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# Copy of financial statements and reports

If there is insufficient space in any section of the form, you may photocopy the relevant page(s) and submit as part of this lodgement

## Company/scheme details

Company/scheme name

GLYCEMIC INDEX LIMITED

ACN/ARSN/PIN/ABN

096 268 147

## Lodgement details

An image of this form will be available as part of the public register.

Who should ASIC contact if there is a query about this form?

ASIC registered agent number (if applicable)

Firm/organisation

GLYCEMIC INDEX LIMITED

Contact name/position description

PAMELA LONGSTAFF

Telephone number (during business hours)

(02) 9020 6124

Email address (optional)

pam.longstaff@gisymbol.com

Postal address

Level 4, 80-84 Chandos St

Suburb/City

St Leonards

State/Territory

NSW

Postcode

2065

## 1 Reason for lodgement of statement and reports

Tick appropriate box.

See Guide for definition of Tier 2 public company limited by guarantee

See Guide for definition of large proprietary company

See Guide for definition of small proprietary company

Dates on which financial year begins and ends

- A public company or a disclosing entity which is not a registered scheme or prescribed interest undertaking (A)
- A Tier 2 public company limited by guarantee (L)
- A registered scheme (B)
- Amendment of financial statements or directors' report (company) (C)
- Amendment of financial statements or directors' report (registered scheme) (D)
- A large proprietary company that is not a disclosing entity (H)
- A small proprietary company that is controlled by a foreign company for all or part of the period and where the company's profit or loss for the period is not covered by the statements lodged with ASIC by a registered foreign company, company, registered scheme, or disclosing entity (I)
- A small proprietary company, or a small company limited by guarantee that is requested by ASIC to prepare and lodge statements and reports (J)
- A prescribed interest undertaking that is a disclosing entity (K)

Financial year begins

01/07/10  
[D] [D] [M] [M] [Y] [Y]

to

Financial year ends

30/06/11  
[D] [D] [M] [M] [Y] [Y]

## 2 Details of large proprietary company

See Guide for definition of large and small proprietary companies.

If the company is a large proprietary company that is not a disclosing entity, please complete the following information as at the end of the financial year for which the financial statements relate:

A What is the consolidated revenue of the large proprietary company and the entities that it controls?

B What is the value of the consolidated gross assets of the large proprietary company and the entities that it controls?

C How many employees are employed by the large proprietary company and the entities that it controls?

D How many members does the large proprietary company have?

## 3 Auditor's or reviewer's report

Tick one box and complete relevant section(s)

Were the financial statements audited or reviewed?

Audited - complete B only

Reviewed - complete A and B

No

If no, is there a class or other order exemption current for audit/review relief?

Yes

No

### A. Reviewed

Is the reviewer a registered company auditor, or member of The Institute of Chartered Accountants in Australia, CPA Australia Limited, or National Institute of Accountants and holds a practising certificate issued by one of those bodies?

Yes

No

### B. Audited or Reviewed

Is the opinion/conclusion in the report:

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

Yes

No

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

Yes

No

## 4 Details of current auditor or auditors

**Notes:**

- Registered schemes must advise ASIC of the appointment of an auditor on a Form 5137 *Appointment of scheme auditor* within 14 days of the appointment of the auditor.
- A public company limited by guarantee may, in some circumstances, have their accounts reviewed. These companies are still required to have an auditor and these details must be provided.

Auditor registration number (for individual auditor or authorised audit company)

Family name

Given name

or

Company name

ACN/ABN

or

Firm name (if applicable)

Office, unit, level

Street number and Street name

Suburb/City

State/Territory

Postcode

Country (if not Australia)

Date of appointment

0	5	,	0	6	,	0	2
[D]	[D]		[M]	[M]		[Y]	[Y]

A company may have two appointed auditors, provided that both auditors were appointed on the same date. Otherwise, an appointed auditor must resign, be removed or otherwise ceased before a subsequent appointment may be made.

