



# **Multiple Sclerosis Australia**

ACN 008 515 508

Annual Financial Report for the Year Ended 30 June 2020

# Multiple Sclerosis Australia Directors' Report

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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 for the financial year ended 30 June 2020.

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

Name	Relevant Experience
<b>Assoc Professor Desmond Graham</b> Non-executive President	Appointed: 21 November 2014 Appointed Vice President: 24 November 2018 Appointed President: 26 September 2019 Chair, Multiple Sclerosis Research Australia Limited Director, Multiple Sclerosis Limited Member, Menzies Institute for Medical Research MS Research Flagship Management Committee Chair, Menzies Institute of Medical Research MS Research Flagship - Consumer and Community Reference Committee Former Chairman, Multiple Sclerosis Society of Tasmania
<b>Mr George Pampacos</b> Non-executive Vice President	Appointed: 11 October 2017 Appointed Vice President: 16 November 2019 President, The Multiple Sclerosis Society of Western Australia (Inc) Director, Multiple Sclerosis Research Australia Limited
<b>Mr Ron Brent</b> Non-executive Director	Appointed: 14 June 2017 Director, Multiple Sclerosis Limited Director, Multiple Sclerosis Research Australia Limited Member, MS Community Engagement Council ACT Region Chair, MSA Governance Committee Member, Multiple Sclerosis Limited Audit Committee Chair, MSA Documentation Sub-Committee of the Implementation Committee.
<b>Ms Sharlene Brown</b> Non-executive Director	Appointed: 22 July 2019 Director, Multiple Sclerosis Limited Director, Multiple Sclerosis Research Australia Limited Chair, Multiple Sclerosis Limited Community Engagement Committee (Tas, VIC, NSW and ACT) Member, Multiple Sclerosis Limited Audit, Finance and Risk Committee Member, Menzies Flagship Scientific Advisory Committee
<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>Mr Adrian Hinton</b> Non-executive Director	Appointed: 29 July 2019 Director, The Multiple Sclerosis Society of South Australia and Northern Territory Incorporated. Director, Carers Association of SA Inc Member, University of South Australia - Audit and Risk Committee

# Multiple Sclerosis Australia Directors' Report

Name	Relevant Experience
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## Current Directors (Cont'd)

<b>Ms Johanna Roche</b> Non-executive Director	Appointed: 16 November 2019 Director, Multiple Sclerosis Society of Queensland Director, Multiple Sclerosis Development and Research Foundation of Queensland Inc Director, Multiple Sclerosis Queensland Limited (dormant) Director, Neuro Queensland Limited Director, Project Dignity Limited
<b>Mr Gary Whatley</b> Non-executive Director	Appointed: 7 September 2019 Chair, Multiple Sclerosis Limited

## Former Directors

<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 Resigned: 16 November 2019 President, Multiple Sclerosis Society of Queensland Former Vice President, Multiple Sclerosis Society of Queensland
<b>Mr William Peter Day</b> Former Non-executive President	Appointed: 19 May 2008 Resigned: 7 September 2019 Vice Chair, Multiple Sclerosis Limited Former Chairman, Multiple Sclerosis Limited Former Director, Australia Home Care Services Pty Ltd
<b>Ms Christine Hahn</b> Former Non-executive Director	Appointed: 20 November 2016 Resigned: 16 January 2017 Reappointed: 11 October 2017 Resigned: 29 July 2019 Former President, The Multiple Sclerosis Society of South Australia and Northern Territory Incorporated
<b>Ms Sophie Langshaw</b> Chartered Accountant, Member of IIA Former Non-executive Director	Appointed: 17 October 2013 Resigned: 19 February 2020 Former Director, Multiple Sclerosis Limited

# Multiple Sclerosis Australia Directors' Report

## Directors' Meetings

During the financial year 2020, ten 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	Board Meetings		Audit & Risk Committee Meetings		Governance Committee Meetings	
		Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Current Directors							
A/Prof Desmond Graham	(iv)	10	10	-	-	4	4
Mr George Pampacos	(iii)	10	10	5	5	-	-
Mr Ron Brent	(iv)	10	10	-	-	5	5
Ms Sharlene Brown		10	8	-	-	-	-
Ms Christina Gillies		10	9	-	-	-	-
Mr Adrian Hinton	(ii), (iii)	9	9	4	4	-	-
Ms Johanna Roche	(ii), (iii), (iv)	5	5	1	1	1	1
Mr Garry Whatley	(ii), (iv)	7	6	-	-	1	1
Former Directors							
Mr Roger Burrell	(i), (iv)	5	4	-	-	4	4
Mr William Day	(i)	2	2	-	-	-	-
Ms Christine Hahn	(i), (iii)	1	1	1	1	-	-
Ms Sophie Langshaw	(i), (iii), (v)	4	3	3	2	-	-

(i) Director resignation during the financial year 2020

(ii) Director appointment during the financial year 2020

(iii) **Members of the Multiple Sclerosis Australia Audit and Risk Committee**

The members of the Multiple Sclerosis Australia Audit and Risk Committee comprise Mr Adrian Hinton (Chair), Mr George Pampacos and Ms Johanna Roche (directors of the company). Former Committee Members were Sophie Langshaw (Former Chair) and Ms Christine Hahn (former directors of the company).

During the financial year the Multiple Sclerosis Australia's Audit and Risk Committee held five meetings.

