect closed Facebook groups connect and support over 2000 members of our community. There are currently two groups; one for teens and young adults (14-24yrs) and the other for adults 25+. These groups are moderated and supported by some of our young adult Peer Support Mentors.

Our community is kept informed of key developments at JDRF Australia and in the type 1 diabetes world through the monthly 'Path to a Cure' newsletter, delivering relevant stories and up-to-date research information. JDRF Australia also recognises dedication and commitment in the type 1 diabetes community with the presentation of annual Volunteer Recognition Awards.

## **Financial performance and operations (continued)**

### **Other business**

An Affiliate Agreement governs JDRF Australia's relationship with JDRF International (operating in the USA), giving particular regard to the licencing of the JDRF brand and related intellectual property considerations as well as the coordination of research funding decisions.

JDRF Australia also supports a JDRF affiliate in New Zealand. JDRF New Zealand operates as an independent entity with no financial liability or dependence on JDRF Australia.

### **Significant changes in the state of affairs**

There have been no significant changes in the state of affairs of the company during the year.

### **Events since the end of the financial year**

No matter or circumstance has arisen since 30 June 2018 that has significantly affected the company's operations, results or state of affairs, or may reasonably and materially do so in future years.

### **Environmental regulation**

The company is not affected by any significant environmental regulation in respect of its operations.

### **Information on directors**

The following information is current as at the date of this report.

<b>Richard Goyder AO</b>	
Title	Chair Co-Chair of the Advisory Board
Year appointed	2016
Qualifications and experience	BCom, FAICD Chair, Australian Football League Commission, West Australian Symphony Orchestra, Woodside & Channel 7 Telethon Trust Chairman elect, Qantas Airways Former Managing Director, Wesfarmers Honorary member of the Business Council of Australia Father of a son with type 1 diabetes
<b>Paul Heath</b>	
Title	Vice-Chair Member of the Board and Investment Committee, JDRF International
Year appointed	2012
Qualifications and experience	BCom, SFFin CEO, Koda Capital Member, Endowment Investment Committee of the Benevolent Society Former CEO, JBWere Pty Ltd Father of a daughter with type 1 diabetes



**Information on directors (continued)**

<b>Stuart Green</b>	
Title	Treasurer Chair of the Finance & Audit Committee
Year appointed	2010
Qualifications and experience	B.A. (Hons), MBA, FCA, ACMT Executive Director, Macquarie Group Limited Group Treasurer, Macquarie Group Limited
<b>Kate Aitken</b>	
Title	Director Chair of the Talent Committee Member of the Finance & Audit Committee
Year appointed	2015
Qualifications and experience	General Manager, Human Resources Westpac Institutional Bank Former Managing Director, Chief of Staff and Co-COO Goldman Sachs Australia and New Zealand Advisory Member of Pride in Diversity's Strategic Executive Forum Member of Chief Executive Women and Scholarship Committee Member
<b>Mike Wilson</b>	
Title	Director Company Secretary and CEO
Year appointed	2011
Qualifications and experience	BSc, BEc (Hons), GAICD CEO of JDRF Australia since 2004 Director, Somark Innovations
<b>Phil Chronican</b>	
Title	Director Member of the Advisory Board
Year appointed	2015
Qualifications and experience	BCom (Hons), MBA, GAICD Chairman, NSW Treasury Corporation (TCorp) Non-Executive Director, National Australia Bank Non-Executive Director, Banking & Finance Oath Non-Executive Director, Bank of New Zealand Former CEO, ANZ Australia Former CEO, Westpac Institutional Bank Former CFO, Westpac Group Husband of late wife with type 1 diabetes

Information on directors (continued)

