



# **Multiple Sclerosis Research Australia Limited**

ACN 008 581 431

Annual Financial Report for the Year Ended 30 June 2020

(Abridged version)

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# Multiple Sclerosis Research Australia Limited

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# Multiple Sclerosis Research Australia Limited

## Future Agreements for Research

The company enters into funding arrangements for periods between 1 to 5 years. Funding for these grants to researchers is paid in instalments and in accordance with the achievement of agreed milestones and Multiple Sclerosis Research Australia's capacity to pay. The company actively raises funds to meet future agreements and fund new grants while adhering to the donor's intention.

The Research Management Council meets annually in November to determine further amount of individual grants for Investigator Driven Research and Fellowships and Scholarships for periods up to 5 years in advance.

|  | <u>Research committed</u> |
|--|---------------------------|
| <b>RMC, Platform &amp; Other projects</b>              |                           |
| <b>RMC projects</b>                                    |                           |
| Fellowships and Scholarships                           | 1,166,560                 |
| Investigator Driven Projects                           | <u>1,280,590</u>          |
| <b>Total RMC projects</b>                              | <b>2,447,150</b>          |
| <b>Platform projects</b>                               |                           |
| MS Life Study/Longitudinal Study                       | 699,616                   |
| Prevention Study                                       | 569,870                   |
| Autologous Haematopoietic Stem Cell Transplant (AHSCT) | 772,500                   |
| COVID-19 research into MS                              | 70,000                    |
| ANZGene (refer comment below)                          | -                         |
| MS Brain Bank (refer comment below)                    | -                         |
| <b>Total Platform projects</b>                         | <u>2,111,986</u>          |
| <b>Other projects</b>                                  |                           |
| International Progressive MS Alliance                  | <u>2,682,281</u>          |
| <b>Total other projects</b>                            | <u>2,682,281</u>          |
| <b>Total Future Agreements as at date of signing</b>   | <b><u>7,241,417</u></b>   |

Comment:

In addition to the external funded research platforms in the table above, the company runs the ANZGene and MS Brain Bank research platforms which are internally funded.

## Declaration of Directors Interests

Directors have from time to time made non-specific donations to the Company.

The Company receives research contributions from Multiple Sclerosis state based organisations. During the financial year, four Directors, A/Prof Desmond Graham, Mr George Pampacos, Ms Sharlene Brown and Mr Ron Brent were also Directors of Multiple Sclerosis Australia.

Organisations that are associated with Associate Professor Desmond Graham may have received research funding. Associate Professor Desmond Graham has no financial interests in these organisations. He is not a member of the Research Management Council (RMC) and did not participate in the grant approval process through the RMC when these grants were assessed and approved.

# Multiple Sclerosis Research Australia Limited

## Statement of Comprehensive Income for the year ended 30 June 2020

|   | Notes | 2020<br>\$         | 2019<br>\$         |
|---|-------|--------------------|--------------------|
| <b>Gross Revenue</b>  |       |                    |                    |
| Donations & Fundraising   |       | 2,188,385          | 2,278,685          |
| Gifts in Will   |       | 88,714             | 389,000            |
| Kiss Goodbye to MS (include The May 50K fundraising campaign)                       |       | 6,986,474          | 2,760,257          |
| Pharmaceutical Sponsorships   |       | 283,125            | 20,000             |
| Government Grants   |       | 128,750            | 355,000            |
| Contributions from State based MS organisations and Multiple Sclerosis Australia    | 21(b) | 3,625,000          | 719,899            |
| Dividends received  |       | 13,236             | 16,677             |
| Interest revenue  |       | 155,086            | 205,978            |
| <b>Total Revenue</b>  |       | <b>13,468,770</b>  | <b>6,745,496</b>   |
| <b>Expenditure</b>  |       |                    |                    |
| Administration expenditure  |       | (851,426)          | (909,388)          |
| Kiss Goodbye to MS campaign   |       | (874,432)          | (664,538)          |
| Other Fundraising Expenditure   |       | (944,147)          | (649,517)          |
| Interest Expense  |       | (24,752)           | (7,566)            |
| <b>Research and Strategic Expenditure</b>   |       |                    |                    |
| Grants for Research   |       | (2,095,874)        | (1,910,923)        |
| Other Research Expenditure  |       | (976,415)          | (1,724,161)        |
| Research and Strategic Expenditure  |       | (1,201,723)        | (951,884)          |
| <b>Total Expenditure</b>  |       | <b>(6,968,769)</b> | <b>(6,817,977)</b> |
| <b>Income/(Deficit) before net fair value (loss)/gain on financial assets</b>       | 2     | <b>6,500,001</b>   | <b>(72,481)</b>    |
| Net fair value (loss)/gain on financial assets at fair value through profit or loss | 9     | (6,384)            | 8,118              |
| Income/(Deficit) before Income tax expense  |       | 6,493,617          | (64,363)           |
| Income tax expense  | 1(a)  | -                  | -                  |
| <b>Income/(Deficit) Attributable to Members of the Entity</b>                       |       | <b>6,493,617</b>   | <b>(64,363)</b>    |
| <b>Total comprehensive income/(deficit) for the year</b>                            |       | <b>6,493,617</b>   | <b>(64,363)</b>    |

