

Form 388

Corporations Act 2001
294, 295, 298-300, 307, 308, 319, 321, 322
Corporations Regulations
1.0.08

Copy of financial statements and reports

Company details

Company name

GLYCEMIC INDEX FOUNDATION

ACN

096 268 147

Reason for lodgement of statement and reports

A small proprietary company or a small public company limited by guarantee that is requested by ASIC to prepare and lodge statements and reports

Dates on which financial
year ends

Financial year end date

30-06-2013

Auditor's report

Were the financial statements audited or reviewed?

Audited

Is the opinion/conclusion in the report modified? (The opinion/conclusion in the report is qualified, adverse or disclaimed)

No

Does the report contain an Emphasis of Matter and/or Other Matter paragraph?

No

Details of current auditor or auditors

Current auditor

Date of appointment **05-06-2002**

Name of auditor

ERNST & YOUNG

Address

**680 GEORGE STREET
SYDNEY NSW 2000**

Certification

I certify that the attached documents are a true copy of the original reports required to be lodged under section 319 of the Corporations Act 2001.

Yes

Signature

Select the capacity in which you are lodging the form
Secretary

I certify that the information in this form is true and complete and that I am lodging these reports as, or on behalf of, the company.

Yes

Authentication

This form has been submitted by

Name	Pamela Louise LONGSTAFF
Date	31-10-2013

For more help or information

Web	www.asic.gov.au
Ask a question?	www.asic.gov.au/question
Telephone	1300 300 630

GLYCEMIC INDEX FOUNDATION

ABN 53 096 268 147

(formerly Glycemic Index Limited)

GENERAL PURPOSE (RDR) FINANCIAL REPORT
For the year ended 30 June 2013

Contents

Directors' report.....	2
Auditor's independence declaration.....	8
Statement of financial position.....	9
Statement of comprehensive income.....	10
Statement of changes in equity.....	11
Statement of cash flows.....	12
Notes to the financial statements.....	13
Directors' declaration.....	23
Independent auditor's report.....	24

Directors' report

Your directors submit their report for Glycemic Index Foundation (referred to hereafter as the Company or Glycemic Index Foundation) for the year ended 30 June 2013.

DIRECTORS

The names and the details of the Company'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.

Mr Stephen Higgs
Prof Janette Brand-Miller
Dr Alan Barclay
Mr Robert Barry
Ms Stephanie Martin
Mr Michael Wilson
Mr Mark Van Dyck
Ms Fiona Atkinson (Appointed: 25 October 2012)
Ms Pamela Longstaff (Appointed: 25 March 2013)

No Director had any pecuniary interest in the affairs of the Company during the year.

CORPORATE INFORMATION

Corporate structure

Glycemic Index Foundation is a company limited by guarantee incorporated and domiciled in Australia. The registered office and principal place of business of the Company is: Level 4, 80-84 Chandos Street, St Leonards, NSW 2065. Members as at 30 June 2013 were the Juvenile Diabetes Research Foundation International and University of Sydney. Glycemic Index Foundation is a non-for-profit health promotion charity.

Employees

As at 30 June 2013, the Company has 3 employees (2012: nil employees). The Company contracts with consultants providing on average 80 hours per week collectively. One consultant also volunteers as a director of the Company (see Director's Benefits below).

MEMBERS' GUARANTEE

The Company is a public company limited by guarantee that is incorporated and domiciled in Australia. In the event that the Company is wound up, its constitution states that the members are required to contribute a maximum of \$100 each and a total of \$200 towards meeting any outstanding obligations of the Company.

As at 30 June 2013 the number of members was 2 (2012: 2 members).

Directors' report (continued)