(iv) **Members of the Multiple Sclerosis Australia Governance Committee**

The members of the Multiple Sclerosis Australia Governance Committee comprise of Mr Ron Brent (Chair), Garry Whatley and Ms Johanna Roche (directors of the company). Former Committee Members were Associate Professor Desmond Graham (Former Chair) and Mr Roger Burrell.

During the financial year the Multiple Sclerosis's Governance Committee held five meetings.

(v) Director took leave of absence from October 2019 until resignation date in February 2020.

**Company Secretary  
Name**

Ms Deidre Mackechnie (Former Company Secretary)

Mr Patrick Foong Company Secretary

**Experience**

Chief Executive Officer, Multiple Sclerosis Australia

Finance Manager, 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

The auditor's independence declaration is included on page 9.

## 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 deficit of \$63,434 (2019: surplus of \$292,222) for the year. The consolidated entity recorded a surplus of \$6,430,183 (2019: surplus of \$227,859) for the year.

## Changes in State of Affairs and Likely Developments

During the financial year, the entire country experienced a devastating bushfire season followed by the COVID-19 pandemic in Australia. The first confirmed case in Australia was identified on 25 January 2020.

The Company and Group were not severely impacted by the COVID-19 pandemic. Revenue received by the Company was mainly from grants from its members with a limited amount of unsolicited donation received during the year. Its wholly-owned subsidiary, Multiple Sclerosis Research Australia Limited experienced great success in its fundraising efforts mainly through the May 50K community fundraising campaign and received \$3.1 million in additional research contribution from the Multiple Sclerosis State Societies. However, the COVID-19 pandemic is still ongoing, hence the Group may face greater uncertainty in the future to generate more fundraising revenue.

# **Multiple Sclerosis Australia Directors' Report**

## **Changes in State of Affairs and Likely Developments (Cont'd)**

Management is actively monitoring the situation and its impact on the Group's financial position. At year-end, the Group had large cash and short-term investment of \$19 million and net assets of \$18 million, and its subsidiary had carried forward future research commitments of \$7.2 million as at the signing date (include \$3.5 million research commitment after 30 June 2020).

The situation of the COVID-19's impact on the business is being monitored regularly to ensure the Company remains solvent.

The Multiple Sclerosis Australia (Parent entity) Board passed a resolution during the year, to bring together Multiple Sclerosis Australia and Multiple Sclerosis Research Australia Limited as a fully integrated organisation under one Chief Executive Officer and Board. The Board of Multiple Sclerosis Australia made this decision on the advice from Effective Governance, the pre-eminent governance advisory firm in Australia.

## **Impact of COVID-19**

The impact of COVID-19 pandemic is ongoing. The Directors and management are continually monitoring and managing the Company's and the Group's operations closely in response to COVID-19 as explained in Note 22.

## **Subsequent events**

The reunification of Multiple Sclerosis Australia and its wholly owned subsidiary Multiple Sclerosis Research Australia Limited processes will take several months and the Board of Multiple Sclerosis Australia envisage it will be completed before end of the 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.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the company's or the group's operations, the results of those operations, or their state of affairs in future financial years.

## **Declaration of Directors Interests**

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

The Company receives grants from its Members. During the financial year, all Directors of Multiple Sclerosis Australia, A/Prof Desmond Graham, Mr George Pampacos, Ms Sharlene Brown, Mr Ron Brent, Ms Christina Gillies, Mr Adrian Hinton, Ms Johanna Roche and Mr Garry Whatley were also Directors of other related Multiple Sclerosis State Societies.

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 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.

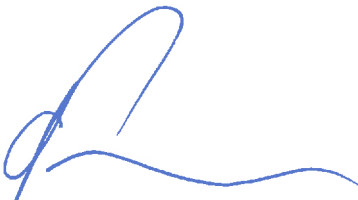
On behalf of the Directors



A/Professor Desmond Graham  
President

At North Sydney

29 October 2020



Mr George Pampacos  
Vice President

At North Sydney

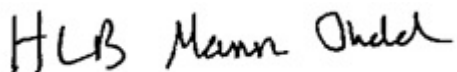
29 October 2020



**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 for the year ended 30 June 2020.

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**  
**29 October 2020**



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

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

We have audited the financial report of Multiple Sclerosis Australia ("the Parent Entity") and its controlled entity ("the Group") which comprises the statement of financial position as at 30 June 2020, 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 Multiple Sclerosis Australia 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 2020 and of their 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 2020 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act 1991 (NSW)*, 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.

**Emphasis of Matter – Current and Possible Effects and Uncertainties of COVID-19**

We draw attention to Note 22 of the financial report, which describes the current and possible effects and uncertainties on the company arising from the on-going issues associated with COVID-19. Our opinion is not modified in respect of this matter.

### **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 2020, 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 *Australian 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:

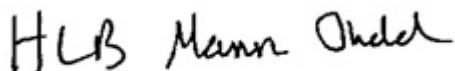
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a 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.