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

# Multiple Sclerosis Research Australia Limited

## Statement of Financial Position as at 30 June 2020

|                                    | Notes | 2020<br>\$        | 2019<br>\$        |
|------------------------------------|-------|-------------------|-------------------|
| <b>ASSETS</b>                      |       |                   |                   |
| <b>Current assets</b>              |       |                   |                   |
| Cash and cash equivalents          | 15(a) | 1,658,783         | 2,060,845         |
| Short term investments             | 16    | 15,273,233        | 8,479,221         |
| Trade and other receivables        | 5     | -                 | 79,062            |
| Prepayment and other assets        | 5     | 126,645           | 249,501           |
| <b>Total current assets</b>        |       | <b>17,058,661</b> | <b>10,868,629</b> |
| <b>Non current assets</b>          |       |                   |                   |
| Plant and equipment                | 6     | 41,978            | 21,012            |
| Intangibles                        | 7     | 34,801            | 21,766            |
| Right-of-use assets                | 8     | 536,990           | -                 |
| Financial assets                   | 9     | 333,256           | 339,640           |
| <b>Total non current assets</b>    |       | <b>947,025</b>    | <b>382,418</b>    |
| <b>Total assets</b>                |       | <b>18,005,686</b> | <b>11,251,047</b> |
| <b>LIABILITIES</b>                 |       |                   |                   |
| <b>Current liabilities</b>         |       |                   |                   |
| Trade and other payables           | 10    | 676,953           | 685,445           |
| Lease liabilities                  | 12    | 144,199           | -                 |
| Income received in advance         | 11    | -                 | 289,325           |
| Annual leave payable               |       | 67,536            | 58,668            |
| Provision for long service leave   | 17    | 26,416            | 21,252            |
| <b>Total current liabilities</b>   |       | <b>915,104</b>    | <b>1,054,690</b>  |
| <b>Non current liability</b>       |       |                   |                   |
| Provision for long service leave   | 17    | 43,039            | 57,697            |
| Lease liabilities                  | 12    | 415,266           | -                 |
| <b>Total non current liability</b> |       | <b>458,305</b>    | <b>57,697</b>     |
| <b>Total liabilities</b>           |       | <b>1,373,409</b>  | <b>1,112,387</b>  |
| <b>Net Assets</b>                  |       | <b>16,632,277</b> | <b>10,138,660</b> |
| <b>Total Members' Funds</b>        |       |                   |                   |
| Contributed equity                 |       | 3,272,730         | 3,272,730         |
| Retained earnings                  | 13    | 13,359,547        | 6,865,930         |
|                                    |       | <b>16,632,277</b> | <b>10,138,660</b> |

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

# Multiple Sclerosis Research Australia Limited

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## Statement of Changes in Equity for the Year Ended 30 June 2020

|  | <b>Retained<br/>Earnings<br/>\$</b> | <b>Contributed<br/>Equity<br/>\$</b> | <b>Total<br/>\$</b> |
|--|-------------------------------------|--------------------------------------|---------------------|
| Balance as at 1 July 2018                  | 6,930,293                           | 3,272,730                            | 10,203,023          |
| Total comprehensive (deficit) for the year | (64,363)                            | -                                    | (64,363)            |
| Balance as at 30 June 2019                 | 6,865,930                           | 3,272,730                            | 10,138,660          |
| Total comprehensive income for the year    | 6,493,617                           | -                                    | 6,493,617           |
| Balance as at 30 June 2020                 | <b>13,359,547</b>                   | <b>3,272,730</b>                     | <b>16,632,277</b>   |

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

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# Multiple Sclerosis Research Australia Limited