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

Director's qualifications and special responsibilities	Experience
<p><i>Chairman</i> Mr Stephen Higgs BEc.</p>	<p>Director: Peet Ltd.</p> <p>Chairman: JDRF.</p> <p>Past Chairman: Orlando Wines.</p> <p>Past Director: Primary Health Care Ltd, Austoft Pty, Jasco Pty Ltd, NPL Ltd, Leigh Mardon Pty Ltd, Rural Press Ltd and UBS Warburg, IPAC Securities Ltd. and So Natural Foods Ltd.</p>
<p><i>Director and President</i> Prof Janette Brand-Miller AM, PhD, FAIST, FNSA</p>	<p>Professor of Human Nutrition, University of Sydney.</p> <p><i>Chair</i> Past President, National Committee on Nutrition, Australian Academy of Science.</p> <p>Past President: Nutrition Society of Australia.</p> <p>Past Chairman of Glycemic Index Ltd.</p> <p>Author of 250+ scientific publications about nutrition, carbohydrates, the glycemic index, diabetes and weight control. Best-selling author of the 'New Glucose Revolution' book series.</p>
<p><i>Director</i> Dr Alan Barclay, PhD, BSc Grad. Dip. (Dietetics)</p>	<p>Head of Research, Australian Diabetes Council.</p> <p>Media Spokesperson, Dieticians Association of Australia.</p> <p>Co-author of the New Glucose Revolution: Diabetes & Pre-Diabetes Handbook.</p>
<p><i>Director</i> Mr Robert Barry BCom, FCPA, FAICD</p>	<p>Chairman, Pengana Holdings Pty Ltd.</p> <p>Director, Uniseed Management Pty Ltd.</p> <p>Co-Founder of the Dominguez and Barry Group and past CEO of Dominguez Barry Samuel Montagu.</p> <p>Past Deputy Chairman, Queens Trust for Young Australians and AWB Limited.</p> <p>Past Chairman of Snowy Hydro Ltd.</p>

Directors' report (continued)

INFORMATION ON DIRECTORS AND COMPANY SECRETARY (continued)

Director's qualifications and special responsibilities	Experience
<i>Director</i> Ms Stephanie Martin BA, MBA (Hons)	Past CEO of Glycemic Index Ltd, Bridal Bootcamp Ltd.
<i>Director</i> Mr Michael Wilson BEd (Hons), BSc, GAICD	Chief Executive Officer and Managing Director, JDRF. Director, Somark Innovations.
<i>Director</i> Mr Mark Van Dyck BA (Hons), GAICD	Group Managing Director, Compass Group (Australia) Pty Limited. Director JDRF. Member of JDRF NSW Corporate Committee and Remuneration Committee. Former COO of LG Electronics. Former Managing Director Coca-Cola Australia. Former Managing Director Coca-Cola Ireland. Member of the NSW Council for Reach Foundation.
<i>Director</i> Ms Fiona Atkinson BSc, MND	Research Manager, Sydney University Glycemic Index Research Service (SUGIRS), Human Nutrition Unit, School of Molecular and Microbial Biosciences Sydney University.
<i>Director</i> Ms Pamela Longstaff BEd, LLB (Hons)	CEO Glycemic Index Foundation.

Company Secretary

Ms Pamela Longstaff, BEd, LLB (Hons)

REVIEW AND RESULTS OF OPERATIONS

Short-term and long-term objectives and strategy

The aim of the Company is to raise the awareness and understanding of the health benefits of low GI diets and to make healthy low GI choices easy for consumers.

Core to this objective is the GI Symbol Program, a Low GI certified trade mark which guarantees to consumers that a food has had its GI tested at an accredited laboratory and that the food is a healthy choice which meets strict nutrition criteria that are consistent with international dietary guidelines.

Directors' report (continued)

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

Short-term and long-term objectives and strategy (continued)

The Company's strategy for achieving these objectives includes:

- growing the GI Symbol Program;
- educating consumers and health professionals about the GI ranking of carbohydrate in foods and about scientific research demonstrating the benefit of healthy low GI diets for the prevention and control of life-style related chronic diseases;
- working to un-cover existing lower GI carbohydrates, such as the Carisma potato, and research and development to lower the GI of commonly consumed carbohydrate-containing foods and beverages;
- assisting food providers to make nutritionally healthy low GI choices available to consumers in each food and beverage category;
- ensuring that foods endorsed with the GI Symbol are tested to the applicable International Standard.

Funds surplus to the GI Symbol program are directed to community awareness and education about the health benefits of low GI carbohydrate choices, in research and development to make lower GI carbohydrates available in each food category as well as ongoing scientific research to build knowledge and understanding of the health benefits of GI.

