



# **Multiple Sclerosis Australia**

ACN 008 515 508

Annual Financial Report for the Year Ended 30 June 2019

# Multiple Sclerosis Australia

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# Multiple Sclerosis Australia Directors' Report

The Directors of Multiple Sclerosis Australia ("MSA") submit herewith the annual financial report of the company and the consolidated entity (consists of Multiple Sclerosis Australia and its subsidiary, Multiple Sclerosis Research Australia Limited) for the financial year ended 30 June 2019.

The names and particulars of the directors of the company during and since the end of the year are:

Name	Relevant Experience
<b>Mr Ron Brent</b> Non-executive Director	Appointed: 14 June 2017 Director, Multiple Sclerosis Research Australia Limited Director, Multiple Sclerosis Limited Chairman, Multiple Sclerosis Limited, ACT Advisory Board
<b>Ms Sharlene Kaye Brown</b> Non-executive Director	Appointed: 22 July 2019 Director, Multiple Sclerosis Limited
<b>Mr Roger Burrell</b> Former Non-executive Vice President	Appointed: 30 September 2001 Appointed Vice President: 25 November 2017 Resigned Vice President: 24 November 2018 President, Multiple Sclerosis Society of Queensland Former Vice President, Multiple Sclerosis Society of Queensland
<b>Dr Annette Carruthers</b> Former Non-executive President	Appointed: 16 October 2014 Appointed President: 25 November 2017 Resigned: 24 November 2018 Former Director, Multiple Sclerosis Research Australia Limited Former President, Multiple Sclerosis Australia (November 2017 – November 2018) Former Vice-President, Multiple Sclerosis Australia (November 2015 - November 2017)
<b>Mr William Peter Day</b> Former Non-executive President	Appointed: 19 May 2008 Appointed President: 24 November 2018 Resigned: 7 September 2019 Vice Chair, Multiple Sclerosis Limited Former Chairman, Multiple Sclerosis Limited Former Director, Australia Home Care Services Pty Ltd
<b>Ms Christina Gillies</b> Non-executive Director	Appointed: 30 September 2001 Resigned: 7 September 2006 Reappointed: 20 May 2007 Director, Multiple Sclerosis Limited Former Director, Multiple Sclerosis Research Australia Limited
<b>Assoc. Professor Desmond Graham</b> Non-executive President	Appointed: 21 November 2014 Appointed: Vice President 24 November 2018 Appointed: President 26 September 2019 Director, Multiple Sclerosis Research Australia Limited Director, Multiple Sclerosis Limited Chair, Menzies Institute for Medical Research MS Research Flagship – Consumer and Community Reference Committee Former Chairman, Multiple Sclerosis Society of Tasmania

# Multiple Sclerosis Australia Directors' Report

Name	Relevant Experience
<b>Ms Christine Hahn</b> Non-executive Director	Appointed: 20 November 2016 Resigned: 16 January 2017 Reappointed: 11 October 2017 (effective 28 August 2017) Resigned: 29 July 2019 Former President, The Multiple Sclerosis Society of South Australia and Northern Territory Incorporated
<b>Mr Adrian Maxwell Hinton</b> Non-executive Director	Appointed: 29 July 2019 Director, The Multiple Sclerosis Society of South Australia and Northern Territory Incorporated.
<b>Ms Sophie Langshaw</b> Non-executive Director	Appointed: 17 October 2013 Director, Multiple Sclerosis Limited
<b>Mr Paul Murnane</b> Non-executive Director	Appointed: 30 November 2003 Resigned: 24 November 2018 Former Director/President, Multiple Sclerosis Research Australia Limited
<b>Mr George Pampacos</b> Non-executive Director	Appointed: 11 October 2017 President, The Multiple Sclerosis Society of Western Australia (Inc)
<b>Mr Garry Whatley</b> Non-executive Director	Appointed: 7 September 2019 Director, Multiple Sclerosis Limited

# Multiple Sclerosis Australia Directors' Report

## Directors' Meetings

During the financial year 2019, six directors' meetings were held and the number of meetings attended by each director of the company during the financial year are shown below.

Director	Note	Directors' Meetings		Audit & Risk Committee Meetings		Nominations Committee Meetings	
		Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend
Mr Ron Brent	(iii)	4	6	-	-	4	4
Ms Sharlene Brown		-	-	-	-	-	-
Mr Roger Burrell	(iii)	6	6	-	-	4	4
Dr Annette Carruthers	(i)	3	3	-	-	-	-
Mr William Peter Day	(ii)	3	6	2	2	-	-
Ms Christina Gillies		5	6	-	-	-	-
A/Prof Desmond Graham	(iii)	6	6	-	-	3	4
Ms Christine Hahn	(ii) (iii)	6	6	3	3	3	3
Mr Adrian Hinton		-	-	-	-	-	-
Ms Sophie Langshaw	(ii)	6	6	5	5	-	-
Mr Paul Murnane	(i)	3	3	-	-	-	-
Mr George Pampacos	(ii)	6	6	4	5	-	-
Mr Garry Whatley		-	-	-	-	-	-

(i) Director resignation during the financial year 2019.

(ii) **Members of Multiple Sclerosis Australia Audit and Risk Committee.**

The members of the Multiple Sclerosis Australia Audit and Risk Committee comprise, Ms Sophie Langshaw (appointed as Chair of the Committee on 24 November 2018), Mr George Pampacos, Ms Christine Hahn (appointed 24 November 2018) and Mr William Peter Day (resigned as Chair and member of the Committee on 24 November 2018).

(iii) **Members of Multiple Sclerosis Australia Nominations Committee.**

The members of the Multiple Sclerosis Australia Nominations Committee comprise Mr Ron Brent, Mr Roger Burrell (resigned as Chair of the Committee on 24 November 2018), Associate Professor Desmond Graham (appointed Chair of the Committee on 24 November 2018) and Ms Christine Hahn (resigned on 24 November 2018).

## Company Secretary

**Name**  
Ms Deidre Mackechnie

**Experience**  
Chief Executive Officer,  
Multiple Sclerosis Australia

# Multiple Sclerosis Australia Directors' Report

## Principal Activities

The principal activities of Multiple Sclerosis Australia are:

- (a) To provide assistance to people who have been diagnosed with Multiple Sclerosis and other chronic, degenerative, neurological diseases. This assistance will be provided to:
  - i. People who have been diagnosed with Multiple Sclerosis and other chronic, degenerative, neurological diseases, and their families and carers, to assist people who have been diagnosed to access and participate in, as far as they are able, all facets of life and to remove barriers that prevent them from enjoying equal access, opportunities and participation within the community; and
  - ii. Members and other organisations with similar purposes;
- (b) To support research into the cause, cure, effects and treatments of Multiple Sclerosis and other chronic, degenerative, neurological diseases, including the incidence, prevalence, economic, social and other effects of Multiple Sclerosis and other chronic, degenerative, neurological diseases on people and their Carers affected by these diseases; and
- (c) To provide and engage in education of the public and members of Parliaments in the effects of Multiple Sclerosis and advocate on behalf of people affected by Multiple Sclerosis.

## Auditor's Independence Declaration

During the financial year, the Australian Securities and Investment Commission (ASIC) consented the appointment of HLB Mann Judd after having received Deloitte Touche and Tohmatsu's resignation and the Board of Multiple Sclerosis Australia endorsement. The auditor's independence declaration is included on page 8.