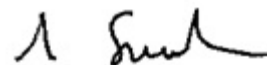
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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**  
**4 November 2020**



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

# **Multiple Sclerosis Australia**

## **Declaration by Principal Officer in Respect of Fundraising Appeals**

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### **Declaration by Principal Officer in Respect of Fundraising Appeals**

I, Deidre Mackechnie, Chief Executive Officer of Multiple Sclerosis Australia declare that in my opinion:

- (a) the Statement of Comprehensive Income gives a true and fair view of all income and expenditure of Multiple Sclerosis Australia with respect to fundraising appeals;
- (b) the Statement of Financial Position and accompanying notes give a true and fair view of the state of affairs with respect to fundraising appeals;
- (c) the provision of the Charitable Fundraising Act 1991 (NSW), Fundraising Act 1998 (VIC), Collections Act 1966 (QLD), Collections for Charities Act 2001 (TAS), the regulations include the Acts and the conditions attached to the Charitable Fundraising Authority Conditions have been complied with.
- (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 North Sydney

29 October 2020

## Multiple Sclerosis Australia Responsible Persons Declaration

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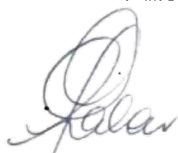
### Responsible Persons Declaration

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, including compliance with the Australian Accounting Standards - Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Regulation 2013; and
- (c) Giving a true and fair view of the financial position as at 30 June 2020 and performance of the Company for the financial year ended on that date.

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 North Sydney

29 October 2020



Mr George Pampacos  
Vice President

At North Sydney

29 October 2020

# Multiple Sclerosis Australia

## Statements of Comprehensive Income for the Year Ended 30 June 2020

		Consolidated		Company	
		2020	2019	2020	2019
Note		\$	\$	\$	\$
<b>Gross Revenue</b>					
		2,366,806	2,426,700	178,421	148,015
		302,829	839,122	214,115	450,122
		6,986,474	2,760,257	-	-
	20(b)	3,625,000	631,899	-	-
	20(b)	945,254	933,125	945,254	933,125
		283,125	20,000	-	-
		178,750	365,000	50,000	10,000
	20(a)	-	-	108,626	106,451
		201,699	264,259	33,377	41,604
Total revenue		14,889,937	8,240,362	1,529,793	1,689,317
<b>Expenditure</b>					
		(565,055)	(669,477)	(565,055)	(669,477)
		(185,042)	(173,824)	(185,042)	(173,824)
		(122,222)	(119,358)	(122,222)	(119,358)
		(1,370,293)	(1,161,997)	(627,493)	(356,318)
		(18,515)	(17,094)	(18,515)	(17,094)
		(874,432)	(664,538)	-	-
		(944,147)	(648,603)	-	-
		(24,752)	(9,222)	-	(1,656)
<b>Research Expenditure</b>					
		(2,119,992)	(1,910,923)	(24,118)	-
		(976,415)	(1,724,161)	-	-
		(1,201,723)	(950,056)	-	(88,000)
(Loss) on foreign currency exchange		(4,930)	(5,379)	(4,930)	(5,379)
Total Expenditure		(8,407,518)	(8,054,632)	(1,547,375)	(1,431,106)
<b>Surplus / (Deficit) before net fair value</b>					
(loss)/gain on financial assets	2	6,482,419	185,730	(17,582)	258,211
Net fair value (loss)/gain on financial assets at fair value through profit or loss	9	(52,236)	42,129	(45,852)	34,011
Income / (loss) before Income tax		6,430,183	227,859	(63,434)	292,222
Income tax expense	1(a)	-	-	-	-
<b>Total comprehensive income/(deficit) for the year</b>					
		6,430,183	227,859	(63,434)	292,222

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

# Multiple Sclerosis Australia

## Statements of Financial Position as at 30 June 2020

		Consolidated		Company	
	Note	2020 \$	2019 \$	2020 \$	2019 \$
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	15	1,912,330	2,231,403	253,547	170,558
Short term investments	16	16,771,469	9,952,942	1,498,236	1,473,721
Trade receivables	5	-	89,937	-	10,875
Prepayments and other assets	5	187,988	322,634	61,343	73,133
<b>Total Current Assets</b>		<b>18,871,787</b>	<b>12,596,916</b>	<b>1,813,126</b>	<b>1,728,287</b>
<b>Non-Current Assets</b>					
Plant and Equipment	6	67,439	28,186	25,461	7,174
Intangibles	7	34,801	22,926	-	1,160
Right-of-use assets	8	536,990	-	-	-
Other financial assets	9	571,505	623,741	238,249	284,101
<b>Total Non-Current Assets</b>		<b>1,210,735</b>	<b>674,853</b>	<b>263,710</b>	<b>292,435</b>
<b>Total Assets</b>		<b>20,082,522</b>	<b>13,271,769</b>	<b>2,076,836</b>	<b>2,020,722</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Trade and other payables	10	846,482	751,986	169,533	66,541
Lease liabilities	11	144,199	-	-	-
Income received in advance		-	289,321	-	-
Annual leave payable		140,971	129,877	73,435	71,209
Provision for long service leave	12	73,463	43,386	47,047	22,134
<b>Total Current Liabilities</b>		<b>1,205,115</b>	<b>1,214,570</b>	<b>290,015</b>	<b>159,884</b>
<b>Non-Current Liabilities</b>					
Provision for long service leave	12	86,817	112,058	43,778	54,361
Lease liabilities	11	415,266	-	-	-
<b>Total Non-Current Liabilities</b>		<b>502,083</b>	<b>112,058</b>	<b>43,778</b>	<b>54,361</b>
<b>Total Liabilities</b>		<b>1,707,198</b>	<b>1,326,628</b>	<b>333,793</b>	<b>214,245</b>
<b>Net Assets</b>		<b>18,375,324</b>	<b>11,945,141</b>	<b>1,743,043</b>	<b>1,806,477</b>
<b>Retained Earnings</b>					
Contributed equity reserve	13 (a)	3,272,730	3,272,730	-	-
Retained earnings	13 (b)	15,102,594	8,672,411	1,743,043	1,806,477
<b>Total Retained Earnings</b>		<b>18,375,324</b>	<b>11,945,141</b>	<b>1,743,043</b>	<b>1,806,477</b>