<b>Professor James Best AO</b>	
Title	Director Member of the Research Committee
Year appointed	2014
Qualifications and experience	MB BS, MD (Melb), Hon MD (St Andrews), FRACP, FRCPPath, FRCP (Edin) Dean, Lee Kong Chian School of Medicine, Singapore (A Joint Medical School by Imperial College London and Nanyang Technological University Singapore) Former Professor of Medicine and Head of the School of Medicine, University of Melbourne Former Chair of the Research Committee, National Health and Medical Research Council
<b>Jeffrey Browne</b>	
Title	Director Member of the Advisory Board
Year appointed	2015
Qualifications and experience	BA, LLB Chairman and Non-Executive Director, Moelis Australia Ltd, Premoso Pty Ltd (HSV) Former Chairman and Non-Executive Director of <a href="http://carsales.com">carsales.com</a> Ltd Former Director, Sky News Limited Former Managing Director and Director, Nine Network Australia Pty Ltd Father of a daughter and son with type 1 diabetes
<b>Rebecca Davies AO</b>	
Title	Director Member of the Advisory Board Chair of the Research Committee Chancellor, JDRF International Member of the Nominating & Governance Committee, JDRF International
Year appointed	1997
Qualifications and experience	LLB (Hons), BEc, FAICD Company Director Former Partner and board member of a major national law firm Director and chair of various companies in the arts, hospitals, medical research and health sectors Member of the Medical Innovations and Australian Health Ethics Committees of the National Health and Medical Research Council Former member of the Board, JDRF International Mother of a daughter with type 1 diabetes

Information on directors (continued)

Selina Lightfoot	
Title	Director Member of the Talent Committee
Year appointed	2016
Qualifications and experience	BA/LLB Non-Executive Director, Hydro Tasmania Non-Executive Director, DWS Limited Non-Executive Director, Victorian Opera Non-Executive Director, Nuchev Pty Ltd Advisory Board Member, TLC Aged Care Pty Ltd Former Partner, Herbert Smith Freehills
Jonathan Salmon	
Title	Director Chair of the Funding Committee Member of the Research Committee
Year appointed	2012
Qualifications and experience	MAICD Managing Director, Adscensio Former Managing Director, Viatak Technology Director, Unlisted Marketplace Founder, DNS IT and Hosted IT Father of a son with type 1 diabetes

Limitation of members' liability

The company is incorporated under the *Australian Charities and Not-for-profits Commission Act 2012* as a company limited by guarantee. If the company is wound up, its Constitution states that each member is required to contribute a maximum of \$2 each towards meeting any outstanding obligations of the company. At 30 June 2018, the number of members was 3,924 and their collective potential liability was \$7,848.

Meetings of directors

The numbers of meetings of the company's Board of directors and of each Board committee held during the year ended 30 June 2018, and the numbers of meetings attended by each director were:

	Full meetings of directors		Finance and audit Committee*		Funding Committee**		Research Committee***		Talent Committee****	
	A	B	A	B	A	B	A	B	A	B
Richard Goyder AO	4	4								
Paul Heath	4	4								
Stuart Green	3	4	4	4						
Mike Wilson	4	4								
Kate Aitken	3	4	3	4					6	6
Professor James Best AO	3	4					4	4		
Jeffrey Browne	2	4								
Phil Chronican	4	4								
Rebecca Davies AO	3	4					4	4		
Selina Lightfoot	4	4							6	6
Jonathan Salmon	4	4			4	4	4	4		



#### Meetings of directors (continued)

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the committee during the year

\* = In addition to the directors listed above, the Finance and Audit Committee includes two independent non-Director members: Boris Musa and David Keenan (appointed September 2018). Fiona Hindmarsh resigned in July 2018 and Penny Austin resigned in September 2018.

\*\* = In addition to the directors listed above, the Funding Committee includes three independent non-Director members: Matt Rady, Dion Werbeloff and Mr John Ayoub, who joined the committee in June 2018.

\*\*\* = In addition to the directors listed above, the Research Committee includes two independent non-Director members: Dr Tim Fountaine and Dr John Males who joined the committee in August 2018.

\*\*\*\* = In addition to the directors listed above, the Talent Committee includes an independent non-Director member: Orla NicDomhnaill.

#### Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

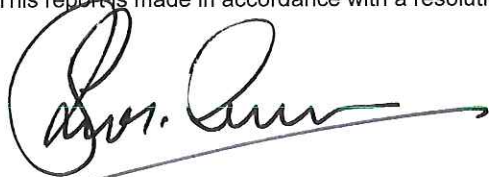
#### Auditor's independence declaration

The auditor's independence declaration, for the year ended 30 June 2018 as required under subdivision 60C section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* has been received and can be found on the following 8, which forms part of the Directors' report.

#### Auditor

PwC continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors.