Auditor registration number (for individual auditor or authorised audit company)

Family name

Given name

or

Company name

ACN/ABN

or

Firm name (if applicable)

Office, unit, level

Street number and Street name

Suburb/City

State/Territory

Postcode

Country (if not Australia)

## 5 Statements and reports to be attached to this form

Financial statements for the year (as required by s295(2) and accounting standards)

- Statement of comprehensive income, may also include a separate income statement for the year
- Statement of financial position as at the end of the year
- Statement of cash flows for the year
- Statement of changes in equity.

**OR**

If required by accounting standards — the consolidated statements of comprehensive income/income statement, financial position, cash flows and changes in equity.

Notes to financial statements (see s295(3))

- Disclosures required by the regulations
- Notes required by the accounting standards
- Any other information necessary to give a true and fair view (see s297).

The signed directors' declaration about the statements and notes (see s295(4)).

The signed directors' report for the year, including the copy of the auditor's or reviewer's independence declaration (see s298 to s300A).

Signed auditor's report or, where applicable, reviewer's report (see s301, s307 to s308).

Concise report (if any) (see s319).

### Signature

See Guide for details of signatory.

I certify that the attached documents marked ( **A** ) are a true copy of the original reports required to be lodged under s319 of the *Corporations Act 2001*.

Name

PAMELA LONGSTAFF

Signature

Capacity

- Director  
 Company secretary

Date signed

28/11/11

[D] [D] [M] [M] [Y] [Y]

### Lodgement

Send completed and signed forms to:  
Australian Securities and Investments Commission,  
PO Box 4000, Gippsland Mail Centre VIC 3841.

**For more information**

Web [www.asic.gov.au](http://www.asic.gov.au)  
Need help? [www.asic.gov.au/question](http://www.asic.gov.au/question)  
Telephone 1300 300 630

Or lodge the form electronically by:

- visiting the ASIC website [www.asic.gov.au](http://www.asic.gov.au)
- using Standard Business Reporting enabled software. See [www.sbr.gov.au](http://www.sbr.gov.au) for more details.

# **GLYCEMIC INDEX LIMITED**

ABN 53 096 268 147

**GENERAL PURPOSE (RDR) FINANCIAL REPORT**  
**For the year ended 30 June 2011**

## Contents to the financial report

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## Directors' report

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Your directors submit their report Glycemic Index Limited (referred to hereafter as the Company) for the year ended 30 June 2011.

### DIRECTORS

The names and 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  
Mr William Bonney (Resigned: 17 June 2011)  
Prof Janette Brand-Miller  
Dr Alan Barclay  
Mr Robert Barry  
Mr Michael Good (Resigned: 30 June 2011)  
Ms Stephanie Martin  
Mr Michael Wilson

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

### CORPORATE INFORMATION

#### Corporate Structure

Glycemic Index Limited 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 2011 were the Juvenile Diabetes Research Foundation and University of Sydney. Glycemic Index Limited is a non-profit organisation.

#### Employees

As at 30 June 2011, the Company has no employees (2010: nil employees).

#### 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 2011 the number of members was 2 (2010: 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</p>	<p>Director: Peet and Company 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 Company Secretary</i> Mr William Bonney MMgt, FAICD (Resigned: 17 June 2011)</p>	<p>Past Chief Operations Officer and Company Secretary of JDRF.</p> <p>Fellow of the Australian Institute of Company Directors.</p> <p>Director of the Stanford Australia Limited.</p> <p>Past Company Secretary of Centrogen Holdings Ltd.</p> <p>Past Director &amp; Company Secretary of Woomera Systems P/L.</p>
<p><i>Director and President</i> Prof Janette Brand-Miller, PhD, FAIST, FNSA</p>	<p>Professor of Human Nutrition, University of Sydney.</p> <p>Member: 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 220+ 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 &amp; Pre-Diabetes Handbook.</p>