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



## Multiple Sclerosis Australia

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### Statements of Changes to Equity for the Year Ended 30 June 2020

	Consolidated			Company
	Retained Earnings	Contributed Equity Reserve	Total Equity	Retained Earnings
Balance as at 30 June 2018	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
Total Comprehensive Income / (deficit) for the year	6,430,183	-	6,430,183	(63,434)
Balance as at 30 June 2020	15,102,594	3,272,730	18,375,324	1,743,043

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

# Multiple Sclerosis Australia

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

		Consolidated		Company	
		2020	2019	2020	2019
	Note	\$	\$	\$	\$
<b>Cash Flows From Operating Activities</b>					
Cash receipts in course of operations		14,598,503	8,061,246	1,508,318	1,630,713
Cash payments in course of operations		(8,048,036)	(6,013,488)	(1,406,835)	(1,402,221)
Lease interest paid		(24,752)	-	-	-
Net cash received from operating activities		6,525,715	2,047,758	101,483	228,492
<b>Cash Flows from Investing Activities</b>					
Interest/Dividends received		200,672	255,006	32,350	32,350
Purchase of plant and equipment		(65,578)	(24,344)	(26,329)	(4,609)
Purchase of intangibles		(30,406)	-	-	-
Net Investment in term deposits		(6,818,526)	(1,955,599)	(24,515)	(316,740)
Net cash used in investing activities		(6,713,838)	(1,724,937)	(18,494)	(288,999)
<b>Cash Flows from Financing Activities</b>					
Leases repayments		(130,950)	-	-	-
Interest paid		-	(9,222)	-	(1,656)
Net cash used in financing activities		(130,950)	(9,222)	-	(1,656)
Net (decrease)/increase in cash and cash management		(319,073)	313,599	82,989	(62,163)
Cash and cash equivalents at beginning of the financial year		2,231,403	1,917,804	170,558	232,721
Cash and cash equivalents at end of the financial year	15	1,912,330	2,231,403	253,547	170,558

*The above statements 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 2020

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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 Company and the Group consisting of the Company and its controlled entity are not-for-profit entities under the Australian Accounting Standards.

The financial statements were authorised by the Directors on the 29 October 2020

#### 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. 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. The Standards with the most significant impact are detailed below.

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

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

The Group has adopted AASB 15 from 1 July 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

This new accounting standard did not have a material impact on the Group's accounting policies or the amounts recognised in the Group's financial statements.

##### AASB 1058 Income of Not-For-Profit Entities

AASB 1058 Income of Not-For-Profit Entities is an additional revenue standard that covers contracts with customers that do not meet the criteria for AASB 15 accounting described above. If there is no related amount in the balance sheet (i.e. liability, contribution from owner, lease liability or provision), then the fair value of the asset received is recognised as income on receipt. This standard has been applied to revenues from 1 July 2019.

This new accounting standard did not have a material impact on the Group's accounting policies or the amounts recognised in the Group's financial statements.

# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2020

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

#### AASB 16 Leases

The Group has adopted AASB 16 from 1 July 2019 which replaces AASB 117 Leases ("AASB 17"). AASB 16 has been applied using the modified retrospective approach and comparative information has not been restated. The new accounting policies are disclosed in note 1 below.

The adoption of AASB 16 has resulted in the Group recognising right-of-use assets and related lease liabilities in connection with all former leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application. Operating lease expense is also no longer recognised for these operating leases and is now replaced by interest and depreciation expense in the statement of profit or loss and other comprehensive income. For classification within the statement of cash flows, the interest portion is disclosed in operating activities as lease interest paid and the principal portion of the lease payments are separately disclosed in financing activities, as repayment of lease liabilities.

On adoption, lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 July 2019. The weighted average incremental borrowing rate that applied to the lease liabilities on 1 July 2019 was 4.00%.

#### *Impact of adoption*

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening retained earnings as at 1 July 2019 was as follows:

Operating lease commitments as at 1 July 2019 (AASB 117)	760,816
Low value and short term leases exemptions	(6,242)
Operating lease commitments discount based on the weighted average incremental borrowing rate of 4.0% (AASB 16)	(64,158)
Right-of-use assets (AASB 16)	<u>690,416</u>
Lease liabilities - current (AASB 16) as at 1 July 2019	130,950
Lease liabilities - non-current (AASB 16) as at 1 July 2019	559,466
Total lease liabilities	<u>690,416</u>

Adjustments recognised as a result of the adoption of AASB 16 affected the following items in the statement of financial position on 1 July 2019:

- Lease liabilities (current) – increase by \$130,950
- Lease liabilities (non-current) – increase by \$559,466
- Right-of-use assets – increase by \$690,416

The net impact on retained earnings on 1 July 2019 was \$nil.

# **Multiple Sclerosis Australia**

## **Notes to the Financial Statements for the Year Ended 30 June 2020**

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

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

In the application of the Australian Accounting Standards, 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.