## Income and property

The company's constitution specifically prohibits the payment of its income or property directly or indirectly by way of dividend bonus or otherwise to members of the Company.

## Review of Operations

The company and consolidated entity continued to pursue its principal activities throughout the year.

The company recorded a surplus of \$292,222 (2018: surplus of \$148,200) for the year. The consolidated entity recorded a surplus of \$227,859 (2018: surplus of \$442,496) for the year. Reduction in the surplus for the year compared to prior year has been mainly due to activities in its subsidiary entity, Multiple Sclerosis Research Australia Limited.

## Changes in State of Affairs and Likely Developments

In the opinion of directors, there were no significant changes in the affairs of the consolidated entity that occurred during the financial year other than as reported herein.

## Subsequent Events

There has not been any matter or circumstances that have arisen since the end of the financial year which significantly affected or might significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial years.

# Multiple Sclerosis Australia Directors' Report

## Indemnification and Insurance of Officers and Auditors

The company has agreed to indemnify all the directors against all liabilities to another person (other than the company or a related body corporate) that may arise from their position as directors of the company, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the company will meet the full amount of any such liabilities, including costs and expenses.

Since the end of the previous financial year the company has paid insurance premiums in respect of directors and officers liability and legal expenses insurance contracts for current directors and officers. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium paid.

The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

Signed in accordance with a resolution of the directors.

On behalf of the Directors



A/Professor Desmond Graham  
President

At Canberra Australia

2 October 2019



Mr George Pampacos  
Vice President

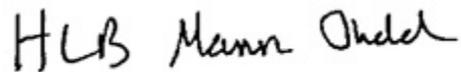
At Canberra Australia

2 October 2019

**Auditor's Independence Declaration to the members of Multiple Sclerosis Australia Limited:**

We declare that, to the best of our knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit of the financial report of Multiple Sclerosis Australia Limited for the year ended 30 June 2019.

This declaration is in relation to Multiple Sclerosis Australia and the entity it controlled during the period.



**HLB Mann Judd Assurance (NSW) Pty Ltd**  
**Chartered Accountants**

**Sydney, NSW**  
**2 October 2019**



**A G Smith**  
**Director**

**Independent Auditor's Report to the Members of Multiple Sclerosis Australia Limited:****REPORT ON THE AUDIT OF THE FINANCIAL REPORT****Opinion**

We have audited the financial report of Multiple Sclerosis Australia Limited ("the Parent Entity") and its controlled entity ("the Group") which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

- (a) the accompanying financial report of the company is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:
  - (i) giving a true and fair view of the Parent Entity's and the Group's financial position as at 30 June 2019 and of its financial performance and cash flows for the year then ended; and
  - (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*; and
- (b) the financial report gives a true and fair view of the financial result fundraising appeals for the financial year;
- (c) any money received as a result of fundraising appeals conducted during the year ended 30 June 2019 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act 1991*, the *Fundraising Act 1998 (VIC)*, and the Regulations thereto;
- (d) the financial statements and associated records have been properly kept during the financial year in accordance with provisions of the *Charitable Fundraising Act 1991 (NSW)*, the *Fundraising Act 1998 (VIC)*, and the Regulations thereto; and
- (e) at the date of this statement there are reasonable grounds to believe that the Group will be able to pay its debts as and when they are due.

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the directors, would be in the same terms if given as at the time of this auditor's report.

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

**hlb.com.au**

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### **Information Other than the Financial Report and Auditor's Report Thereon**

The Directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

### **Responsibilities of the Directors for the Financial Report**

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, the *Charities and Not-for-profits Commission Act 2012*, the *Charitable Fundraising Act 1991 (NSW)*, and the *Fundraising Act 1998 (VIC)*, and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

The Directors are responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

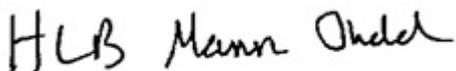
As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Parent Entity's or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Parent Entity or Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



**HLB Mann Judd Assurance (NSW) Pty Ltd**  
**Chartered Accountants**

**Sydney, NSW**  
**2 October 2019**



**A G Smith**  
**Director**

# Multiple Sclerosis Australia

## Declaration by Principal Officer in Respect of Fundraising Appeals

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(d) the internal controls exercised by Multiple Sclerosis Australia are appropriate and effective in accounting for all income received and applied by Multiple Sclerosis Australia from any of its fundraising appeals.



Ms Deidre Mackechnie  
Principal Officer

At Canberra Australia

2 October 2019

# Multiple Sclerosis Australia Responsible Persons Declaration

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## Responsible Persons Declaration

The directors declare that:

- (a) In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as when they become due and payable;
- (b) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and the *Charitable Fundraising Act 1991 (NSW)*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company.

Signed in accordance with a resolution of the directors made pursuant to s.60.15 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

On behalf of the directors



A/Professor Desmond Graham  
President

At Canberra Australia

2 October 2019



Mr George Pampacos  
Director

At Canberra Australia

2 October 2019

# Multiple Sclerosis Australia

## Statement of Comprehensive Income for the Year Ended 30 June 2019

	Note	Consolidated		Company	
		2019 \$	2018 (Restated) \$	2019 \$	2018 (Restated) \$
<b>Gross Revenue</b>					
Donations & Fundraising		2,426,700	2,577,369	148,015	209,183
Gifts in Will		839,122	447,183	450,122	115,000
Kiss Goodbye to MS		2,760,257	810,670	-	-
State-based MS organisations - research contribution	20(b)	631,899	2,235,595	-	-
State-based MS organisations - grants	20(b)	933,125	915,726	933,125	915,726
Sponsorships - Pharmaceutical Companies		20,000	399,778	-	40,000
Government Grants		365,000	276,250	10,000	-
Expense reimbursement	20(a)	-	-	106,451	104,387
Interest/dividend revenue		264,259	262,212	41,604	55,382
Revenue from ordinary activities		8,240,362	7,924,783	1,689,317	1,439,678
<b>Expenditure</b>					
Advocacy		(669,477)	(622,955)	(669,477)	(622,955)
Communications		(173,824)	(189,798)	(173,824)	(189,798)
National Management		(119,358)	(110,627)	(119,358)	(110,627)
Administration expenditure		(1,161,997)	(918,425)	(356,318)	(308,557)
Risk & Compliance		(17,094)	(23,648)	(17,094)	(23,648)
Kiss Goodbye to MS campaign		(664,538)	(314,523)	-	-
Other Fundraising costs		(648,603)	(468,635)	-	-
Interest Expense		(9,222)	-	(1,656)	-
<b>Research Expenditure</b>					
Grants for Research		(1,910,923)	(1,628,856)	-	-
Other Research Expenditure		(1,724,161)	(2,202,015)	-	-
Research & Strategic Expenditure		(950,056)	(963,121)	(88,000)	-
(Loss) on foreign currency exchange		(5,379)	(1,779)	(5,379)	(1,779)
Total Expenditure		(8,054,632)	(7,444,382)	(1,431,106)	(1,257,364)
<b>Surplus before investment transactions</b>		<b>185,730</b>	480,402	<b>258,211</b>	182,314
Net fair value gain/(loss) on financial assets at fair value through profit or loss	8	42,129	(37,906)	34,011	(34,114)
Income before Income tax		227,859	442,496	292,222	148,200
Income tax expense	1(a)	-	-	-	-
<b>Total comprehensive income for the year</b>		<b>227,859</b>	442,496	<b>292,222</b>	148,200