Principal activities

The principal activity of the Company during the course of the financial year was that of a not-for-profit health promotion charity involved in translating the science of the Glycemic Index to make healthy choices easy for consumers, including:

- communicating the benefits of a healthy low GI diet to consumers through traditional and social media channels;
- promoting the benefits of low GI eating to health professionals through development and distribution of Fact Sheets, at health professional conferences, on health professional targeted blogs and via media channels;
- adding new products to the GI Symbol program and working with licensees to develop low GI products;
- adding new licensees to the Symbol program and pursuing opportunities with potential licensees in key product categories;
- developing dossiers to support GI health claims on food packaging;
- engaging with Government and food and nutrition policy forums to raise the profile of the health benefits of low GI eating;
- contributing funding to scientific research into the health benefits of low GI diets;
- working with partners to develop new tools to make healthy low GI choices easy and to equip people to reduce their disease risk and achieve sustainable improvements in health; and
- engaging with leading international scientists to develop Consensus Statements on the scientific support for the health benefits of low GI diets.

Performance measurement

Financial criteria

Measure	2012	2013
Growth/(decline) in Revenue	8.8%	(4.3%)
Expenses as a % of Gross Revenue	72.4%	86.5%

Directors' report (continued)

Performance measurement (continued)

Educational criteria

- Health promotion activity -
 - Healthcare professional fact sheets - Development of healthcare professional fact sheets in the areas of weight management, diabetes and pregnancy. These have been distributed through key healthcare conferences including DAA, ADEA/ADS; symposiums (ILSI Carbohydrate conference) and direct to public or healthcare professional practices. They have also been uploaded onto the DAA library (DINER), PEN, Healthshare, Dietitian Connection and N4 Food & Health websites.
 - Consumer fact sheets - Development of consumer fact sheets in the area of diabetes and weight management. The diabetes fact sheet will be uploaded onto the Medical Directory platform accessed by GPs for their patients.
- Website - The website has attracted over 240,000 unique visitors over the period with an increase in referral of traffic from the Facebook page, GI News blog and glycemindex.com site.
- Social media - The Company's Facebook (>2200 Likes) and Twitter (>1100 Followers) accounts continue to grow with a small amount of promotional activity. The Company has also commenced activity on P-Interest and Google + platforms. Enhancing the Company's social media presence will be a key focus for the Company's 2013/2014 communication strategy.
- Brochure distribution – over 25,000 brochures were distributed over the financial year, and an additional 12,000 downloaded from the website (based on average per month).
- Education Resources – The Company provided content for the inclusion of GI and the GI Symbol program to a number of education text books and educational publications.

Consumer awareness

The Company has worked closely with partners to increase consumer awareness of benefits of low GI & the GI Symbol including articles in Coles magazine; the Healthy Food Guide Australia; partner websites, sales and educational brochures. The Company is also working with diabetes magazines (Diabetes Connect and Conquest) to increase awareness of the GI Symbol Program within the diabetes community.

Scientific progress

The Company continues to fund research to uncover low GI potato varieties, and is working with licensees to expand the supply of the Carisma potato and to introduce new low GI products such as rice into Australia.

The Company continues to raise awareness of scientific research establishing the benefits of a healthy low GI diet. Over the financial year this has included:

- Contribution of funding to the Sydney University arm of the EU Intervention Trial called PREVIEW (Prevention of Diabetes in Europe and Worldwide) which aims to determine whether a high protein-low GI diet is superior to 'official' dietary guidelines for the prevention of Type 2 diabetes in high risk individuals.
- Engagement in a Carbohydrate Quality Consortium of leading international scientists and development of a Consensus Statement on the scientific evidence supporting the health benefits of Glycemic Index and GlycemicLoad.

Result of operations

The operating surplus for the year ended 30 June 2013 was \$72,391 (2012: \$156,841).

Income and expenditure

Total operating revenue for the year amounted to \$545,427. This represents a decrease of 4.3% from 2012 operating revenue of \$569,962.

The decline in licence fees in 2013 was due to expiry of a License Agreement following the sale of the licensee company. On 1 July GIF entered into a new Licence Agreement with a customer on a 5 year term which will grow revenues in future years.

Total expenditure for the year amounted to \$473,036. This represents an increase of 14.5% from total expenditure of \$413,121 in 2012.

The growth in expenditure was due to recruitment of an additional staff member in the role of Head of Program Development to build the brand and customer base.

Directors' report (continued)

SIGNIFICANT EVENTS AFTER BALANCE DATE

There have been no significant events occurring after the balance date which may affect either the Company's operations or results of those operations or the Company's state of affairs.