The key critical judgement that management has made in the process of applying the accounting policies, and that has the most significant effect on the amounts recognised in the financial statements, is in relation to grant income received.

Management must analyse the grant agreements in place to determine whether the grant should be recognised as revenue under AASB 1058 or a contribution under AASB 15.

Judgements 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.

# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2020

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

#### Significant Accounting Policies

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2020, and the comparative information presented in these financial statements for the year ended 30 June 2019 except for leases as explained on page 20.

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) Plant and Equipment

Plant and equipment are brought to account at cost less, any accumulated depreciation and impairment. 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:

	<b>2020</b>	2019
	%	%
Furniture and Fittings	<b>10</b>	10
Computer equipment	<b>33</b>	33

Depreciation methods will be reviewed at least annually and, where changed, will be accounted for as a change in accounting estimate. Where depreciation rates or methods are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method. Depreciation recognised in prior financial years shall not be changed, that is, the change in the depreciation rate or method will be accounted for on a 'prospective' basis.

#### (c) Receivables

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

#### (d) Payables

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

#### (e) 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.

# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2020

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

#### (f) Revenue Recognition

##### *Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable considerations and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

The Group will only defer revenue received during the financial year, in the statement of financial position on the condition that it has met the following three inseparable criteria: (1) performance obligation; (2) sufficiently specific (cannot be general purpose) and (3) enforceable rights and obligations within the agreement.

##### Grants from Members and Government

Grant revenue are recognised on receipt and disclosed in the profit or loss statement when the Group does not meet all the three conditions mentioned above. However, if the Group meets all three conditions, the Group can defer the grant and will be recognised in the statement of financial position as a liability until performance obligation is satisfied.

##### Donations/sponsorship

Specified and non-reciprocal donations and sponsorships are recognised on receipt and disclosed in the profit or loss statement when the Group does not meet all the three conditions mentioned above. However, if the Group meets all three conditions, the Group can defer the contribution and will be recognised in the statement of financial position as a liability until the respective performance obligation is satisfied. 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.

The timing of the recognition of donations and bequests depends when control of these monies is obtained which is usually on receipt of the monies.

##### Program Funding / Reciprocal Sponsorship

Program funding and reciprocal sponsorships are recognised on receipt and disclosed in the profit or loss statement when the Group does not meet all the three conditions mentioned above. However, if the Group meets all three conditions, the Group can defer the contribution and will be recognised in the statement of financial position as a liability until the respective performance obligation is satisfied. 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.

##### 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 Australian Taxation Office on the franking credits.

# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2020

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

#### (g) 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.

#### (h) Cash and Cash Equivalents

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

#### (i) 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 2020, 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.

#### (j) 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.

#### (k) Impairment of non-financial assets

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.



# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2020

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

#### (l) *Financial instruments*

##### (i) Classification

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

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.

#### (m) *Right-of-use assets*

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-to-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

#### (n) *Short term investments*

Short term investments represent 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.

#### (o) *Lease liabilities*

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprised of fixed payments less any lease incentives receivable.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used, residual guarantee, lease term, certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2020

### 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. Surplus/(deficit) for the year

	<b>Consolidated</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Surplus/(deficit) before income tax include the following:				
<b>Expenditure</b>				
Depreciation of Plant and Equipment	26,327	14,368	8,042	4,552
Amortisation of Intangibles	18,531	19,236	1,160	1,736
Depreciation of Right-of-use assets	153,426	-	-	-
Annual leave and Long service leave	201,866	190,448	71,485	76,001
Employee benefits	2,777,365	2,295,130	811,265	800,759

### 3. Key Management Personnel Compensation

Short Term Benefits	1,156,894	1,071,670	307,709	296,372
Post-employment benefits	95,955	87,594	28,205	28,067
<b>Total</b>	<b>1,252,849</b>	<b>1,159,264</b>	<b>335,914</b>	<b>324,439</b>

### 4. Remuneration of Auditors

HLB Mann Judd				
Amounts received or receivable by auditors for auditing the financial report.	46,500	44,000	18,250	17,000

### 5. Trade Receivables, Prepayments and Other Receivables

#### (a) Current

Trade Debtors	-	51,750	-	188
Amounts receivable from state based organisation	-	38,187	-	10,687
<b>Total Trade Debtors net of provision for doubtful debts</b>	<b>-</b>	<b>89,937</b>	<b>-</b>	<b>10,875</b>
Accrued income	60,197	92,751	10,141	22,182
Prepayments and others	127,791	229,883	51,202	50,951
<b>Total</b>	<b>187,988</b>	<b>322,634</b>	<b>61,343</b>	<b>73,133</b>
<b>Total Trade Receivable, Prepayments and Other Receivables</b>	<b>187,988</b>	<b>412,571</b>	<b>61,343</b>	<b>84,008</b>
Aged receivables				
1-30 days	-	35,272	-	7,772
31-60 days	-	54,477	-	2,915
Over 90 days	-	188	-	188
<b>Total Trade Debtors</b>	<b>-</b>	<b>89,937</b>	<b>-</b>	<b>10,875</b>

# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2020

### 6. Plant and Equipment

	Consolidated		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
Cost	218,885	175,265	73,487	47,157
Accumulated depreciation	(151,446)	(147,079)	(48,026)	(39,983)
	<b>67,439</b>	<b>28,186</b>	<b>25,461</b>	<b>7,174</b>
Reconciliation of the carrying amounts is set out below:				
Carrying amount at beginning of year	28,186	18,211	7,174	7,118
Additions	65,580	24,343	26,329	4,608
Depreciation expense	(26,327)	(14,368)	(8,042)	(4,552)
	<b>67,439</b>	<b>28,186</b>	<b>25,461</b>	<b>7,174</b>

### 7. Intangibles

Cost	117,905	96,180	-	8,680
Accumulated amortisation	(83,104)	(73,254)	-	(7,520)
	<b>34,801</b>	<b>22,926</b>	<b>-</b>	<b>1,160</b>
Reconciliation of the carrying amounts is set out below:				
Carrying amount at beginning of year	22,926	69,401	1,160	2,896
Additions	30,406	-	-	-
Disposals	-	(27,239)	-	-
Amortisation expense	(18,531)	(19,236)	(1,160)	(1,736)
	<b>34,801</b>	<b>22,926</b>	<b>-</b>	<b>1,160</b>

### 8. Right-to-use Assets

Cost	690,416	-	-	-
Accumulated amortisation	(153,426)	-	-	-
	<b>536,990</b>	<b>-</b>	<b>-</b>	<b>-</b>
Reconciliation of the carrying amounts is set out below:				
Opening balance at 1 July 2019 (Note 1)	690,416	-	-	-
Depreciation expense	(153,426)	-	-	-
	<b>536,990</b>	<b>-</b>	<b>-</b>	<b>-</b>

AASB 16 was adopted using the modified retrospective approach and comparatives for right-of-use assets have not been provided. Refer to Note 1. There were no additions to the right-of-use assets during the year. The Group leases a building for its office under an agreement for 5 years, with no option to extend. The lease has various escalation clauses. The lease held by the Group is reflected in the statement of financial position as a right-of-use asset and a lease liability.

### 9. Other financial assets

	Consolidated		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
<b>Non-current:</b>				
Financial assets at fair value through profit or loss: Shares and preference shares in financial institutions	571,505	623,741	238,249	284,101

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 loss of \$52,236 (2019: net gain of \$42,129) arising from fair value changes. The intent is for the Group to hold the investments through to maturity on the preference shares held by the subsidiary entity.

# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2020

### 10. Trade and other payables

	Consolidated		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
<b>Current</b>				
Trade payables	470,838	483,855	112,891	8,282
Total Trade payables	470,838	483,855	112,891	8,282
 Net of GST and PAYG	199,036	7,669	8,600	7,669
Accruals and other payables	176,608	260,462	48,042	50,590
Total Other payables	375,644	268,131	56,642	58,259
 Total Trade and other payables	846,482	751,986	169,533	66,541

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.

### 11. Lease Liabilities

	Consolidated		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
Current	144,199	-	-	-
Non-current	415,266	-	-	-
Total	559,465	-	-	-

AASB 16 was adopted using the modified retrospective approach and comparatives for lease liabilities have not been provided.

Lease liabilities are related to the office lease agreement between, Multiple Sclerosis Research Australia Limited with Northpoint Tower Property Pty Ltd, which will end on 20 December 2023.

Interest expense recognised in profit or loss was \$24,752 and interest and principle payments made to lessors in respect to lease liabilities was \$155,703 for the year.

### 12. Provision for long service leave

#### Current

	Consolidated		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
<b>Provision for Long Service Leave Liabilities</b>				
Carrying amount at beginning of year	43,386	35,636	22,134	18,382
Additional provision recognised	10,172	8,868	5,008	3,752
Reclassify from non-current to current	19,905	-	19,905	-
Reduction by payment to employees	-	(1,118)	-	-
Balance of current provision at 30 June	73,463	43,386	47,047	22,134

#### Non-current

<b>Provision for Long Service Leave Liabilities</b>				
Carrying amount at beginning of year	112,058	94,934	54,361	38,552
Reclassify from non-current to current	(19,905)	-	(19,905)	-
(Reduction)/Additional provision recognised	(5,336)	17,124	9,322	15,809
Balance of current provision at 30 June	86,817	112,058	43,778	54,361

# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2020

### 13. (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).

Contributed equity reserve of \$3,272,730 represents the net asset of Multiple Sclerosis Research Australia Limited as at the date of transfer of ownership from the State-based MS organisations to Multiple Sclerosis Australia.

### (b) Retained Earnings

	Consolidated		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
Retained Earnings at the beginning of the year	8,672,411	8,444,552	1,806,477	1,514,255
Net income/(deficit) attributable to members	6,430,183	227,859	(63,434)	292,222
Retained Earnings at the end of the year	15,102,594	8,672,411	1,743,043	1,806,477

### 14. 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 2020 the number of members were 4 (2019: 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, a wholly owned subsidiary of Multiple Sclerosis Australia acts to accelerate research that contributes to the worldwide effort to solve Multiple Sclerosis. It was established in 2003 to facilitate Multiple Sclerosis 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

## Notes to the Financial Statements for the Year Ended 30 June 2020

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

#### 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	
	2020	2019	2020	2019
	\$	\$	\$	\$
Cash on hand and at financial institution	<b>1,912,330</b>	2,231,403	<b>253,547</b>	170,558

### 16. Short term investments

Term deposits (term of more than 3 months)	<b>16,771,469</b>	9,952,942	<b>1,498,236</b>	1,473,721
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During the financial year, the Group invested in short term investments with National Australia Bank with an average maturity of 209 days (2019: 241.4 days).