Stuart Green  
Treasurer



Mike Wilson  
Chief Executive Officer and Managing Director

Sydney  
15 October 2018



### *Auditor's Independence Declaration*

As lead auditor for the audit of JDRF Australia for the year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink, appearing to read 'Rosalie Wilkie', written in a cursive style.

Rosalie Wilkie  
Partner  
PricewaterhouseCoopers

Sydney  
15 October 2018

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## **Corporate governance statement**

JDRF Australia and the JDRF Australia Board are committed to achieving and demonstrating high standards of corporate governance. JDRF Australia's approach to corporate governance was developed with reference to the recommendations released by the Australian Securities Exchange Corporate Governance Council and updated in 2010. The Board continues to review corporate governance practices to ensure they meet the interests of members.

The Directors are responsible to the members for the performance of the company and seek to balance a range of objectives in the best interests of the company as a whole. Their focus is to enhance the interests of members and other key stakeholders and to ensure the company is properly managed.

The relationship between the Board and senior management is critical to JDRF Australia's long-term success. Day to day management of JDRF Australia's affairs and its implementation of the corporate strategy and policy initiatives are delegated by the Board to the CEO/Managing Director and senior executives.

A description of JDRF Australia's main corporate governance practices is set out below.

### **The Board of Directors**

The Board operates in accordance with the broad principles set out in its Constitution as updated and adopted by the company on 27th November 2014. A Board Charter has been approved by the Directors and aids in guiding the operation and activities of the Board. The responsibilities of the Board as outlined in the Board Charter include the following:

- Assist JDRF Australia to carry out its objects as described in the JDRF Australia Constitution in a manner consistent with the requirements of the Constitution;
- Lead and assist management in setting strategies and plans for carrying out the objects of JDRF Australia, and reviewing progress against these plans;
- Monitor the performance of JDRF Australia;
- Facilitate and support the development of an effective, cohesive, and high performing Board;
- Review and enhance the performance of the Board and Directors over time;
- Set and approve policies for JDRF Australia;
- Ensure the compliance by JDRF Australia with all required Directors responsibilities and relevant laws and regulations;
- Ensure appropriate insurances, internal controls, risk management practices, compliance frameworks and reporting procedures are in place and operating effectively;
- Appoint, consider succession planning for, and periodically review the performance of the CEO;
- Ensure JDRF Australia is well regarded by potential supporters and maintains community respect; and
- Document and report outcomes to stakeholders including statutory requirements.

### **Directors' independence and conflict of interest**

Directors are required to be free from any undisclosed interest, business or other relationship that could or could reasonably be perceived to materially interfere with the Director's ability to act in the best interest of the organisation. Any matters relating to conflict of interest are dealt with in accordance with JDRF Australia's Conflict of Interest Policy, which requires disclosure and regular updating of relevant interests by Directors and appropriate management of any conflicts.

### **Chairman and Chief Executive Officer/Managing Director**

The Chairman is responsible for leading the Board, ensuring Directors are properly briefed in all matters relevant to their role and responsibilities, facilitating board discussions and managing the Board's relationship with the company's senior executives. The CEO/Managing Director is responsible for implementing company strategies and policies.



### **Corporate reporting**

The CEO/Managing Director & COO have made the following certifications to the Board:

- That the company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the company and are in accordance with relevant accounting standards.
- That the above statement is founded on risk management, internal compliance and control processes that implement the policies approved by the Board.

### **Board committees**

The Board has four standing committees to assist in the execution of its duties and to allow detailed consideration of complex issues. These committees are:

- The Finance and Audit Committee
- The Talent Committee
- The Research Committee
- The Funding Committee

The outcomes of committee meetings are tabled at the subsequent Board meeting. Other ad-hoc committees of the Board may be formed in response to specific purpose requirements.

### **Finance and Audit Committee**

The Finance and Audit Committee includes the following Directors: Stuart Green (Treasurer and Chair) and Kate Aitken.

In addition to the directors listed above, the Finance and Audit Committee includes two independent non-Director members: Boris Musa and David Keenan (appointed September 2018). Fiona Hindmarsh resigned in July 2018 and Penny Austin resigned in September 2018.

The Finance and Audit Committee has access to appropriate expertise, operates to the provisions of its Board approved Charter, and all members are financially literate.