## Directors' report (continued)

### INFORMATION ON DIRECTORS AND COMPANY SECRETARY (continued)

Director's qualifications and special responsibilities	Experience
<p><i>Director</i> Mr Robert Barry B Com, 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>
<p><i>Director</i> Mr Michael Good F.Fin, MAICD, BCA (Resigned: 30 June 2011)</p>	<p>Director: Commercial Subsidiaries - The University of Sydney, Sport Knowledge Australia P/L, Bandwidth Foundry International P/L, Sydney Institute of Health and Medical Research, Sydney Talent P/L, Acumine P/L and NuFlora International P/L.</p>
<p><i>Director</i> Ms Stephanie Martin BA, MBA (Hons)</p>	<p>Past CEO of Glycemic Index Ltd, Bridal Bootcamp Ltd.</p>
<p><i>Director:</i> Mr Michael Wilson B.Ec (Hons), B.Sc</p>	<p>Chief Executive Officer of JDRF. Managing Director Designate – JDRF.</p>

#### Company Secretary

Ms Pamela Louise Longstaff, B.Ec, LLB (Hons) (appointed 22 June 2011)

### REVIEW AND RESULTS OF OPERATIONS

#### Short-term and long-term objectives and strategy

The short-term and long-term strategic objectives of Glycemic Index Limited as approved by the Board of Directors in FY2011 are to:

- Grow and protect the Glycemic Index (GI) symbol program
- Grow and protect the GI testing business
- Strengthen the organisational foundation.

The company's strategy for achieving these objectives includes:

- Raising awareness and understanding of the GI concept
- Assisting food suppliers in providing, and consumers in selecting, nutritionally healthy foods using the GI
- Investing in research
- Ensuring the GI of foods is tested at the highest standard

## Directors' report (continued)

### Principal activities

The principal activity of the Company during the course of the financial year was that of a non-profit organisation involved in research into the GI of foods and the licensing of the Low GI Certified Trade Mark including:

- Recruitment of a new CEO and Business Development Manager
- Promotion of the benefits of a healthy low GI diet and the low GI Symbol across all media channels, in the community and at health professional conferences
- Exploring opportunities for strategic partnerships to raise consumer awareness of low GI and demand for the low GI Symbol
- Working with existing licensees to develop new low GI products
- Adding new licensees to the Symbol program and pursuing opportunities with potential licensees in key product categories
- Engaging with Government and its agencies to raise the profile of the health benefits of a low GI diet and to protect the Symbol program
- Investment in research
- Progressing models to accredit GI testing laboratories.

### Performance measurement

Measure	2010	2011
Number of Customers	34	31
Growth in revenue from Licence Fees	(19.5%)	46.4%
Expenses as a % of Revenue	90.3%	82.1%

The Company invests any funds, surplus to the GI Symbol program into uncovering lower GI carbohydrates and researching ways to lower the GI of mainstream carbohydrates. Work by GI Limited helped to uncover the lower GI properties of the Carisma potato, naturally grown and produced in Australia, which carries the Low GI symbol and has been available around Australia in Coles supermarkets since December 2010.

### Result of operations

The operating surplus for the year ended 30 June 2011 was \$93,825 (2010: \$46,442).

### Income and expenditure

Total operating revenue for the year amounted to \$524,345, an increase of 9% from \$480,722 in 2010. Total expenditure amounted to \$430,520 in 2011, an decrease of 1% from \$434,280 in 2010.

### 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' report (continued)

### DIRECTOR'S BENEFITS

In accordance with the Company's Constitution, during the financial year 2 Directors have received benefits as consultants to the organisation.

### 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	3	3
Mr William Bonney	3	3
Prof Janette Brand-Miller	3	3
Dr Alan Barclay	3	3
Mr Robert Barry	3	-
Mr Michael Good	3	2
Ms Stephanie Martin	3	1
Mr Michael Wilson	3	3

### AUDITOR INDEPENDENCE

The directors received an independence declaration from the auditor, Ernst & Young. A copy has been included on page 7 of the report.

Signed in accordance with a resolution of the directors.