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

# Multiple Sclerosis Australia

## Statement of Financial Position as at 30 June 2019

	Note	Consolidated		Company	
		2019 \$	2018 (Restated) \$	2019 \$	2018 (Restated) \$
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	14(a)	2,231,403	1,917,804	170,558	232,721
Short term investments	15	9,952,942	7,997,344	1,473,721	1,156,982
Trade and other receivables	5	89,937	1,882,303	10,875	-
Prepayments and other assets	5	322,634	215,711	73,133	85,829
<b>Total Current Assets</b>		<b>12,596,916</b>	<b>12,013,162</b>	<b>1,728,287</b>	<b>1,475,532</b>
<b>Non-Current Assets</b>					
Plant and Equipment	6	28,186	18,211	7,174	7,118
Intangibles	7	22,926	69,401	1,160	2,896
Other financial assets	8	623,741	581,611	284,101	250,089
<b>Total Non-Current Assets</b>		<b>674,853</b>	<b>669,223</b>	<b>292,435</b>	<b>260,103</b>
<b>Total Assets</b>		<b>13,271,769</b>	<b>12,682,385</b>	<b>2,020,722</b>	<b>1,735,635</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Trade and other payables	9	751,986	339,694	66,541	82,107
Income received in advance		289,321	365,784	-	10,000
Annual leave and long service leave	10	173,263	164,691	93,343	90,721
<b>Total Current Liabilities</b>		<b>1,214,570</b>	<b>870,169</b>	<b>159,884</b>	<b>182,828</b>
<b>Non-Current Liabilities</b>					
Provisions	10	112,058	94,934	54,361	38,552
<b>Total Non-Current Liabilities</b>		<b>112,058</b>	<b>94,934</b>	<b>54,361</b>	<b>38,552</b>
<b>Total Liabilities</b>		<b>1,326,628</b>	<b>965,103</b>	<b>214,245</b>	<b>221,380</b>
<b>Net Assets</b>		<b>11,945,141</b>	<b>11,717,282</b>	<b>1,806,477</b>	<b>1,514,255</b>
<b>Retained Earnings</b>					
Contributed equity reserve	12 (a)	3,272,730	3,272,730	-	-
Retained earnings	12 (b)	8,672,411	8,444,552	1,806,477	1,514,255
<b>Total Retained Earnings</b>		<b>11,945,141</b>	<b>11,717,282</b>	<b>1,806,477</b>	<b>1,514,255</b>

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

# Multiple Sclerosis Australia

## Statement of Changes to Equity for the Year Ended 30 June 2019

	Consolidated			Company
	Retained Earnings	Contributed Equity Reserve	Total Equity	Retained Earnings
Balance as at 30 June 2017 (Restated)	8,002,056	3,272,730	11,274,786	1,366,055
Total Comprehensive Income for the year	442,496	-	442,496	148,200
Balance as at 30 June 2018 (Restated)	8,444,552	3,272,730	11,717,282	1,514,255
Total Comprehensive Income for the year	227,859	-	227,859	292,222
Balance as at 30 June 2019	8,672,411	3,272,730	11,945,141	1,806,477

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

# Multiple Sclerosis Australia

## Statement of Cash Flows for the Year Ended 30 June 2019

	Note	Consolidated		Company	
		2019	2018	2019	2018
		\$	\$	\$	\$
<b>Cash Flows From Operating Activities</b>					
Cash receipts in course of operations		8,061,246	7,858,901	1,630,713	1,448,572
Cash payments in course of operations		(6,013,488)	(7,374,702)	(1,402,221)	(1,380,813)
Net cash received from operating activities	14 (b)	<u>2,047,758</u>	<u>484,199</u>	<u>228,492</u>	<u>67,759</u>
<b>Cash Flows from Investing Activities</b>					
Interest received		255,006	238,339	32,350	31,508
Purchase of plant and equipment		(24,344)	(5,597)	(4,609)	(10,295)
Disposal of intangibles		-	(5,091)	-	-
Disposal of financial instruments		-	716,804	-	-
Investment in term deposits		(1,955,599)	(3,471,763)	(316,740)	(484,575)
Net cash from/(used) in investing activities		<u>(1,724,937)</u>	<u>(2,527,308)</u>	<u>(288,999)</u>	<u>(463,362)</u>
<b>Cash Flows from Financing Activities</b>					
Interest paid		(9,222)	-	(1,656)	-
Net cash used in financing activities		<u>(9,222)</u>	<u>-</u>	<u>(1,656)</u>	<u>-</u>
Net (decrease)/increase in cash and cash management		313,599	(2,043,109)	(62,163)	(395,603)
Cash and cash equivalents at beginning of the financial year		1,917,804	3,960,913	232,721	628,324
Cash and cash equivalents at end of the financial year	14 (a)	<u>2,231,403</u>	<u>1,917,804</u>	<u>170,558</u>	<u>232,721</u>

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

# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2019

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### 1. Summary of Accounting Policies

#### Statement of Compliance

The financial report is a Tier 2 general purpose financial report which has been prepared in accordance with Division 60 of the *Australian Charities and Not for Profits Commission Act 2012* and Australian Accounting Standards - Reduced Disclosure Requirements and complies with the *Charitable Fundraising Act 1991 (NSW)*.

The financial statements were authorised by the Directors on the 2 October 2019

#### Basis of Preparation

The financial report has been prepared on the basis of historical cost except financial assets which are at fair value through profit or loss. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars unless otherwise noted.

#### Adoption of New and Revised Accounting Standards

##### Standards and Interpretations affecting amounts reported in the current period

In the current year, the company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting.

##### New Accounting Standards and Interpretations issued and adopted

###### AASB 9 Financial Instruments

The Group has adopted AASB 9 for the first time for its annual reporting year commencing 1 July 2018. The Group changed its accounting policies and made certain retrospective adjustments following the adoption of AASB9. This is disclosed in the note below:

###### a. Impact on the financial statements

As a result of the changes in the Group's accounting policies the prior year financial information has been restated to conform to the new measurement and disclosure requirements of AASB9.