### **External auditors**

JDRF Australia appoints external auditors who demonstrate quality and independence. The performance of the external auditor, currently PricewaterhouseCoopers, is reviewed annually and applications for tender of external audit services are requested as deemed appropriate.

The external auditor is requested to attend the Annual General Meeting and be available to answer member questions about the conduct of the audit and preparation and content of the audit report. The auditors also meet annually with the Finance and Audit Committee without management present.

### **Risk assessment and management**

The Board is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. Company policies are designed to ensure that strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the organisation's objectives.

Where risks are identified, mitigating strategies and actions are put in place. Risk reporting has been provided to the Finance and Audit Committee during the 2018 financial year.



# JDRF Australia

ABN 40 002 286 553

## ***Annual report - 30 June 2018***

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These financial statements are the financial statements of JDRF Australia as an individual entity. The financial statements are presented in Australian dollars (\$).

JDRF Australia is a company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

JDRF Australia  
Level 4, 80-84 Chandos Street  
St Leonards NSW 2065

A description of the nature of the entity's operations and its principal activities is included in the directors' report on page 1, which is not part of these financial statements.

The financial statements were authorised for issue by the directors on 15 October 2018. The directors have the power to amend and reissue the financial statements.

**JDRF Australia**  
**Statement of comprehensive income**  
**For the year ended 30 June 2018**

	Notes	2018 \$	2017 \$
<b>Revenue from continuing operations</b>	4	<b>18,490,747</b>	17,552,932
Administration expenses		(312,811)	(345,686)
Advertising, promotion and printing expenses		(269,526)	(208,658)
Communication and technology expenses		(213,664)	(208,435)
Depreciation and amortisation expense		(58,843)	(95,967)
Employee benefits expense		(3,525,452)	(3,403,753)
Education and support expenses		(199,277)	(157,270)
Fundraising expenses		(1,424,511)	(1,453,376)
Occupancy		(310,268)	(314,817)
Research and other grant expenses		(11,227,400)	(10,203,576)
<b>Surplus before income tax</b>		<b>948,995</b>	1,161,394
Income tax expense		-	-
<b>Surplus for the year</b>		<b>948,995</b>	1,161,394
<b>Other comprehensive income</b>			
<b>Other comprehensive income for the year, net of tax</b>		-	-
<b>Total comprehensive income for the year</b>		<b>948,995</b>	1,161,394

*The above statement of comprehensive income should be read in conjunction with the accompanying notes.*

**JDRF Australia**  
**Statement of financial position**  
**As at 30 June 2018**

	Notes	2018 \$	2017 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	26,953,688	24,266,391
Trade and other receivables	6	1,193,962	960,389
<b>Total current assets</b>		<b>28,147,650</b>	<b>25,226,780</b>
<b>Non-current assets</b>			
Property, plant and equipment	7	41,420	73,817
Intangible assets	8	2,667	7,811
<b>Total non-current assets</b>		<b>44,087</b>	<b>81,628</b>
<b>Total assets</b>		<b>28,191,737</b>	<b>25,308,408</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	9	10,081,291	11,287,840
Employee benefit obligations	10	65,522	57,588
<b>Total current liabilities</b>		<b>10,146,813</b>	<b>11,345,428</b>
<b>Non-current liabilities</b>			
Trade and other payables	9	11,684,085	8,549,496
Employee benefit obligations	10	70,009	71,649
<b>Total non-current liabilities</b>		<b>11,754,094</b>	<b>8,621,145</b>
<b>Total liabilities</b>		<b>21,900,907</b>	<b>19,966,573</b>
<b>Net assets</b>		<b>6,290,830</b>	<b>5,341,835</b>
<b>FUNDS</b>			
Accumulated funds		6,290,830	5,341,835
<b>Total funds</b>		<b>6,290,830</b>	<b>5,341,835</b>

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

**JDRF Australia**  
**Statement of changes in funds**  
**For the year ended 30 June 2018**

	Accumulated funds \$	Total equity \$
<b>Balance at 1 July 2016</b>	4,180,441	4,180,441
Profit for the period	1,161,394	1,161,394
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>1,161,394</b>	<b>1,161,394</b>
<b>Balance at 30 June 2017</b>	<b>5,341,835</b>	<b>5,341,835</b>
<b>Balance at 1 July 2017</b>	5,341,835	5,341,835
Profit for the period	948,995	948,995
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>948,995</b>	<b>948,995</b>
<b>Balance at 30 June 2018</b>	<b>6,290,830</b>	<b>6,290,830</b>