### 17. Contingencies and commitments

Multiple Sclerosis Research Australia Limited has a bank guarantee of \$125,408 (2019: \$125,408) 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 Research Australia Limited had carried forward future research commitment of \$7.2 million as at signing date.

Multiple Sclerosis Research Australia Limited raises funds through national fundraising to meet its future research commitments. However, should any unforeseen economic or other circumstances arise that limit its ability to continue to pay the grant, the subsidiary entity reserves the right to delay or cease payments. This clause is reflected in all contracts with funded MS researchers and with entity's MS research platforms.

Over the last 15 years, the subsidiary has been able to fulfil every one of its commitments to research.

### 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 2020	30 June 2019		
	\$	\$		
Financial assets at fair value through profit or loss	571,505	623,741	Level 1	Quoted bid prices in an active market

Further information on financial asset is disclosed in Note 9.

# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2020

### 19. Economic Dependence

The Company and Group are dependent on its income from the MS State based MS organisations by way of grants and research contributions in the current financial year of \$945,254 and \$4,570,254 (2019: \$933,125 and \$1,565,024) respectively which represents 61.8% and 30.7% (2019: 55.0% and 19.0%) of total revenue.

### 20. Related Party Transactions

	Consolidated		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
(a) <b>Transactions with Multiple Sclerosis Research Australia Limited</b>				
Recharge to Multiple Sclerosis Research Australia Limited	-	-	108,626	106,451
Research contribution to Multiple Sclerosis Research Australia			-	(88,000)
Recharge from Multiple Sclerosis Research Australia Limited	-	-	(122,551)	(67,398)

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 \$108,626 (2019: \$106,451, 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 and incurred shared expenditure paid on behalf at a net cost of \$122,551 (2019: \$67,398) to Multiple Sclerosis Australia. Increased recharges during the year was mainly due to bequest income receipt by Multiple Sclerosis Australia meant for Multiple Sclerosis Research Australia.

	Consolidated		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
(b) <b>Grants and Research Contributions from State based MS Organisations</b>				
Multiple Sclerosis Limited	1,925,513	917,871	595,513	587,871
Multiple Sclerosis Society of Queensland	189,047	186,623	189,047	186,623
Multiple Sclerosis Development and Research Foundation of Queensland Inc	170,000	226,899	-	-
The Multiple Sclerosis Society of South Australia and Northern Territory Incorporated	72,263	96,656	47,263	46,656
The Multiple Sclerosis Society of Western Australia Incorporated	2,213,431	111,975	113,431	111,975
	4,570,254	1,540,024	945,254	933,125
Deferred research contributions from Multiple Sclerosis Society of South Australia and Northern Territory Inc. from FY2018 into FY2019	-	25,000	-	-
Total Income from State based MS organisations	4,570,254	1,565,024	945,254	933,125

During the financial year state-based MS organisations provided grants and research contributions of \$945,254 (2019: \$933,125) to the Company and \$4,570,254 (2019: \$1,540,024) to the Group respectively.

# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2020

20.	Related Party Transactions (Cont'd)	Consolidated		Company	
		2020	2019	2020	2019
		\$	\$	\$	\$
(c)	<b><u>Amounts owed to Multiple Sclerosis Australia by related parties:</u></b>				
	<b><u>Current</u></b>				
	Multiple Sclerosis Society of Queensland	-	4,858	-	4,858
	The Multiple Sclerosis Society of South Australia and Northern Territory Incorporated	-	27,500	-	-
	The Multiple Sclerosis Society of Western Australia Incorporated	-	5,829	-	5,829
	<b>Total</b>	-	38,187	-	10,687
(d)	<b><u>Amounts owed by Multiple Sclerosis Australia to related parties:</u></b>				
	<b><u>Current</u></b>				
		-	-	-	-
	<b>Total</b>	-	-	-	-
(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
<p>During the current financial year Multiple Sclerosis Limited provided in-kind services relating to Human Resource and Payroll services to the Company with a value estimated to be \$6,000 (2019: \$6,000) and to the Group \$6,000 (2019: \$6,000) as well as rent free office space at its Blackburn VIC premise to the Company with a value estimated to be \$8,400 (2019: \$8,400). These amounts are an estimated amount sourced from a few providers.</p>					
(f)	<b><u>Financing activities with related parties</u></b>				
	No new loans in 2020 (2019: Nil).				



# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2020

### 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 2020			Year to 30 June 2019		
	Gross Revenue	Direct Expense	Net Proceeds	Gross revenue	Direct Expense	Net Proceeds
Gross Revenue						
Fundraising & donations	2,366,806	944,147	1,422,659	2,426,700	648,603	1,778,097
Gifts in Will	302,829	-	302,829	839,122	-	839,122
Kiss Goodbye to MS	6,986,474	874,432	6,112,042	2,760,257	664,538	2,095,719
State-based MS organisations - research contribution	3,625,000	-	3,625,000	631,899	-	631,899
State-based MS organisations - grants (Note 20(b))	945,254	-	945,254	933,125	-	933,125
Sponsorships Pharmaceutical Companies	283,125	-	283,125	20,000	-	20,000
Government Grants	178,750	-	178,750	365,000	-	365,000
<b>Total</b>	<b>14,688,238</b>	<b>1,818,579</b>	<b>12,869,659</b>	<b>7,976,103</b>	<b>1,313,141</b>	<b>6,662,962</b>
Administration expenditure (Refer * below)			(1,540,712)			(1,313,050)
Net amount raised before Cost of Services Provided and research expenditure.			11,328,947			5,349,912