DIRECTORS' BENEFITS

In accordance with the Company's Constitution, during the financial year 2 Directors have received payments for services provided as expert consultants to the Company

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	Number of meetings eligible to attend:	Number of meetings attended:
Mr Stephen Higgs	2	2
Prof Janette Brand-Miller	2	2
Dr Alan Barclay	2	2
Mr Robert Barry	2	2
Ms Stephanie Martin	2	1
Mr Michael Wilson	2	2
Mr Mark Van Dyck	2	-
Ms Fiona Atkinson	2	2
Ms Pamela Longstaff	-	-

AUDITOR INDEPENDENCE

The directors received an independence declaration from the auditor, Ernst & Young. A copy has been included on page 8 of the report.

Signed in accordance with a resolution of the directors.



Mr Stephen Higgs
Chairperson

Sydney, 30 October 2013




Building a better
working world

Ernst & Young
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com

Auditor's Independence Declaration to the Directors of Glycemic Index Foundation

In relation to our audit of the financial report of Glycemic Index Foundation for the financial year ended 30 June 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.


Ernst & Young



Loretta Di Mento
Partner
30 October 2013

Statement of financial position

As at 30 June 2013

	Note	2013 \$	2012 \$
Assets			
Current assets			
Cash and cash equivalents	5	239,014	266,409
Trade and other receivables	6	89,499	297,358
Term deposits		822,996	738,372
Prepayments		5,791	7,113
Accrued income		35,352	17,121
Total current assets		1,192,652	1,326,373
Non-current assets			
Property, plant and equipment	7	1,482	1,204
Intangible assets	8	28,328	13,014
Total non-current assets		29,810	14,218
Total assets		1,222,462	1,340,591
Liabilities			
Current liabilities			
Trade and other payables	9	185,816	322,528
Provisions	10	9,312	-
Deferred revenue		119,046	184,083
Total current liabilities		314,174	506,611
Non-current liabilities			
Provisions	10	2,167	-
Deferred revenue		-	250
Other liabilities		37,700	37,700
Total non-current liabilities		39,867	37,950
Total liabilities		354,041	544,561
Net assets		868,421	796,030
Equity			
Contributed funds		30,000	30,000
Retained surplus		838,421	766,030
Total equity		868,421	796,030

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

Statement of comprehensive income

For the year ended 30 June 2013

	Note	2013 \$	2012 \$
Licence fees		401,026	431,578
Interest		53,586	55,780
Marketing services		90,815	82,604
Revenue		545,427	569,962
Depreciation and amortisation expense	4(a)	(4,531)	(2,794)
Royalty fees		(38,992)	(43,132)
Consulting fees		(165,309)	(239,948)
Web site		(180)	(699)
Insurance		(3,965)	(4,192)
Employee benefits expense		(128,033)	-
Other expenses	4(b)	(132,026)	(122,356)
Total comprehensive income for the year		72,391	156,841

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

Statement of changes in equity

For the year ended 30 June 2013

	<i>Contributed funds</i> \$	<i>Retained surplus</i> \$	<i>Total equity</i> \$
At 1 July 2011	30,000	609,189	639,189
Net surplus for the year		156,841	156,841
Total comprehensive income for the year	-	156,841	156,841
At 30 June 2012	30,000	766,030	796,030
At 1 July 2012	30,000	766,030	796,030
Net surplus for the year	-	72,391	72,391
Total comprehensive income for the year	-	72,391	72,391
At 30 June 2013	30,000	838,421	868,421

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

Statement of cash flows

For the year ended 30 June 2013

	Note	2013 \$	2012 \$
Operating activities			
Receipts from customers and donations		673,887	378,520
Payments to suppliers and employees		(485,121)	(436,832)
GST refund/(payment)		1,978	(5,996)
Interest received		34,006	31,374
(Repayments)/proceeds from related parties		(147,398)	56,568
Net cash flows from operating activities		77,352	23,634
Investing activities			
Purchase of property, plant and equipment		(1,319)	(494)
Purchase of intangible assets		(18,804)	(14,593)
Purchase of short term-deposits		(84,624)	(28,428)
Net cash flows used in investing activities		(104,747)	(43,515)
Financing activities			
Net cash flows from financing activities		-	-
Net decrease in cash and cash equivalents		(27,395)	(19,881)
Cash and cash equivalents at 1 July		266,409	286,290
Cash and cash equivalents at 30 June	5	239,014	266,409

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

Notes to the financial statements

For the year ended 30 June 2013

1 CORPORATE INFORMATION

The financial report of Glycemic Index Foundation (the "Company") for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of the directors on 30 October 2013.