The following tables show the adjustments recognised for each individual like item. Line items that were not affected by the changes have not been included. As a result the sub-totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail below:

###### b. Impact on the Statement of Comprehensive Income for the year ended 30 June 2018

Company	As originally presented	Amendments as a result of adopting AASB 9	Restated
	\$	\$	\$
<b>Income before investment transactions</b>	<b>182,314</b>	-	182,314
Net fair value (loss)/gain on financial assets at fair value through profit or loss	-	(34,114)	(34,114)
<b>Income before Income tax expense</b>	<b>182,314</b>	<b>(34,114)</b>	<b>148,200</b>
Income tax expense	-	-	-
<b>Income Attributable to Members of the Entity</b>	<b>182,314</b>	<b>(34,114)</b>	<b>148,200</b>
Fair value (loss)/gain on available-for-sale financial asset during the year	(34,114)	34,114	-
<b>Total comprehensive income for the year</b>	<b>148,200</b>	<b>-</b>	<b>148,200</b>

# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2019

### 1. Summary of Accounting Policies (Cont'd)

Group	As originally presented	Amendments as a result of adopting AASB 9	Restated
	\$	\$	\$
<b>Income before investment transactions</b>	<b>480,402</b>	-	<b>480,402</b>
Net fair value (loss)/gain on financial assets at fair value through profit or loss	-	(37,906)	(37,906)
<b>Income before Income tax Expense</b>	<b>480,402</b>	<b>(37,906)</b>	<b>442,496</b>
Income tax expense	-	-	-
<b>Income Attributable to Members of the Entity</b>	<b>480,402</b>	<b>(37,906)</b>	<b>442,496</b>
Fair value (loss)/gain on available-for-sale financial asset during the year	(37,906)	37,906	-
<b>Total comprehensive income for the year</b>	<b>442,496</b>	-	<b>442,496</b>

#### c. Impact on the Statement of Financial Position as at 30 June 2018

Company	As originally presented	Amendments as a result of adopting AASB 9	Restated
	\$	\$	\$
Total assets	1,735,635	-	1,735,635
Total liabilities	221,380	-	221,380
<b>Net Assets</b>	<b>1,514,255</b>	-	<b>1,514,255</b>
<b>Total Members' Funds</b>			
Retained earnings	1,555,267	(41,012)	1,514,255
Available-for-sale reserve	(41,012)	41,012	-
	<b>1,514,255</b>	-	<b>1,514,255</b>
<b>Group</b>			
Total assets	12,682,385	-	12,682,385
Total liabilities	965,103	-	965,103
<b>Net Assets</b>	<b>11,717,282</b>	-	<b>11,717,282</b>
<b>Total Members' Funds</b>			
Contributed equity	3,272,730		3,272,730
Retained earnings	8,484,501	(39,949)	8,444,552
Available-for-sale reserve	(39,949)	39,949	-
	<b>11,717,282</b>	-	<b>11,717,282</b>

Changes in the fair value of all equity investments previously classified as available for sale are now presented in profit or loss.

As a result, the Company's assets with a fair value of \$250,089 as at 30 June 2018 were reclassified from Available-for-sale investments to financial assets at fair value through profit or loss. Reclassification of fair value losses prior to 1 July totalling \$6,898 were transferred from the Available-for-sale reserve to Retained Earnings. Fair value loss derived during the year ended 30 June 2018 of (\$34,114) was reclassified to net fair value gain/(loss) on financial assets at fair value through profit or loss.

#### d. Impact on Statement of Cash Flow for the year ended 30 June 2018

No impact on cash flow statement.

The adoption of AASB 9 did not have any other material impacts on the financial statements, including the adoption of AASB 9's new expected credit loss model, with all other financial assets continuing to be measured at amortised cost.

# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2019

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### 1. Summary of Accounting Policies (Cont'd)

#### Accounting Standards and Interpretations issued but not yet effective

At the date of authorisation of the financial statements, the Accounting Standards and Interpretations that were issued but not yet effective are listed below.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
<b>AASB 15</b> Revenue from Contracts with Customers	1 January 2019	30 June 2020
<b>AASB 16</b> Leases	1 January 2019	30 June 2020
<b>AASB 1058</b> Income for Not for Profits	1 January 2019	30 June 2020

#### **AASB 15 Revenue from Contracts with Customers**

AASB 15 Revenue from Contracts with Customers will replace AASB118 Revenue which covers contracts for goods and services and AASB 1004 which covers contributions received and receivable by a Not-for-profit private sector entities.

AASB118 Revenue standard is based on a principle that revenue is recognised when control of goods or services have been transferred. So the notion of control replaces the existing notion of risks and rewards.

The standard is effective for the Group from 1 July 2019.

#### **AASB 16 Leases**

AASB 16 Leases removes the distinction between operating and finance leases. If the agreement meets the definition of a lease, it will be recorded on the Statement of Financial Position. The Statement of Financial Position will record the right of use, under non-current asset and a lease liability (current and non-current). The Statement of Comprehensive Income will show interest expense and depreciation of the right to use the asset.

Exceptions to the above treatment are (1) short term leases with a lease term of less than 12 months or (2) low value assets (below \$10,000).

The standard is effective for the Group from 1 July 2019.

#### **AASB 1058 Income of Not-for-Profit Entities**

This is an additional revenue standards that covers contracts with customers that do not meet the criteria for AASB 15 accounting described earlier. Revenue is recognised on receipt. This standard is effective for the Group from 1 July 2019.

The Group will review the introduction of the new Accounting Standards that is effective from 1 July 2019 and the disclosure requirements in the financial year 2020.

# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2019

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### 1. Summary of Accounting Policies (Cont'd)

#### Critical Accounting and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making these judgements. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of Australian Accounting Standards that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2019, and the comparative information presented in these financial statements for the year ended 30 June 2018.

#### Significant Accounting Policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other event is reported. The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

##### (a) Taxation

The company is an exempt body for income tax purposes under the provisions of Section 50-50 and Section 50-52 of the *Income Tax Assessment Act (1997)* and accordingly no provision for income tax or income tax expense has been made.

##### (b) Recoverable Amount of Non-Current Assets

Plant and equipment are brought to account at cost less, where applicable, any accumulated depreciation and impairment. The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining the recoverable amount. If the carrying amount of the non-current assets exceeds the recoverable amount, the asset is written down to the lower amount.

##### (c) Plant and Equipment

Depreciation is provided on plant and equipment and is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life commencing from the time the asset is held ready for use. The depreciation rates used for each class are as follows:

	2019	2018
	%	%
Furniture and Fittings	<b>10</b>	10
Computer equipment	<b>33</b>	33

# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2019

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### 1. Summary of Accounting Policies (Cont'd)

#### (d) *Receivables*

Trade receivables and other receivables are recorded at amortised costs less any allowance for expected credit losses.

#### (e) *Payables*

Trade payables and others are recognised when the entity becomes obliged to make future payments resulting from the purchase of goods and services.

#### (f) *Provisions*

Provisions are recognised when the Group has a present obligation, (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is probable that recovery will be received and the amount of the receivable can be measured reliably.

#### (g) *Revenue Recognition*

##### Grants from Members

Grants are recognised as they accrue with the agreement of the relevant Member.

##### Donations/sponsorship – unspecified and non-reciprocal

Unspecified and non-reciprocal donations and sponsorships are contributions and are recognised when the entity obtains control, it is probable that the economic benefits will flow and the contribution can reliably be measured. This is normally recognised when cash is received.

##### Donations/sponsorship – specified and non-reciprocal

Specified and non-reciprocal donations and sponsorships are recognised when the entity obtains control, it is probable that the economic benefits will flow and the contribution can reliably be measured. This is normally recognised when cash is received. Donations/sponsorships received that are tied to a particular activity or provided for a specified purpose are spent in a manner consistent with the donor's intention.

##### Program Funding / Reciprocal Sponsorship

Program funding (including Government funding) is recognised with reference to the terms of the contract. Where funding is received of a reciprocal nature the funding is treated as revenue under AASB 118 and brought to account on a stage of completion basis. Non-reciprocal contributions are accounted for under AASB 1004 and recognised as revenue when control passes.