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## Statement of Cash Flows for the Year Ended 30 June 2020

|  | <b>Note</b> | <b>2020</b><br><b>\$</b> | <b>2019</b><br><b>\$</b> |
|--|-------------|--------------------------|--------------------------|
| <b>Cash Flows From Operating Activities</b>                  |             |                          |                          |
| Cash receipts in course of operations                        |             | <b>13,090,185</b>        | 6,430,533                |
| Cash payments in course of operations                        |             | <b>(6,641,201)</b>       | (4,611,267)              |
| Lease interest paid  |             | <b>(24,752)</b>          | -                        |
| Net cash provided by operating activities                    |             | <b>6,424,232</b>         | 1,819,266                |
| <b>Cash Flows from Investing Activities</b>                  |             |                          |                          |
| (Purchase)/Disposal of plant and equipment                   |             | <b>(39,249)</b>          | (19,734)                 |
| (Purchase)/Disposal of intangibles                           |             | <b>(30,406)</b>          | -                        |
| Investment in term deposits                                  |             | <b>(6,794,011)</b>       | (1,638,859)              |
| Interest/Dividend income received                            |             | <b>168,322</b>           | 222,655                  |
| Net cash from/(used) in investing activities                 | 15(b)       | <b>(6,695,344)</b>       | (1,435,938)              |
| <b>Cash Flows from Financing Activities</b>                  |             |                          |                          |
| Leases repayments  |             | <b>(130,950)</b>         | -                        |
| Interest paid  |             | -                        | (7,566)                  |
| Net cash used in financing activities                        |             | <b>(130,950)</b>         | (7,566)                  |
| Net (decrease)/increase in cash and cash management          |             | <b>(402,062)</b>         | 375,762                  |
| Cash and cash equivalents at beginning of the financial year |             | <b>2,060,845</b>         | 1,685,083                |
| Cash and cash equivalents at end of the financial year       | 15(a)       | <b>1,658,783</b>         | 2,060,845                |

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

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# Multiple Sclerosis Research Australia Limited

**22. Additional Information furnished under the Charitable Fundraising Act 1991 (NSW), Fundraising Act 1998 (VIC), Collections Act 1966 (QLD) and Collections for Charities Act 2001 (TAS).**

|   | Year to 30 June 2020 |                  |                    | Year to 30 June 2019 |                  |                    |
|---|----------------------|------------------|--------------------|----------------------|------------------|--------------------|
|   | Gross revenue        | Direct Expense   | Net Proceeds       | Gross revenue        | Direct Expense   | Net Proceeds       |
| Fundraising and donations   | 2,188,385            | 944,147          | 1,244,238          | 2,278,685            | 649,517          | 1,629,168          |
| Gifts in Will   | 88,714               | -                | 88,714             | 389,000              | -                | 389,000            |
| Kiss Goodbye to MS  | 6,986,474            | 874,432          | 6,112,042          | 2,760,257            | 664,538          | 2,095,719          |
| Pharma Sponsorships   | 283,125              | -                | 283,125            | 20,000               | -                | 20,000             |
| Government Grants   | 128,750              | -                | 128,750            | 355,000              | -                | 355,000            |
| Contributions from State based MS organisations                       | 3,625,000            | -                | 3,625,000          | 719,899              | -                | 719,899            |
| <b>Total</b>  | <b>13,300,448</b>    | <b>1,818,579</b> | <b>11,481,869</b>  | <b>6,522,841</b>     | <b>1,314,055</b> | <b>5,208,786</b>   |
| Administrative Expenditure  |                      |                  | 851,426            |                      |                  | 909,388            |
| Net amount raised before Research and Strategic Expenditure           |                      |                  | 10,630,443         |                      |                  | 4,299,398          |
|   |                      |                  | % of Gross Revenue |                      |                  | % of Gross Revenue |
| Direct Expenditure  |                      |                  | 13.7%              |                      |                  | 20.1%              |
| Administrative Expenditure  |                      |                  | 6.4%               |                      |                  | 13.9%              |
| Total direct and administrative expenditure                           |                      |                  | 20.1%              |                      |                  | 34.1%              |
| Net amount raised goes to funding research and strategic expenditures |                      |                  | 79.9%              |                      |                  | 65.9%              |



# Multiple Sclerosis Research Australia Limited

## 22. Additional Information furnished under the Charitable Fundraising Act 1991 (NSW), Fundraising Act 1998 (VIC), Collections Act 1966 (QLD) and Collections for Charities Act 2001 (TAS) (Cont'd).