Glycemic Index Foundation is a company limited by guarantee incorporated and domiciled in Australia.

The company was previously named Glycemic Index Limited. On 4 October 2012, the company changed its name to Glycemic Index Foundation.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards - Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis.

The financial report is presented in Australian dollars (\$).

(b) Statement of compliance

The Company is not-for-profit entity. Therefore the financial report complies with Australian Accounting Standards requirements specific to not-for-profit entities, including AASB 102 Inventories, AASB 116 Property, Plant and Equipment, AASB 136 Impairment of Assets and AASB 1004 Contributions. The Company has adopted AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements for the financial year beginning on 1 July 2010.

(c) New accounting standards and interpretations

(i) Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year.

(ii) Accounting standards and interpretations issued but not yet effective

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Company for the annual reporting period ended 30 June 2013. The directors have not early adopted any of these new or amended standards or interpretations. The directors have not yet fully assessed the impact of these new or amended standards (to the extent relevant to the Company) and interpretations.

(d) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and cash invested in short term investments with several financial institutions.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(e) Trade and other receivables

Trade receivables, which generally have quarterly terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

Notes to the financial statements (continued)

For the year ended 30 June 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Trade and other receivables (continued)

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Company will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 90 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows.

(f) Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the specific assets as follows:

Computer Equipment - over 2 to 3 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(g) Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The Company conducts an internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

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 to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(h) Intangibles

Intangible assets acquired are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

Notes to the financial statements (continued)

For the year ended 30 June 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Intangibles (continued)

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation 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 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. The amortisation expense on intangible assets with finite lives is recognised as an expense in the statement of comprehensive income.

A summary of the policies applied to the Company's intangible assets is as follows:

	Software	Trademark
Useful lives	Finite	Infinite
Amortisation method used	Amortised over 2 - 3 years	No amortisation
Internally generated or acquired	Acquired	Internally generated
Impairment testing	Whenever an indication of impairment exists	Annually or more frequently when an indication of impairment exists

Gains or losses arising from 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 profit or loss when the asset is derecognised.

(i) 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 Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. Loans are carried at amortised cost, where if the effect of the time value of money is material, they are discounted using a current pre-tax rate that reflects the risks specific to the liability.

(j) Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, 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. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the income statement net of any reimbursement.

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Notes to the financial statements (continued)

For the year ended 30 June 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Provisions (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 projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(k) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Licence fees

Revenue from licence fee contracts recognised on a straight line basis over the licence period. Deferred revenue relates to the balance of licence fees paid upfront and which can not yet be recognised as revenue. In the case that revenue relating to the period per the contract has not yet been received at year end, it is recognised as accrued income in the statement of financial position and revenue in the statement of comprehensive income.

(ii) 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 effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(l) Income tax

The Company is a registered charity and is not liable for income tax by virtue of Section 50-B of the *Income Tax Assessment Act 1997*.

(m) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- ▶ When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- ▶ Receivables and payables, which are stated with the amount of GST included.

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 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.

Notes to the financial statements (continued)

For the year ended 30 June 2013

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. 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.

No significant accounting judgements, estimates and assumptions were made during the year.

Notes to the financial statements (continued)

For the year ended 30 June 2013

4 EXPENSES

	2013	2012
	\$	\$
(a) Depreciation and amortisation expense		
<i>Depreciation of non-current assets</i>		
Computer equipment	1,041	655
Total depreciation of non-current assets	<u>1,041</u>	<u>655</u>
<i>Amortisation of non-current assets</i>		
Intangible assets	3,490	2,139
Total amortisation of non-current assets	<u>3,490</u>	<u>2,139</u>
Total depreciation and amortisation expense	<u><u>4,531</u></u>	<u><u>2,794</u></u>
(b) Other expenses		
Advertising and Promotion	27,996	41,640
Audit and accounting fee	16,467	14,870
Bank charges	962	691
Bad and doubtful debts charge/(reversal)	3,000	(6,000)
Conference expenses	24,756	23,195
Donations	200	60
Legal fees	6,320	982
Postage/Stationery	2,260	1,746
Research	-	23,000
Subscriptions	2,001	314
Telephone	1,915	1,197
Travel	16,260	10,590
Withholding Tax	35	2,360
Public relations	5,000	2,943
Printing	2,765	1,549
Trademark expenses	-	1,945
Superannuation expenses	11,774	-
Other expenses	10,315	1,274
Total other expenses	<u><u>132,026</u></u>	<u><u>122,356</u></u>