*The above statement of changes in funds should be read in conjunction with the accompanying notes.*



**JDRF Australia**  
**Statement of cash flows**  
**For the year ended 30 June 2018**

	2018	2017
Notes	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of goods and services tax)	10,005,094	8,152,583
Payments to suppliers and employees (inclusive of goods and services tax)	<u>(6,069,762)</u>	<u>(6,506,810)</u>
	3,935,332	1,645,773
Government and partnership grants received	9,658,736	10,251,649
Grants and travel awards paid	<u>(11,426,676)</u>	<u>(10,360,846)</u>
Other income	45,352	46,970
Interest received	495,855	534,148
<b>Net cash inflow from operating activities</b>	<u>2,708,599</u>	<u>2,117,694</u>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(21,302)	(27,308)
Payments for intangible assets	-	(5,000)
<b>Net cash (outflow) from investing activities</b>	<u>(21,302)</u>	<u>(32,308)</u>
<b>Cash flows from financing activities</b>		
<b>Net cash inflow (outflow) from financing activities</b>	<u>-</u>	<u>-</u>
<b>Net increase in cash and cash equivalents</b>	2,687,297	2,085,386
Cash and cash equivalents at the beginning of the financial year	24,266,391	22,181,005
Cash and cash equivalents at end of year	5 <u>26,953,688</u>	<u>24,266,391</u>

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

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## 1 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements to the extent they have not already been disclosed in the other notes. These policies have been consistently applied to all the years presented unless otherwise stated. The financial statements are for JDRF Australia.

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. JDRF Australia is a not-for-profit entity for the purpose of preparing the financial statements.

#### (i) Compliance with Australian Accounting Standards - Reduced Disclosure Requirements

The financial statements of JDRF Australia company comply with Australian Accounting Standards - Reduced Disclosure Requirements, the *Australian Charities and Not-for profits Commission Act 2012*, the *Charitable Fundraising Act 1991 (NSW)* and the *Charitable Fundraising Regulations 2008 (NSW)*. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

#### (ii) Historical cost convention

These financial statements have been prepared under the historical cost and accrual basis except for cash flow information.

### (b) Foreign currency translation

#### (i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Australian dollars (\$), which is JDRF Australia's functional and presentation currency.

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

All other foreign exchange gains and losses are presented in the income statement on a net basis within other income or other expenses.

### (c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities as described below. The company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities using the methods outlined below.

#### *Government grants*

In accordance with AASB 1004: *Contributions*, non-reciprocal grant revenue is recognised in the statement of profit and loss when the company obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the company and the amount of the grant can be measured reliably.

## 1 Summary of significant accounting policies (continued)

### (c) Revenue recognition (continued)

#### *Government grants (continued)*

If conditions are attached to the grant which must be satisfied before JDRF Australia obtains control of the contribution, such as the grant funding which must be spent and the grantor does not seek to claw back the funding, the recognition of the grant as revenue will be deferred until those conditions are satisfied. When grant revenue is received whereby the company incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability, as grants received in advance, until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

#### *Donations and fundraising*

Income arising from the contribution of an asset (including cash) is recognised when the following conditions have been satisfied:

- (a) the company obtains control of the contribution or the right to receive the contribution;
- (b) it is probable that the economic benefits comprising the contribution will flow to the company; and
- (c) the amount of the contribution can be measured reliably at the fair value of the consideration received.

Income received from fundraising events organised and run by third parties for the benefit of JDRF Australia is recorded as net donations to JDRF Australia.

#### *Donations in-kind*

Donations in-kind of fixed assets or other services are recorded as revenue where it is probable that economic benefits will be generated, the amount of the contribution can be measured reliably, where control of the contribution or the right to receive the contribution has been gained, and where cost would otherwise have been planned and expected to be incurred by the organisation in gaining access to the asset or service. Other donations in kind, which are not of a material nature or which do not offset otherwise planned expenditure, are not recorded in the financial statements.