Mr Stephen Higgs  
Director

Sydney, 8 Nov 2011



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

Tel: +61 2 9248 5555  
Fax: +61 2 9248 5959  
[www.ey.com/au](http://www.ey.com/au)

## Auditor's Independence Declaration to the Directors of Glycemic Index Limited

In relation to our audit of the financial report of Glycemic Index Limited for the financial year ended 30 June 2011, 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*  
Ernst & Young

*Loretta Di Mento*  
Loretta Di Mento

Partner  
Date: 8 November 2011

## Statement of financial position

As at 30 June 2011

	Note	2011 \$	2010 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	286,290	764,663
Trade and other receivables	6	103,973	105,419
Term deposits		709,944	-
Prepayments		3,637	2,181
Accrued income		102,344	30,050
<b>Total current assets</b>		<b>1,206,188</b>	<b>902,313</b>
<b>Non-current assets</b>			
Property, plant and equipment	7	1,365	1,429
Intangible assets	8	560	2,868
<b>Total non-current assets</b>		<b>1,925</b>	<b>4,297</b>
<b>TOTAL ASSETS</b>		<b>1,208,113</b>	<b>906,610</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	9	283,527	172,454
Deferred revenue		274,897	177,392
<b>Total current liabilities</b>		<b>558,424</b>	<b>349,846</b>
<b>Non-current liabilities</b>			
Deferred revenue		10,500	11,400
<b>Total non-current liabilities</b>		<b>10,500</b>	<b>11,400</b>
<b>TOTAL LIABILITIES</b>		<b>568,924</b>	<b>361,246</b>
<b>NET ASSETS</b>		<b>639,189</b>	<b>545,364</b>
<b>EQUITY</b>			
Contributed funds		30,000	30,000
Retained surplus		609,189	515,364
<b>TOTAL EQUITY</b>		<b>639,189</b>	<b>545,364</b>

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 2011

	Note	2011 \$	2010 \$
Licence fees		477,875	326,440
Interest		45,740	26,952
Reimbursements		269	30,000
Donations		461	950
In-kind revenue		-	96,380
<b>Revenue</b>		<b>524,345</b>	<b>480,722</b>
Depreciation and amortisation expense	4(a)	(3,499)	(3,893)
Royalty fees		(111,050)	(32,404)
Consulting fees		(225,958)	(203,499)
Web Site		(718)	(2,243)
Insurance		(3,917)	(3,722)
Other expenses	4(b)	(85,378)	(188,519)
<b>Net surplus for the year</b>		<b>93,825</b>	<b>46,442</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>93,825</b>	<b>46,442</b>

*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 2011

	<i>Contributed funds</i>	<i>Retained surplus</i>	<i>Total equity</i>
	\$	\$	\$
<b>At 1 July 2009</b>	<b>30,000</b>	<b>468,922</b>	<b>498,922</b>
Profit for the year	-	46,442	46,442
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>46,442</b>	<b>46,442</b>
<b>At 30 June 2010</b>	<b>30,000</b>	<b>515,364</b>	<b>545,364</b>
<b>At 1 July 2010</b>	<b>30,000</b>	<b>515,364</b>	<b>545,364</b>
Profit for the year	-	93,825	93,825
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>93,825</b>	<b>93,825</b>
<b>At 30 June 2011</b>	<b>30,000</b>	<b>609,189</b>	<b>639,189</b>

*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 2011

	Note	2011 \$	2010 \$
<b>Cash flows from operating activities</b>			
Receipts from customers and donations		546,150	403,234
Payments to suppliers and employees		(468,150)	(246,752)
Payment of GST (net)		11,323	(4,769)
Interest received		45,740	26,953
Proceeds from related parties		97,988	-
<b>Net cash flows from operating activities</b>		<b>233,051</b>	<b>178,666</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment and software		(1,420)	(745)
Purchase of intangible assets		(60)	-
Purchase of short term-deposits		(709,944)	-
<b>Net cash flows used in investing activities</b>		<b>(711,424)</b>	<b>(745)</b>
<b>Cash flows from financing activities</b>			
<b>Net cash flows from financing activities</b>		-	-
Net (decrease)/increase in cash and cash equivalents		(478,373)	177,921
Cash and cash equivalents at beginning of year		764,663	586,742
Cash and cash equivalents at end of year	5	286,290	764,663

*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 2011

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## 1 CORPORATE INFORMATION

The financial report of Glycemic Index Limited (the Company) for the year ended 30 June 2011 was authorised for issue in accordance with a resolution of the directors on \_\_\_\_\_ 2011.