5 CASH AND CASH EQUIVALENTS

	2013	2012
	\$	\$
Cash at bank and in hand	239,014	266,409
	<u><u>239,014</u></u>	<u><u>266,409</u></u>

Reconciliation to the statement of cash flows

For the purposes of the statement of cash flows, cash and cash equivalents comprise of the above.

Notes to the financial statements (continued)

For the year ended 30 June 2013

6 TRADE AND OTHER RECEIVABLES (CURRENT)

	2013	2012
	\$	\$
Trade receivables	70,891	272,902
Allowance for impairment loss	(3,000)	-
	<u>67,891</u>	<u>272,902</u>
Accrued interest income	19,580	24,406
Goods and Service tax receivable	1,978	-
Deposits with supplier	50	50
	<u>89,499</u>	<u>297,358</u>
Carrying amount of trade receivables	<u>89,499</u>	<u>297,358</u>

(a) Allowance for impairment loss

Trade receivables are non-interest bearing and are generally on quarterly terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. An impairment loss of \$3,000 (2012: reversal of impairment loss \$6,000) has been recognised by the Company in the current year. These amounts have been included in the bad and doubtful debts expense item. No individual amount within the impairment allowance is material.

Movements in the provision for impairment loss were as follows:

	2013	2012
	\$	\$
At 1 July	-	6,000
Charge for the year	3,000	-
Reversal of bad and doubtful debt	-	(6,000)
At 30 June	<u>3,000</u>	<u>-</u>

7 PROPERTY, PLANT AND EQUIPMENT

	2013	2012
	\$	\$
<i>Computer equipment</i>		
At cost	6,652	6,829
Accumulated depreciation	(5,170)	(5,625)
Net carrying amount	<u>1,482</u>	<u>1,204</u>

Reconciliation of carrying amounts at the beginning and end of the year

	2013
	\$
<i>Computer equipment</i>	
Balance at the beginning of the year	
At cost	6,829
Accumulated depreciation	(5,625)
Net carrying amount	<u>1,204</u>
Additions	1,319
Depreciation charge for the year	(1,041)
Balance at the end of the year - Net carrying amount	<u>1,482</u>

Notes to the financial statements (continued)

For the year ended 30 June 2013

8 INTANGIBLE ASSETS

	2013	2012
	\$	\$
<i>Software</i>		
Cost (gross carrying amount)	13,383	13,410
Accumulated amortisation and impairment	(9,493)	(6,738)
Net carrying amount	<u>3,890</u>	<u>6,672</u>
<i>Trademark</i>		
Cost (gross carrying amount)	24,438	6,342
Net carrying amount	<u>24,438</u>	<u>6,342</u>
<i>Total Intangibles</i>		
Cost (gross carrying amount)	37,821	19,752
Accumulated amortisation and impairment	(9,493)	(6,738)
Net carrying amount	<u>28,328</u>	<u>13,014</u>

(a) Reconciliation of carrying amount at beginning and end of the year

	2013
	\$
<i>Software</i>	
Balance at the beginning of the year	
Cost (gross carrying amount)	13,410
Accumulated amortisation and impairment	(6,738)
Carrying amount - opening	<u>6,672</u>
Additions	708
Amortisation	(3,490)
Carrying amount - closing	<u>3,890</u>
<i>Trademark</i>	
Balance at the beginning of the year	
Cost (gross carrying amount)	6,342
Carrying amount - opening	<u>6,342</u>
Additions	18,096
Carrying amount - closing	<u>24,438</u>
<i>Total Intangibles</i>	
Balance at the beginning of the year	
Cost (gross carrying amount)	19,752
Accumulated amortisation and impairment	(6,738)
Carrying amount - opening	<u>13,014</u>
Additions	18,804
Amortisation	(3,490)
Carrying amount - closing	<u>28,328</u>

(b) Description of the Company's intangible assets

Software (Acquired)

Software is carried at cost less accumulated amortisation and impairment losses. This intangible asset has been assessed as having a finite life and is amortised using the straight line method over a period of 2.5 years. The amortisation has been recognised in the statement of comprehensive income. If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

Trademark (Internally generated)

Trademarks are carried at cost when initially recognised. Trademarks are not amortised but are subject to impairment testing on an annual basis or whenever there is an indication of impairment.