#### *Interest income*

Interest income is recognised using the effective interest method.

### (d) Income tax

JDRF Australia is a not-for-profit exempt institution from income tax under Division 50 of the *Income Tax Assessment Act 1997*. JDRF Australia has deductible gift recipient (DGR) status.

### (e) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

### (f) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Collectability of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables.

### (g) Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.



## 1 Summary of significant accounting policies (continued)

### (g) Property, plant and equipment (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting year in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

• Leasehold improvements	Life of the lease
• Equipment	20%
• Computer equipment	50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year.

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

### (h) Intangible assets

#### (i) Software

Software has a finite useful life and is carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the software over its estimated useful life of between 3 and 10 years.

#### (i) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### (j) Employee benefits

#### (i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

#### (ii) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the year in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting year using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting year of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

## 1 Summary of significant accounting policies (continued)

### (j) Employee benefits (continued)

#### *(ii) Other long-term employee benefit obligations (continued)*

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

#### *(iii) Retirement benefit obligations*

Contributions to the defined contribution section of the company's superannuation plan and other independent defined contribution superannuation funds are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

### (k) Goods and Services Tax (GST)

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

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

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

## 2 Financial risk management

### (a) Market risk

#### *(i) Foreign exchange risk*

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the company's functional currency.

#### *(ii) Cash flow and fair value interest rate risk*

The company's exposure to interest rate risk arises predominantly from assets bearing variable interest rates, which includes cash balances held in banks. As interest income does not make up the main source of revenue, the management expects no significant interest rate risk on these balances.

Trade and other payables and trade and other receivables are not impacted by movements in interest rates.

Management believes that the consolidated entity's overall exposure to interest rate movements is not material.

## 3 Critical estimates, judgements and errors

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the company's accounting policies.

### (a) Significant estimates and judgements

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

### 3 Critical estimates, judgements and errors (continued)

#### (b) Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### 4 Revenue

	2018 \$	2017 \$
<b>Fundraising revenue</b>		
OneWalk	1,198,682	1,072,762
Merchandising campaign	416,418	510
Gala dinners	1,616,368	1,729,509
OneRide	878,254	1,227,512
Other fundraising activities	-	103,333
Bequest revenue	35,952	311,029
Community fundraising	1,140,694	1,647,824
Major contributions	4,111,056	1,701,649
Direct mail	380,845	233,266
Corporate partnerships	228,903	383,253
Donations	33,459	49,313
<b>Total fundraising revenue</b>	<b>10,040,631</b>	<b>8,459,960</b>
<b>Government and partnership grants</b>		
Insulin Pump Program	521,257	522,000
Clinical Research Network	5,229,934	5,582,906
Partnerships	1,977,445	2,347,315
CGM/ADDN evaluation	37,961	-
<b>Total government and partnership grants</b>	<b>7,766,597</b>	<b>8,452,221</b>
<b>Other revenue</b>		
Interest	612,267	523,781
Donations (in-kind)	25,900	70,000
Membership fees	5,214	24,503
Other revenue	40,138	22,467
<b>Total other revenue</b>	<b>683,519</b>	<b>640,751</b>
	<b>18,490,747</b>	<b>17,552,932</b>

### 5 Cash and cash equivalents

	2018 \$	2017 \$
<b>Current assets</b>		
Cash at bank and in hand	1,561,138	2,734,937
Deposits at call	25,392,550	21,531,454
	<b>26,953,688</b>	<b>24,266,391</b>



## 6 Trade and other receivables

	2018 \$	2017 \$
Interest receivable	207,034	90,623
Accrued income	323,819	362,052
Other receivables	11,633	10,807
Advance to Glycemic Index Foundation	-	105
Prepayments	157,914	58,967
GST receivables	493,562	437,835
	<u>1,193,962</u>	<u>960,389</u>