##### Interest Revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

##### Dividends

Dividends are recognised when it is declared and received in the investment account. When the payout dividends are franked dividends, the company will accrue the franking credits during the financial year on an accrual basis and subsequently lodge a claim to the Australia Taxation Office on the franking credits.

# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2019

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### 1. Summary of Accounting Policies (Cont'd)

#### (h) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.
- iii. where fundraising events held are declared as an input credit tax event all revenue and expenditure are recorded inclusive of GST. No amount is payable to/from ATO. Up to 15 events of this type can be declared as an input tax credit event prior to commencement in a single financial year.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office ("ATO") is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

#### (i) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments.

#### (j) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably. In the financial year 2019, the Group accrued provision for long service leave from the commencement date of employment.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Under AASB119, liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

#### (k) Intangibles

During the financial year, the Group has reviewed its intangible assets and those assets that are not income generating have been expensed during the year. In line with AASB 138 Intangible Assets, website costs that are solely income generating are eligible to be capitalised, for example KissGoodbye to MS website which is an income generating fundraising campaign website. Amortisation is calculated on a straight-line basis over 5 years.

# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2019

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### 1. Summary of Accounting Policies (Cont'd)

#### (l) Impairment of non-financial asset

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering both external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### (m) Financial instruments

##### (i) Classification

Upon adoption of AASB 9, the Group classified its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss ("FVPL"), and;
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

##### (ii) Recognition and Derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

##### (iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset.

##### (iv) Impairment

From 1 July 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and equity instruments carried at FVPL. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

##### (v) Application of revised accounting policies

The Group has applied AASB 9 retrospectively and has elected to restate comparative information. Details of the restatement are disclosed in Note 1.

#### (n) Leases

Leases in which significant portion of the risks and rewards of ownership are not transferred to the company as lessee are classified as operating leases. Payments under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

#### (o) Short term investment

Short term investment represents term deposits held with banks with short to medium term maturity periods. The investments are measured at amortised cost using effective interest method, less any impairment.

# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2019

### 1. Summary of Accounting Policies (Cont'd)

(p) Comparative figures

The comparative figures have been amended, where necessary, to conform to current reporting requirements.

### 2. Profit From Ordinary Activities

	Consolidated		Company	
	2019	2018	2019	2018
	\$	\$	\$	\$
Surplus from ordinary activities before income tax include the following:				
<b>Expenditure</b>				
Depreciation of Plant and Equipment	14,367	21,277	4,552	7,342
Amortisation of Intangibles	19,236	25,015	1,736	1,737
Annual leave and Long service leave	190,448	226,217	76,001	94,468
Employee benefits	<b>2,295,130</b>	2,160,544	<b>800,759</b>	802,359

### 3. Key Management Personnel Compensation

	Company	
	2019	2018
	\$	\$
Short Term Benefits	296,372	286,748
Post-employment benefits	28,067	27,241
Total	<b>324,439</b>	313,989

### 4. Remuneration of Auditors

HLB Mann Judd (FY2018: Deloitte Touche and Tohmatsu):

Amounts received or receivable by auditors for auditing the financial report.

	<b>44,000</b>	49,725		<b>17,000</b>	24,225
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During the financial year, the Company received consent from the Australian Securities and Investment

### 5. Trade and Other Receivables

(a) **Current**

Trade Debtors	51,750	48,560	188	-
Amounts receivable from state based organisation	38,187	1,833,743	10,687	-
Total Trade Debtors net of provision for doubtful debts	<b>89,937</b>	1,882,303	<b>10,875</b>	-
Accrued income	92,751	106,339	22,182	34,060
Prepayments and others	229,883	109,372	50,951	51,769
	<b>322,634</b>	215,711	<b>73,133</b>	85,829
Total Trade Receivable and Other Financial Assets	<b>412,571</b>	2,098,014	<b>84,008</b>	85,829
Aged receivables				
1-30 days	35,272	1,873,343	7,772	-
31-60 days	54,477	7,975	2,915	-
61-90 days	-	985	-	-
Over 90 days	188	-	188	-
Total Trade Debtors	<b>89,937</b>	1,882,303	<b>10,875</b>	-

# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2019

### 6. Plant and Equipment

	Consolidated		Company	
	2019	2018	2019	2018
	\$	\$	\$	\$
Cost	175,265	78,197	47,157	29,684
Accumulated depreciation	(147,079)	(59,986)	(39,983)	(22,566)
	<u>28,186</u>	<u>18,211</u>	<u>7,174</u>	<u>7,118</u>

Reconciliation of the carrying amounts is set out below:

Carrying amount at beginning of year	18,211	33,891	7,118	4,164
Additions	24,343	5,597	4,608	10,296
Depreciation expense	(14,368)	(21,277)	(4,552)	(7,342)
	<u>28,186</u>	<u>18,211</u>	<u>7,174</u>	<u>7,118</u>

### 7. Intangibles

Cost	96,180	130,160	8,680	8,681
Accumulated depreciation	(73,254)	(60,759)	(7,520)	(5,785)
	<u>22,926</u>	<u>69,401</u>	<u>1,160</u>	<u>2,896</u>

Reconciliation of the carrying amounts is set out below:

Carrying amount at beginning of year	69,401	89,325	2,896	4,633
Additions	-	5,091	-	-
Disposals	(27,239)	-	-	-
Depreciation expense	(19,236)	(25,015)	(1,736)	(1,737)
	<u>22,926</u>	<u>69,401</u>	<u>1,160</u>	<u>2,896</u>

During the financial year the Subsidiary disposed of website expenditure of \$27,238. Intangible assets can be capitalised when it can demonstrate that the website developed is an income generating intangible asset.

### 8. Other financial assets

#### Non-current:

Financial assets at fair value through profit or loss: Shares and preference shares in financial institutions

<u>623,741</u>	<u>581,611</u>	<u>284,101</u>	<u>250,089</u>
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Consolidated: The fair value of preference shares with Commonwealth Bank, National Australia Bank, and Westpac and ordinary shares with Commonwealth Bank are determined by using the market rates at the end of the reporting period and changes in the fair value is recognised as profit or loss.

During the financial year the Company continued to hold Commonwealth Bank ordinary shares that were donated in January 2017. The Subsidiary entity remain conservative and invested majority of its excess funds in short term Term Deposits with National Australia Bank subject to creation of an Investment Policy.

During the financial year, the Group recognised a net gain of \$42,129 (2018: net loss of \$37,906) arising from fair value changes. The intent is to hold the investments through to maturity on the preference shares.

# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2019

### 9. Trade and other payables

	Consolidated		Company	
	2019	2018	2019	2018
	\$	\$	\$	\$
<b>Current</b>				
Trade payables	483,855	129,578	8,282	7,758
Amounts payable to Members	-	250	-	250
Amounts payable to Multiple Sclerosis Research Australia Limited	-	-	-	250
Total Trade payables	<u>483,855</u>	<u>129,828</u>	<u>8,282</u>	<u>8,258</u>
Net of GST Payable/Receivable	7,669	95,287	7,669	15,254
Accruals and other payables	<u>260,462</u>	<u>114,579</u>	<u>50,590</u>	<u>58,595</u>
Total Other payables	<u>268,131</u>	<u>209,866</u>	<u>58,259</u>	<u>73,849</u>
Total Trade and other payables	<u><b>751,986</b></u>	<u><b>339,694</b></u>	<u><b>66,541</b></u>	<u><b>82,107</b></u>

The average credit period on purchases is 30 days. No interest is charged on trade payables. The Company has financial risk policies to ensure that all payables are paid within the credit terms.