Notes to the financial statements (continued)

For the year ended 30 June 2013

9 TRADE AND OTHER PAYABLES (CURRENT)

	2013 \$	2012 \$
Trade payables	30,898	14,693
Other payables and accrued expenses	48,185	40,844
Goods and services tax payable	-	12,860
	<u>79,083</u>	<u>68,397</u>
Amounts due to members:		
Other related parties		
Sydney University – Royalty, assignment & set up costs	102,726	227,151
JDRF - Reimbursement of operational expenditure	4,007	26,980
	<u>106,733</u>	<u>254,131</u>
Carrying amount of trade and other payables	<u>185,816</u>	<u>322,528</u>

Related party payables

For terms and conditions relating to related party payables refer to note 12.

10 PROVISIONS

	2013 \$	2012 \$
Current		
Annual leave	9,312	-
	<u>9,312</u>	<u>-</u>
Non-current		
Long service leave	2,167	-
	<u>2,167</u>	<u>-</u>

11 COMMITMENTS AND CONTINGENCIES

As at 30 June 2013, there were no commitments or contingencies (2012: none).

12 RELATED PARTY DISCLOSURES

(a) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The Company has accrued additional royalty fees of \$38,018 (2012: \$43,132) during the year. The Company still holds an accrued assignment fee of \$63,024 which has been carried over from 2012. Payment of these amounts are conditional on assignment of Glycemic Index Trademarks under an Agreement between the Company and University signed in 2009. This has not yet been finalised.

The Directors of Glycemic Index Foundation during the financial year were:

Mr Stephen Higgs
 Prof Janette Brand-Miller
 Dr Alan Barclay
 Mr Robert Barry
 Ms Stephanie Martin
 Mr Michael Wilson
 Mr Mark Van Dyck
 Ms Fiona Atkinson
 Ms Pamela Longstaff

(Appointed: 25 October 2012)
 (Appointed: 25 March 2013)

Notes to the financial statements (continued)

For the year ended 30 June 2013

12 RELATED PARTY DISCLOSURES (continued)

(a) Transactions with related parties (continued)

During the financial year 2 Directors (Dr Alan Barclay and Ms Pamela Longstaff) have received payment for services provided as an expert consultant to the Company. All other Directors have no commercial transactions with the Company.

Outstanding related party balances at year end are unsecured, interest free and settlement occurs in cash. Refer to note 9 for outstanding balances at year end.

(b) Compensation of key management personnel

	2013 \$	2012 \$
Total compensation	<u>257,338</u>	<u>181,047</u>

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

13 EVENTS AFTER BALANCE DATE

There have been no significant events occurring after the balance date which may affect either the Company's operations or results of those operations or the Company's state of affairs.

14 MEMBERS' GUARANTEE

The Company is a public company limited by guarantee that is incorporated and domiciled in Australia. In the event that the Company is wound up, its constitution states that the members are required to contribute a maximum of \$100 each and a total of \$200 towards meeting any outstanding obligations of the Company.

As at 30 June 2013 the number of members was 2 (2012: 2 members).

Directors' declaration

In accordance with a resolution of the directors of Glycemic Index Foundation, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the Company are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001* to the extent described in Note 2;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Mr Stephen Higgs
Director

Sydney, 30 October 2013



Ernst & Young
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com

Independent auditor's report to the members of Glycemic Index Foundation

Report on the financial report

We have audited the accompanying financial report of Glycemic Index Foundation, which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility 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 *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.



Opinion

In our opinion the financial report of Glycemic Index Foundation is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the financial position of Glycemic Index Foundation at 30 June 2013 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Ernst & Young
Ernst & Young

Loretta Di Mento

Loretta Di Mento
Partner
Sydney
30 October 2013