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

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Company Interpretations and the *Corporations Act 2001*. Some Australian equivalents to International Finance Reporting Standards (AIFRS) and other Australian Accounting Standards contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements, including Australian Accounting Standards AASB 102 *Inventories*, AASB 116 *Property, Plant and Equipment*, AASB 136 *Impairment of Assets* and AASB 1004 *Contributions*.

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

The financial statements of the Company comply with Accounting Standards - Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

#### (ii) Early adoption of standards

The Company has elected to apply the following pronouncements to the annual reporting period beginning 1 July 2010:

- AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*

This includes applying the revised pronouncement to the comparatives in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. None of the items in the financial statements had to be restated as the result of applying this standard. The adoption of AASB 1053 and AASB 2010-2 allowed the entity to remove a number of disclosures. There was no other impact on the current or prior year financial statements.

#### (iii) Historical cost convention

These financial statements have been prepared under the historical cost convention.

#### (iv) Currency

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

## Notes to the financial statements (continued)

For the year ended 30 June 2011

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### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (b) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short term deposits with an original maturity 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.

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

#### (c) 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.

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.

#### (d) 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 3 to 4 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

#### *Derecognition*

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income.

## Notes to the financial statements (continued)

For the year ended 30 June 2011

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (e) 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.

#### (f) 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.

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**

##### *Useful lives*

Finite

##### *Amortisation method used*

Amortised over 2.5 years

##### *Internally generated or acquired*

Acquired

##### *Impairment testing*

Whenever 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.

## Notes to the financial statements (continued)

For the year ended 30 June 2011

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### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (g) 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.

#### (h) 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 are deferred and recognised on a straight line basis over the licence period.

##### (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.

##### (iii) Donations income

Donations are recognised on the receipt of funds.

##### (iv) In-kind revenue

In-kind revenue is recognised at the fair value of contributions received and when the Company obtains full control of the contribution. This is in accordance to AASB 1004 *Contributions*.

#### (i) 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*.

## Notes to the financial statements (continued)

For the year ended 30 June 2011

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### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (j) 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 2011**

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### **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 2011

### 4 REVENUE AND EXPENSES

	2011 \$	2010 \$
<b>(a) Depreciation and amortisation expense</b>		
<i>Depreciation of non-current assets</i>		
Computer equipment	1,449	1,559
Total depreciation of non-current assets	<u>1,449</u>	<u>1,559</u>
<i>Amortisation of non-current assets</i>		
Intangible assets	2,050	2,334
Total amortisation of non-current assets	<u>2,050</u>	<u>2,334</u>
Total depreciation and amortisation expense	<u><u>3,499</u></u>	<u><u>3,893</u></u>
<b>(b) Other expenses</b>		
Advertising	145	142,467
Audit and accounting fee	14,401	7,280
Bank charges	664	1,172
Bad and doubtful debts	6,000	1,494
Conference expenses	21,428	19,346
Legal fees	2,528	8,470
Postage/Stationery	1,039	2,049
Promotion	4,765	-
Research	5,000	-
Subscriptions	893	-
Staff recruitment	1,388	-
Telephone	3,253	2,198
Travel	7,917	4,043
Withholding Tax	6,813	-
Loss on disposal of property, plant and equipment	353	-
Other expenses	8,791	-
Total other expenses	<u>85,378</u>	<u>188,519</u>

### 5 CASH AND CASH EQUIVALENTS

	2011 \$	2010 \$
Cash at bank and in hand	286,290	764,663
	<u>286,290</u>	<u>764,663</u>

#### (a) 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 2011

### 6 TRADE AND OTHER RECEIVABLES (CURRENT)

	2011 \$	2010 \$
Trade receivables	99,472	105,419
Allowance for impairment loss	(6,000)	-
	<u>93,472</u>	<u>105,419</u>
Accrued interest income	10,501	-
Carrying amount of trade receivables	<u><u>103,973</u></u>	<u><u>105,419</u></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 \$6,000 (2010: \$nil) 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:

	2011 \$	2010 \$
At 1 July	-	-
Charge for the year	6,000	-
At 30 June	<u><u>6,000</u></u>	<u><u>-</u></u>

### 7 PROPERTY, PLANT AND EQUIPMENT

	2011 \$	2010 \$
<i>Computer equipment</i>		
At cost	6,356	4,926
Accumulated depreciation	(4,991)	(3,497)
Net carrying amount	<u><u>1,365</u></u>	<u><u>1,429</u></u>

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

	2011 \$
<i>Computer equipment</i>	
Balance at the beginning of the year	
At cost	4,926
Accumulated depreciation	(3,497)
Net carrying amount	<u>1,429</u>
Additions	1,420
Disposals	(353)
Reclassification from software	318
Depreciation charge for the year	(1,449)
Balance at the end of the year - Net carrying amount	<u><u>1,365</u></u>



## Notes to the financial statements (continued)

For the year ended 30 June 2011

### 8 INTANGIBLE ASSETS

	2011 \$	2010 \$
<i>Software</i>		
Cost (gross carrying amount)	5,180	5,835
Accumulated amortisation and impairment	(4,600)	(2,967)
Net carrying amount	<u>560</u>	<u>2,868</u>

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

	2011 \$
<i>Software</i>	
Balance at the beginning of the year	
Cost (gross carrying amount)	5,835
Accumulated amortisation and impairment	(2,967)
Carrying amount - opening	<u>2,868</u>
Additions	60
Reclassification to computer equipment	(318)
Amortisation	(2,050)
Carrying amount - closing	<u>560</u>

#### (b) Description of the Group's intangible assets

##### (i) 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.

### 9 TRADE AND OTHER PAYABLES (CURRENT)

	2011 \$	2010 \$
Trade payables	14,693	14,694
Accruals	14,715	12,952
Goods and services tax	18,856	7,533
	<u>48,264</u>	<u>35,179</u>
Related party payables:		
Sydney University	221,719	110,669
JDRF - Reimbursement of Operational expenditure	13,544	26,606
	<u>235,263</u>	<u>137,275</u>
Carrying amount of trade and other payables	<u>283,527</u>	<u>172,454</u>

#### (a) Related party payables

For terms and conditions relating to related party payables refer to note 11.

## Notes to the financial statements (continued)

For the year ended 30 June 2011

### 10 COMMITMENTS AND CONTINGENCIES

As at 30 June 2011, there were no commitments or contingencies.

### 11 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 royalty fees of \$48,027 (2010: \$34,904). The company has also accrued an assignment fee of \$63,024 (2010: Nil). 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 Limited during the financial year were:

Mr Stephen Higgs	
Mr William Bonney	(Resigned: 17 June 2011)
Prof Janette Brand-Miller	
Dr Alan Barclay	
Mr Robert Barry	
Mr Michael Good	(Resigned: 30 June 2011)
Ms Stephanie Martin	
Mr Michael Wilson	

There were commercial transactions between two Directors (namely Stephanie Martin and Dr Alan Barclay) and 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

	2011	2010
	\$	\$
Key management personnel compensation	<u>225,958</u>	<u>203,499</u>

### 12 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.

### 13 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 2011 the number of members was 2 (2010: 2 members).

## Directors' declaration

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In accordance with a resolution of the directors of Glycemic Index Limited, 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 2011 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) 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, 8 NOV 2011

## **Independent auditor's report to the members of Glycemic Index Limited**

### **Report on the financial report**

We have audited the accompanying financial report of Glycemic Index Limited, which comprises the statement of financial position as at 30 June 2011, 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 referred to in the directors' report.

**Opinion**

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

- (a) giving a true and fair view of the financial position of Glycemic Index Limited at 30 June 2011 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

*L. Di Mento*

Loretta Di Mento  
Partner  
Sydney

Date: 8 November 2011