### 10. Annual leave and Long service leave

#### Current

#### Annual Leave Liabilities

Carrying amount at beginning of year	129,055	137,784	72,339	66,786
Additional provision recognised	164,456	140,332	56,440	54,706
Reduction by payment to employees	<u>(163,634)</u>	<u>(149,061)</u>	<u>(57,570)</u>	<u>(49,153)</u>
Balance of current provision at 30 June	<u>129,877</u>	<u>129,055</u>	<u>71,209</u>	<u>72,339</u>

#### Provision for Long Service Leave Liabilities

Carrying amount at beginning of year	35,636	23,642	18,382	17,172
Additional provision recognised	8,868	22,031	3,752	1,210
Reduction by payment to employees	<u>(1,118)</u>	<u>(10,037)</u>	<u>-</u>	<u>-</u>
Balance of current provision at 30 June	<u>43,386</u>	<u>35,636</u>	<u>22,134</u>	<u>18,382</u>
	<u><b>173,263</b></u>	<u><b>164,691</b></u>	<u><b>93,343</b></u>	<u><b>90,721</b></u>

#### Non-current

#### Provision for Long Service Leave Liabilities

Carrying amount at beginning of year	94,934	31,080	38,552	-
Additional provision recognised	<u>17,124</u>	<u>63,854</u>	<u>15,809</u>	<u>38,552</u>
Balance of current provision at 30 June	<u><b>112,058</b></u>	<u><b>94,934</b></u>	<u><b>54,361</b></u>	<u><b>38,552</b></u>

# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2019

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### 11. Number of Employees

The number of full time equivalents employed as at 30 June 2019 and 2018, respectively are:

	Consolidated		Company	
	2019 Number	2018 Number	2019 Number	2018 Number
FTE employed as at 30 June	<u>19.8</u>	<u>17.8</u>	<u>6.4</u>	<u>6.4</u>

### 12 (a) Contributed equity reserve

On 18 December 2012, 7 members of the State-based MS organisations passed control of Multiple Sclerosis Research Australia Limited to Multiple Sclerosis Australia. The members of the Multiple Sclerosis Societies were: (1) Multiple Sclerosis Society of New South Wales, (2) Multiple Sclerosis Society of Victoria, (3) Multiple Sclerosis Society of Queensland, (4) Multiple Sclerosis Society of South Australia and Northern Territory (Inc), (5) Multiple Sclerosis Society of Tasmania, (6) Multiple Sclerosis Society of Western Australia (Inc) and (7) Multiple Sclerosis Society of the Australian Capital Territory (Inc).

### 12 (b) Retained Earnings

	Consolidated		Company	
	2019 \$	2018 (Restated) \$	2019 \$	2018 (Restated) \$
Retained Earnings at the beginning of the year	8,444,552	8,002,056	1,514,255	1,366,055
Net surplus attributable to members	<u>227,859</u>	<u>442,496</u>	<u>292,222</u>	<u>148,200</u>
Retained Earnings at the end of the year	<u>8,672,411</u>	<u>8,444,552</u>	<u>1,806,477</u>	<u>1,514,255</u>

### 13. Members' Guarantee

The company is limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute a maximum of \$50 (2018:\$50) towards meeting any outstanding obligations of the Company.

At 30 June 2019 the number of members were 4 (2018: 4). The members were: (1) Multiple Sclerosis Limited; (2) Multiple Sclerosis Society of Queensland; (3) The Multiple Sclerosis Society of South Australia and Northern Territory Inc; and (4) The Multiple Sclerosis Society of Western Australia Inc.

#### Membership

Multiple Sclerosis Research Australia Limited acts as the research arm of Multiple Sclerosis Australia to accelerate research that contributes to the worldwide effort to solve MS. It was established in 2003 to facilitate MS research at research institutes and universities around Australia and overseas, and raise funds as required. This research is chosen based on scientific governance principles, independently from Multiple Sclerosis Australia's members.

Multiple Sclerosis Australia is the sole member of Multiple Sclerosis Research Australia Limited. Multiple Sclerosis Research Australia Limited retains its own Board, CEO and staff to ensure continuing focus on funding the best Australian and International MS research, advocacy of MS research and strong fundraising governance principles. The activities of Multiple Sclerosis Research Australia Limited have been consolidated into Multiple Sclerosis Australia's financial statements in the year.

# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2019

### 14. Notes to the Statement of Cash Flows

#### (a) Reconciliation of Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents include cash on hand and in bank. Cash and cash equivalents at the end of the financial year as shown in the Statement of Cash Flow is reconciled to the related items in the Statement of Financial Position as follows:

	Consolidated		Company	
	2019	2018	2019	2018
	\$	\$	\$	\$
Cash on hand and at financial institution	<b>2,231,403</b>	1,917,804	<b>170,558</b>	232,721

#### (b) Reconciliation of net surplus before tax to Net Cash provided by Operating Activities

	2019	2018	2019	2018
	\$	(Restated) \$	\$	(Restated) \$
Net surplus before tax	<b>227,859</b>	442,496	<b>292,222</b>	148,200
<b>Add/(less) investing and non cash items:</b>				
Fair value movement on financial assets	<b>(42,129)</b>	37,906	<b>(34,011)</b>	34,114
Write-off intangible website cost	<b>27,239</b>	-	-	-
Interest Income	<b>(255,006)</b>	(238,339)	<b>(32,350)</b>	(31,508)
Interest Expense	<b>9,222</b>	-	<b>1,656</b>	0
Depreciation of plant and equipment	<b>14,368</b>	21,277	<b>4,552</b>	7,342
Amortisation of intangibles	<b>19,236</b>	25,015	<b>1,736</b>	1,737
<b>Changes in net assets and liabilities</b>				
Decrease in trade receivables and other assets	<b>1,685,689</b>	540,287	<b>1,821</b>	63,846
Increase/(Decrease) in trade and other payables	<b>335,584</b>	(411,562)	<b>(25,566)</b>	(201,287)
Increase in provisions	<b>25,696</b>	67,119	<b>18,431</b>	45,315
<b>Net cash provided by the operating activities</b>	<b>2,047,758</b>	484,199	<b>228,492</b>	67,759

### 15. Short term investments

	2019	2018	2019	2018
	\$	\$	\$	\$
Term deposits (term of more than 3 months)	<b>9,952,942</b>	7,997,344	<b>1,473,721</b>	1,156,982

During the financial year, the Group invested in short term investments with National Australia Bank with an average maturity of 241.4 days (2018: 326.8 days).

### 16. Contingencies

The Group has a bank guarantee of \$125,408 (2018: \$83,781) in place for 5-year lease of an office premise in North Sydney. The Group has no other contingencies as at the date of this report.

# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2019

### 17. Operating lease

	Consolidated		Company	
	2019	2018	2019	2018
	\$	\$	\$	\$
Non-cancellable operating lease commitments:				
Less than 1 year	158,452	131,447	1,020	1,378
Later than 1 year and not later than 5 years	602,364	760,815	170	1,190
<b>Total commitment</b>	<b>760,816</b>	<b>892,262</b>	<b>1,190</b>	<b>2,568</b>

Operating lease relates to the following items:

\* During the financial year, Multiple Sclerosis Research Australia Limited extended its existing office lease agreement for another 5 years to 20 December 2023.

\* Photocopy rentals with BBC Digital, for 5 years ending August 2020.

### 18. Financial Instruments

#### (a) Capital Risk Management

The capital structure of the company is underpinned by contributions from external funders and retained earnings. The structure is supported by holdings of cash and cash equivalents to meet the present and future obligations.

#### (b) Financial Risk Management objectives

The Directors manage the financial risks relating to the operations of the Group. The Group does not enter into or trade financial instruments for speculative purposes nor does it use derivative instruments. The company's financial risk exposure is primarily due to changes in interest rates.

#### (c) Fair Value of Financial Instruments

The carrying amounts of financial assets and financial liabilities on the financial statements at fair value. The following table gives information about how the fair value of these financial assets are determined as a consolidated entity:

Financial asset	Fair value as at		Fair value hierarchy	Valuation technique and key inputs
	30 June 2019	30 June 2018		
	\$	\$		
Financial assets at fair value through profit or loss	623,741	581,611	Level 1	Quoted bid prices in an active market

Further information on financial asset is disclosed in Note 8.

### 19. Economic Dependence

The Group is dependent on its income by way of grants from its state based members in the current financial year of \$933,125 (2018: \$915,726) which represents 55% (2018: 64.0%) of total revenue.

# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2019

### 20. Related Party Transactions

	Consolidated		Company	
	2019	2018 (Restated)	2019	2018 (Restated)
	\$	\$	\$	\$
<b>(a) <u>Transactions with Multiple Sclerosis Research Australia Limited</u></b>				
Recharge to Multiple Sclerosis Research Australia Limited	-	-	106,451	104,387
Research contribution to Multiple Sclerosis Research Australia	-	-	(88,000)	-
Recharge from Multiple Sclerosis Research Australia Limited	-	-	(2,388)	(1,854)

During the current financial year, Multiple Sclerosis Australia provided administration services, recharged a portion of the total Multiple Sclerosis International Federation membership subscription and media monitoring services at a net cost of \$106,451 (2018: \$104,387, financial services and MSIF membership subscription only) to Multiple Sclerosis Research Australia Limited. In the same financial year Multiple Sclerosis Research Australia Limited provided other administration services at a net cost of \$2,388 (2018: \$1,854) to Multiple Sclerosis Australia.

During the financial year, Multiple Sclerosis Australia signed an agreement with its subsidiary to partially fund a Social and Applied Research position of \$88,000 over a period of 18 months.

<b>(b) <u>Grants from State based MS Organisations</u></b>				
Multiple Sclerosis Limited	917,871	906,910	587,871	576,910
Multiple Sclerosis Society of Queensland	186,623	183,143	186,623	183,143
MS Development and Research Foundation of Queensland Inc	226,899	380,595	-	-
The Multiple Sclerosis Society of South Australia and Northern Territory Incorporated	96,656	95,786	46,656	45,786
The Multiple Sclerosis Society of Western Australia Incorporated	111,975	1,609,887	111,975	109,887
	<b>1,540,024</b>	3,176,321	<b>933,125</b>	915,726
Deferred research contributions from Multiple Sclerosis Society of South Australia and Northern Territory Inc. from FY2018 into FY2019	25,000	(25,000)	-	-
Total Income from State based MS organisations	<b>1,565,024</b>	3,151,321	<b>933,125</b>	915,726

During the financial year state-based MS organisations provided grants of \$933,125 (2018: \$915,726) to the Company and \$1,540,024 (2018: \$3,176,321) to the Group respectively.

Total Grants and research contributions from State based MS organisations are reflected on page 13 of the Statement of Comprehensive Income: Consolidated of \$1,565,024 (2018: \$3,151,321) and Company of \$933,125 (2018: \$915,726).

During the financial year, Multiple Sclerosis Australia entered into an agreement with KPMG on a Customer Insight Project that was fully recharged to the state-based MS organisations a total of \$177,000. A balance of \$37,000 is due to KPMG and recharged on completion of the project in FY2020. The revenue and expenditure on this project is not recorded in the Statement of Comprehensive Income, in line with AASB 118. No commission was earned by Multiple Sclerosis Australia.

During the financial year, Multiple Sclerosis Australia entered into an agreement with its subsidiary, Multiple Sclerosis Research Australia Limited in support of a Social and Applied Research Translation position of \$88,000 over a period of 18 months. At consolidated entity, the revenue received by its subsidiary offset by the expense incurred by the Company.

# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2019

20. Related Party Transactions (Cont'd)	Consolidated		Company	
	2019	2018	2019	2018
	\$	\$	\$	\$
(c) <b><u>Amounts owed to Multiple Sclerosis Australia by related parties:</u></b>				
<b><u>Current</u></b>				
Multiple Sclerosis Limited	-	156,243	-	-
Multiple Sclerosis Society of Queensland	<b>4,858</b>	-	<b>4,858</b>	-
The Multiple Sclerosis Society of South Australia and Northern Territory Incorporated	<b>27,500</b>	27,500	-	-
The Multiple Sclerosis Society of Western Australia Incorporated	<b>5,829</b>	1,650,000	<b>5,829</b>	-
<b>Total</b>	<b>38,187</b>	1,833,743	<b>10,687</b>	-

Amounts receivable from state based MS organisations around Australia are related to research contributions owed to Multiple Sclerosis Research Australia and KPMG Customer Insight expenditure owed to Multiple Sclerosis Australia at year end.

(d) <b><u>Amounts owed by Multiple Sclerosis Australia to related parties:</u></b>				
<b><u>Current</u></b>				
Multiple Sclerosis Limited	-	250	-	250
Multiple Sclerosis Research Australia Limited	-	-	-	250
<b>Total</b>	-	<b>250</b>	-	500

(e) <b><u>In-kind donation by Multiple Sclerosis Limited to related parties:</u></b>				
Multiple Sclerosis Limited	<b>14,400</b>	14,400	<b>14,400</b>	14,400

During the current financial year Multiple Sclerosis Limited provided in-kind services relating to Human Resource and Payroll services to the Company \$6,000 (2018: \$6,000) and to the Group \$6,000 (2018: \$22,000) as well as rent free office space at its Blackburn VIC premise to the Company \$8,400 (2018: \$8,400). These amounts are an estimated amount sourced from a few providers.

(f) **Financing activities with related parties**

No new loans in 2019 (2018: Nil).

# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2019

### 21. 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) on a program basis

#### Consolidated

	Year to 30 June 2019			Year to 30 June 2018		
	Gross Revenue	Direct Expense	Net Proceeds	Gross revenue	Direct Expense	Net Proceeds
Fundraising & donations	2,426,700	648,603	1,778,097	2,577,369	468,635	2,108,734
Gifts in Will	839,122	-	839,122	447,183	-	447,183
Kiss Goodbye to MS	2,760,257	664,538	2,095,719	810,670	314,523	496,147
State-based MS organisations - research contribution	631,899	-	631,899	2,235,595	-	2,235,595
State-based MS organisations - grants (Note 1)	933,125	-	933,125	915,726	-	915,726
Sponsorships Pharmaceutical Companies	20,000	-	20,000	399,778	-	399,778
Government Grants	365,000	-	365,000	276,250	-	276,250
<b>Total</b>	<b>7,976,103</b>	<b>1,313,141</b>	<b>6,662,962</b>	<b>7,662,571</b>	<b>783,158</b>	<b>6,879,413</b>
Administration expenditure (Note 2)			(1,313,050)			(950,091)
Net amount raised before Cost of Services Provided, Bad Debt Expense and Interest			5,349,912			5,929,322

	% of Gross Revenue	% of Gross Revenue
Direct Expenditure	16.5%	10.2%
Administration expenditure	16.5%	12.4%
Total Expenditure	32.9%	22.6%
Net amount raised	67.1%	77.4%

#### Company

	Year to 30 June 2019			Year to 30 June 2018		
	Gross Revenue	Direct Expense	Net Proceeds	Gross Revenue	Direct Expense	Net Proceeds
Fundraising & donations	148,015	-	148,015	209,183	-	209,183
Gifts in Will	450,122	-	450,122	115,000	-	115,000
State-based MS organisations - grants (Note 1)	933,125	-	933,125	915,726	-	915,726
Sponsorships	-	-	-	40,000	-	40,000
Government Grants	10,000	-	10,000	-	-	-
<b>Total</b>	<b>1,541,262</b>	<b>-</b>	<b>1,541,262</b>	<b>1,279,909</b>	<b>-</b>	<b>1,279,909</b>
Administration expenditure (Note 2)			(499,805)			(444,611)
Net amount raised before Cost of Services Provided, Bad Debt Expense, Interest and recharge			1,041,457			835,298

	% of Gross Revenue	% of Gross Revenue
Direct Expenditure	0.0%	0.0%
Administration expenditure	32.4%	34.7%
Total Expenditure	32.4%	34.7%
Net amount raised	67.6%	65.3%

(1) Refer to Note 21(b).

(2) Administration expenditure consists of National Management, Administration, Risk & Compliance, Gain/(loss) on foreign currency exchange and interest expense disclosed in the Statement of Comprehensive Income.

# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2019

**21. 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) on a program basis (Cont'd)**

	Consolidated		Company	
	2019	2018 (Restated)	2019	2018 (Restated)
	\$	\$	\$	\$
<b>(a) Fundraising Activities Conducted</b>				
<b>Major Gifts and donations from Public Gross Proceeds from Fundraising Appeals</b>				
Gross Proceeds:				
Kiss Goodbye to MS	2,760,257	810,670	-	-
Fundraising & donations, Gifts in Will and Sponsorship	3,285,822	3,424,330	598,137	364,183
State-based MS organisations - research contribution	631,899	2,235,595	-	-
Gross Proceeds from Fundraising Appeals	<u>6,677,978</u>	<u>6,470,595</u>	<u>598,137</u>	<u>364,183</u>
 Total Fundraising Costs, representing Total Costs of Fundraising Appeals #	 <u>1,313,141</u>	 <u>783,158</u>	 <u>-</u>	 <u>-</u>
 Net Surplus	 5,364,837	 5,687,437	 598,137	 364,183
 Cost of Services Provided *	 4,478,385	 4,643,624	 843,301	 812,753
<b>Total Expenditure</b>				
Non Fundraising Costs	6,741,491	6,661,224	1,431,106	1,257,364
Fundraising Costs	1,313,141	783,158	-	-
Total Expenditure	<u>8,054,632</u>	<u>7,444,382</u>	<u>1,431,106</u>	<u>1,257,364</u>
 Total Fundraising Income less Fundraising Costs	 <u>5,364,837</u>	 <u>5,687,437</u>	 <u>598,137</u>	 <u>364,183</u>
 # The cost of fundraising disclosed reflects direct cost associated to fundraising. Indirect costs are reflected in the delivery of services.				
* The cost of services provided in the current financial are as follow and also disclosed in the Statement of Comprehensive Income.				
Advocacy	669,477	622,955	669,477	622,955
Communications	173,824	189,798	173,824	189,798
Grants for Research and other research	3,635,084	3,830,871	-	-
	<u>4,478,385</u>	<u>4,643,624</u>	<u>843,301</u>	<u>812,753</u>

Note: Multiple Sclerosis Australia is registered as required by law in each state and territory where it raises funds including Western Australia where it is registered through The Multiple Sclerosis Society of Western Australia (Incorporated).

# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2019

**21. 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) on a program basis (Cont'd)**

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

	2019		2018 (Restated)	
	\$	%	\$	%
<b>Consolidated</b>				
Total Cost of Fundraising to Gross Fundraising Income	\$ 1,313,141 / \$ 6,677,978	20%	\$ 783,158 / \$ 6,470,595	12%
Net Surplus from Fundraising to Gross Income from Fundraising	\$ 5,364,837 / \$ 6,677,978	80%	\$ 5,687,437 / \$ 6,470,595	88%
Total Cost of Services to Total Expenditure (Less Fundraising Costs)	\$ 4,478,385 / [\$ 8,054,632 - \$ 1,313,141 ]	66%	\$ 4,643,624 / [\$ 7,444,382 - \$ 783,158 ]	70%
Total Cost of Services to total income received from fundraising (Less interest revenue, dividend received and fundraising expenditure)	\$ 4,478,385 / [\$ 6,677,978 - \$ 1,313,141 ]	83%	\$ 4,643,624 / [\$ 6,470,595 - \$ 783,158 ]	82%

<b>Company</b>				
Total Cost of Fundraising to Gross Fundraising Income	\$ - / \$ 598,137	0%	\$ - / \$ 364,183	0%
Net Surplus from Fundraising to Gross Income from Fundraising	\$ 598,137 / \$ 598,137	100%	\$ 364,183 / \$ 364,183	100%
Total Cost of Services to Total Expenditure (Less Fundraising Costs)	\$ 843,301 / [\$ 1,431,106 - \$ - ]	59%	\$ 812,753 / [\$ 1,257,364 - \$ - ]	65%
Total Cost of Services to total income received from fundraising (Less interest revenue, dividend received and fundraising expenditure)	\$ 843,301 / [\$ 598,137 - \$ - ]	141%	\$ 812,753 / [\$ 364,183 - \$ - ]	223%

**22. Subsequent Events**

There has not been any matters or circumstances that have arisen since the end of the financial year which significantly affected, or may significantly affect, the operations of the company, the results of its operations, or the state of affairs of the Group in financial years subsequent to the year ended 30 June 2019.

**23. Additional Company Information**

Multiple Sclerosis Australia is a company limited by guarantee, incorporated and operating in Australia.

**Registered Office**

Multiple Sclerosis Australia  
Level 19, Northpoint Tower  
100 Miller Street  
North Sydney NSW 2060  
Tel: (02) 8413 7977

**Principal Place of Business**

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Blackburn VIC 3130  
Tel: (02) 8413 7977