## 7 Property, plant and equipment

	Plant and equipment \$	Furniture, fittings and equipment \$	Leasehold improvements \$	Total \$
<b>At 1 July 2017</b>				
Cost	54,113	250,008	319,316	623,437
Accumulated depreciation	(30,094)	(210,563)	(308,963)	(549,620)
Net book amount	<u>24,019</u>	<u>39,445</u>	<u>10,353</u>	<u>73,817</u>
<b>Year ended 30 June 2018</b>				
Opening net book amount	24,019	39,445	10,353	73,817
Additions	553	20,749	-	21,302
Depreciation charge	(7,534)	(35,812)	(10,353)	(53,699)
Closing net book amount	<u>17,038</u>	<u>24,382</u>	<u>-</u>	<u>41,420</u>
<b>At 30 June 2018</b>				
Cost	54,666	270,757	319,316	644,739
Accumulated depreciation	(37,628)	(246,375)	(319,316)	(603,319)
Net book amount	<u>17,038</u>	<u>24,382</u>	<u>-</u>	<u>41,420</u>



## 8 Intangible assets

	Software \$
<b>At 30 June 2017</b>	
Cost	363,881
Accumulated amortisation and impairment	(356,070)
Net book amount	<u>7,811</u>
<b>Year ended 30 June 2018</b>	
Opening net book amount	7,811
Amortisation charge	(5,144)
Closing net book amount	<u>2,667</u>
<b>At 30 June 2018</b>	
Cost	363,881
Accumulated amortisation and impairment	(361,214)
Net book amount	<u>2,667</u>

## 9 Trade and other payables

	Current \$	2018 Non- current \$	Total \$	Current \$	2017 Non- current \$	Total \$
Trade payables	174,532	-	174,532	60,931	-	60,931
Government grants	9,378,580	11,684,085	21,062,665	10,621,029	8,549,496	19,170,525
Payroll tax and other statutory liabilities	284,890	-	284,890	263,680	-	263,680
Other payables	243,289	-	243,289	342,200	-	342,200
	<u>10,081,291</u>	<u>11,684,085</u>	<u>21,765,376</u>	<u>11,287,840</u>	<u>8,549,496</u>	<u>19,837,336</u>

## 10 Employee benefit obligations

	Current \$	2018 Non- current \$	Total \$	Current \$	2017 Non- current \$	Total \$
Leave obligations	65,522	70,009	135,531	57,588	71,649	129,237

### (i) Leave obligations

The leave obligations cover the company's liability for long service leave and annual leave.

## 11 Accumulated funds

	2018 \$	2017 \$
Balance 1 July	5,341,835	4,180,441
Surplus for the year	948,995	1,161,394
Balance 30 June	<u>6,290,830</u>	<u>5,341,835</u>

## 12 Limitation of members' liability

The company is incorporated as a company limited by guarantee, and in accordance with the constitution the liability of members in the event of the company being wound up would not exceed \$2 per member. At 30 June 2018, the number of members of this company was 3,924 (2017: 4,154).

## 13 Contingent liabilities and contingent assets

The company had no contingent liabilities or contingent assets at 30 June 2018.

## 14 Commitments

### (a) Lease commitments: company as lessee

#### (i) Non-cancellable operating leases

	2018 \$	2017 \$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	215,294	223,382
Later than one year but not later than five years	231,777	434,047
	<u>447,071</u>	<u>657,429</u>

## 15 Related party transactions

### (a) Key management personnel compensation

	2018 \$	2017 \$
Total key management personnel compensation	<u>2,044,877</u>	<u>1,933,308</u>

No remuneration was received or is receivable by non-executive Directors. No superannuation contributions were paid or are payable in respect of non-executive Directors.

### (b) Transactions with other related parties

#### (i) Other transactions of directors and director-related entities

In the prior year Viatak Technology, a director related entity, provided pro-bono IT services to JDRF Australia. Viatak Technology is no longer a director related entity and continues to provide service on an arms length basis.

## 16 Events occurring after the reporting period

No matters or circumstances have occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the company, the results of those operations or the state of affairs of the company or economic entity in subsequent financial years.