### (a) 1. Revenue as per Statement of Comprehensive Income

|   | 2020<br>\$        | 2019<br>\$       |
|---|-------------------|------------------|
| Total Gross Revenue                         | 13,468,770        | 6,745,496        |
| Less Interest revenue and dividend received | 168,322           | 222,655          |
|   | <u>13,300,448</u> | <u>6,522,841</u> |

### 2. Total Expenditure as per Statement of Comprehensive Income

|   |                  |                  |
|---|------------------|------------------|
| Total Expenditure                                       | <u>6,968,769</u> | <u>6,817,977</u> |
| Less:   |                  |                  |
| Research Grants   | 2,095,874        | 1,910,923        |
| Other Research Expenditure                              | 976,415          | 1,724,161        |
| Non Fundraising Costs - Research Grants and expenditure | <u>3,072,289</u> | <u>3,635,084</u> |
| Less:   |                  |                  |
| Audit Fees  | 28,250           | 27,000           |
| Multiple Sclerosis Australia services & other recharge  | 108,626          | 106,506          |
| Management: Employee & Other Costs                      | 714,550          | 775,882          |
| Research and Strategic Administration                   | <u>1,201,723</u> | <u>951,884</u>   |
| Non Fundraising Costs                                   | <u>2,053,149</u> | <u>1,861,272</u> |

### 3. Fundraising Costs as per Statement of Comprehensive Income

|  |                  |                  |
|--|------------------|------------------|
| Other fundraising costs                                    | 944,147          | 649,517          |
| Kiss Goodbye to MS   | <u>874,432</u>   | <u>664,538</u>   |
| Fundraising Costs as per Statement of Comprehensive Income | <u>1,818,579</u> | <u>1,314,055</u> |

### 4. Cost of Services Provided

|   |                  |                  |
|---|------------------|------------------|
| Non Fundraising Costs Research Grants and Expenditure | <u>3,072,289</u> | <u>3,635,084</u> |
|---|------------------|------------------|

### (a) Fundraising Activities Conducted

#### Gross Proceeds:

|  |                   |                  |
|--|-------------------|------------------|
| Fundraising, donations and Gifts in Will                         | 2,277,099         | 2,667,685        |
| Kiss Goodbye to MS   | 6,986,474         | 2,760,257        |
| Sponsorships - Pharmaceutical Companies                          | 283,125           | 20,000           |
| Government Grants  | 128,750           | 355,000          |
| Contributions from State based MS organisations and MS Australia | <u>3,625,000</u>  | <u>719,899</u>   |
| Gross Proceeds from Fundraising Appeals                          | <u>13,300,448</u> | <u>6,522,841</u> |

# Multiple Sclerosis Research Australia Limited

## 22. Additional Information furnished under the Charitable Fundraising Act 1991 (NSW), Fundraising Act 1998 (VIC), Collections Act 1966 (QLD) and Collections for Charities Act 2001 (TAS) (Cont'd).

### (b) Comparisons of Monetary figures and percentages

|   | 2020  |     | 2019                                      |     |
|---|---|-----|---|-----|
|   | \$  | %   | \$  | %   |
| Total Cost of Fundraising to Gross Fundraising Income   | 1,818,579 /<br>13,300,448                   | 14% | 1,314,055 /<br>6,522,841                  | 20% |
| Net Surplus from Fundraising to Gross Income from Fundraising   | [13,300,448 -<br>1,818,579] /<br>13,300,448 | 86% | [6,522,841 -<br>1,314,055] /<br>6,522,841 | 80% |
| Total Cost of Services to Total Expenditure (Less Fundraising Costs)  | 3,072,289 /<br>[6,968,769 -<br>1,818,579]   | 60% | 3,635,084 /<br>[6,817,977 -<br>1,314,055] | 66% |
| Total Cost of Services to Total Income Received (Less Interest revenue & Dividend received and Fundraising expenditure) | 3,072,289 /<br>[13,300,448 -<br>1,818,579]  | 27% | 3,635,084 /<br>[6,522,841 -<br>1,314,055] | 70% |

## 23 Impact of COVID-19 and subsequent events

### Impact of the COVID-19

The Board and management have considered the impact of Covid-19 on the Company's operations and financial performance and have noted that this has not had a significant impact to date and the Company's operations has been resilient. Instead the Company has achieved a surplus mainly due to the success of the May 50K community fundraising event and the additional research contribution from several MS state-based organisations. During the year, the Company received government assistance through the cash flow boost of \$50,000 but not the JobKeeper Payment.

In preparing the consolidated financial report, management has considered the impact of Covid-19 on the various balances in the financial report, including the carrying values of assets, as well as balances and accounting estimates for which cash flow forecasts are required to be prepared, such as the impairment assessment of goodwill and other intangible assets. Management determined that there was no significant impact of Covid-19 on these balances and accounting estimates.

### Subsequent events

The two entities: The Multiple Sclerosis Australia (Parent entity) and Multiple Sclerosis Research Australia Limited will merge into a fully intergrated organisation under one Chief Executive Officer and Board. The unification will continue and is expected to complete before end of next financial year.

Multiple Sclerosis Australia will remain committed to increasing funding for MS research to record levels and providing certainty to our researchers around their research and career paths. The new entity will be responsible for national and international relations.