## 17 Information and declaration to be furnished under the Charitable Fundraising Act 1991 (NSW)

### (a) Fundraising income and expenditure

	2018 \$	2017 \$
Gross proceeds from fundraising	10,040,631	8,459,960
Less: Expenses associated directly with undertaking fundraising activity	<u>(1,423,947)</u>	<u>(1,450,661)</u>
Net fundraising income	8,616,684	7,009,299
Less: Indirect fundraising expenses	<u>(2,064,660)</u>	<u>(2,107,499)</u>
Net surplus from fundraising	<u>6,552,024</u>	<u>4,901,800</u>

### (b) Key fundraising ratios

	2018 \$	2017 \$
Indirect fundraising expenses (A)	2,064,660	2,107,499
Net proceeds from fundraising (B)	8,616,684	7,009,299
	%	%
(A) divided by (B)	24	30
Total cost of fundraising (C)	3,488,607	3,558,160
Gross proceeds from fundraising (D)	10,040,631	8,459,960
	%	%
(C) divided by (D)	35	42
Net surplus from fundraising (E)	6,652,024	4,901,800
Gross proceeds from fundraising (F)	10,040,631	8,459,960
	%	%
(E) divided by (F)	66	58

**17 Information and declaration to be furnished under the Charitable Fundraising Act 1991 (NSW) (continued)**

**(c) Fundraising income activities**

Direct expenditures includes all the costs for staging the One Walk, One Ride and Gala Dinners and other fundraising activities. Indirect fundraising expenses includes overheads such as premises and administrative staff costs.

The net proceeds from fundraising are being used for current and future research grants and to offer practical support and education to families of people with type 1 diabetes.



**Declaration made in accordance with the *Australian Charities and Not-for-profits Commission Regulation 2013***

The directors of JDRF Australia declare that:


- (a) The financial statement, which comprise the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes are in accordance with the *Australia Charities and Non-for-profits Commission Act 2012* and:
  - (i) complying with Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profit Commission Regulation 2013*; and
  - (ii) giving a true and fair view of the entity's financial position as at 30 June 2018 and of its performance for the financial year ended on that date, and
- (b) In the opinion of the directors there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

**Declaration made in accordance with the *Charitable Fundraising Act 1991***


In the opinion of the directors of JDRF Australia:

- (a) The financial statement and notes thereto give a true and fair view of all income and expenditure with respect to fundraising appeals conducted by the organisation for the year ended 30 June 2018; and
- (b) The statement of financial position as at 30 June 2018 give a true and fair view of the state of affairs of the company with respect to fundraising appeals conducted by the organisation; and
- (c) The provisions of the *Charitable Fundraising Act 1991*, the regulations under that Act, the conditions attached to the authority to fundraise have been complied with by the organisation and
- (d) The internal controls exercised by the company are appropriate and effective in accounting for all income received and applied by the organisation from any of its fundraising appeals.

This declaration is made in accordance with a resolution of directors.



Stuart Green  
Treasurer



Mike Wilson  
Chief Executive Officer and Managing Director

Sydney  
15 October 2018



## *Independent auditor's report*

To the members of JDRF Australia

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### *Our opinion*

In our opinion:

The accompanying financial report of JDRF Australia (the Company) is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, the *Charitable Fundraising Act 1991 (NSW)* and the *Charitable Fundraising Regulations 2008 (NSW)*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.
- (c) presenting a true and fair value view as required by the *Charitable Fundraising Act 1991 (NSW)* of the financial results of fundraising appeal for the financial year ended 30 June 2018; and
- (d) its associated records have been properly kept, in all material respects, in accordance with the *Charitable Fundraising Regulations 2008 (NSW)* for the financial year ended 30 June 2018; and
- (e) money received as a results of fundraising appeals conducted by the company during the year ended 30 June 2018 has been properly accounted for and appeal, in all material respects, in accordance with the *Charitable Fundraising Act 1991 (NSW)* and the *Charitable Fundraising Regulations 2008 (NSW)*; and
- (f) there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due

### *What we have audited*

The financial report comprises:

- the statement of financial position as at 30 June 2018
- the statement of comprehensive income for the year then ended
- the statement of changes in funds for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

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

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**PricewaterhouseCoopers, ABN 52 780 433 757**

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### ***Independence***

We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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### ***Other information***

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2018, including the Directors' report, Corporate Governance Statement, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information identified above 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 on the other information obtained prior to the date of this auditor's report, 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.

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### ***Responsibilities of the directors for the financial report***

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, the *Charitable Fundraising Act 1991 (NSW)*, the *Charitable Fundraising Regulations 2008 (NSW)* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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### ***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 the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.

*PricewaterhouseCoopers*

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read "Rosalie Wilkie", written over a light blue circular stamp.

Rosalie Wilkie  
Partner

Sydney  
15 October 2018