	% of Gross Revenue	% of Gross Revenue
Direct Expenditure	12.4%	16.5%
Administration expenditure	10.5%	16.5%
Total direct and administrative expenditure	22.9%	32.9%
Net amount raised	77.1%	67.1%

#### Company

	Year to 30 June 2020			Year to 30 June 2019		
	Gross Revenue	Direct Expense	Net Proceeds	Gross Revenue	Direct Expense	Net Proceeds
Gross Revenue						
Fundraising & donations	178,421	-	178,421	148,015	-	148,015
Gifts in Will	214,115	-	214,115	450,122	-	450,122
State-based MS organisations - grants (Note 20(b))	945,254	-	945,254	933,125	-	933,125
Sponsorships	-	-	-	-	-	-
Government Grants	50,000	-	50,000	10,000	-	10,000
<b>Total</b>	<b>1,387,790</b>	<b>-</b>	<b>1,387,790</b>	<b>1,541,262</b>	<b>-</b>	<b>1,541,262</b>
Administration expenditure (Refer * below)			(773,160)			(499,805)
Net amount raised before Cost of Services Provided			614,630			1,041,457

	% of Gross Revenue	% of Gross Revenue
Direct Expenditure	0.0%	0.0%
Administration expenditure	55.7%	32.4%
Total direct and administrative expenditure	55.7%	32.4%
Net amount raised	44.3%	67.6%

\* 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 2020

**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>Consolidated</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>(a) Fundraising Activities Conducted</b>				
<b>Major Gifts and donations from Public</b>				
<b>Gross Proceeds from Fundraising Appeals</b>				
Gross Proceeds:				
Kiss Goodbye to MS	6,986,474	2,760,257	-	-
Fundraising & donations, Gifts in Will and Sponsorship	2,952,760	3,285,822	392,536	598,137
State-based MS organisations - research contribution	3,625,000	631,899	-	-
Gross Proceeds from Fundraising Appeals	13,564,234	6,677,978	392,536	598,137
Total Fundraising Costs, representing Total Costs of Fundraising Appeals #	1,818,579	1,313,141	-	-
Net Surplus	11,745,655	5,364,837	392,536	598,137
Cost of Services Provided *	3,846,504	4,478,385	774,215	843,301
<b>Total Expenditure</b>				
Non Fundraising Costs	6,588,939	6,741,491	1,547,375	1,431,106
Fundraising Costs	1,818,579	1,313,141	-	-
Total Expenditure	8,407,518	8,054,632	1,547,375	1,431,106
Total Fundraising Income less Fundraising Costs	11,745,655	5,364,837	392,536	598,137
# 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	565,055	669,477	565,055	669,477
Communications	185,042	173,824	185,042	173,824
Grants for Research and other research	3,096,407	3,635,084	24,118	-
	3,846,504	4,478,385	774,215	843,301

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 2020

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

	2020		2019	
	\$	%	\$	%
<b>Consolidated</b>				
Total Cost of Fundraising to Gross Fundraising Income	\$ 1,818,579 / \$ 13,564,234	13%	\$ 1,313,141 / \$ 6,677,978	20%
Net Surplus from Fundraising to Gross Income from Fundraising	\$ 11,745,655 / \$ 13,564,234	87%	\$ 5,364,837 / \$ 6,677,978	80%
Total Cost of Services to Total Expenditure (Less Fundraising Costs)	\$ 3,846,504 / [\$ 8,407,518 \$ 1,818,579]	58%	\$ 4,478,385 / [\$ 8,054,632 - \$ 1,313,141]	66%
Total Cost of Services to total income received from fundraising (Less interest revenue, dividend received and fundraising expenditure)	\$ 3,846,504 / [\$ 13,564,234 \$ 1,818,579]	33%	\$ 4,478,385 / [\$ 6,677,978 - \$ 1,313,141]	83%
<b>Company</b>				
Total Cost of Fundraising to Gross Fundraising Income	\$ - / \$ 392,536	0%	\$ - / \$ 598,137	0%
Net Surplus from Fundraising to Gross Income from Fundraising	\$ 392,536 / \$ 392,536	100%	\$ 598,137 / \$ 598,137	100%
Total Cost of Services to Total Expenditure (Less Fundraising Costs)	\$ 774,215 / [\$ 1,547,375 \$ -]	50%	\$ 843,301 / [\$ 1,431,106 - \$ -]	59%
Total Cost of Services to total income received from fundraising (Less interest revenue, dividend received and fundraising expenditure)	\$ 774,215 / [\$ 392,536 \$ -]	197%	\$ 843,301 / [\$ 598,137 - \$ -]	141%

# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2020

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### 22. 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 Group's operations and financial performance and have noted that this has not had a significant impact to date and the Group's operations has been resilient. Instead the Group has achieved a surplus mainly due to the success of the May 50K community fundraising event organised by its wholly owned subsidiary and the additional research contribution from several MS state-based organisations. During the year, the Group received government assistance through the cash flow boost of \$100,000 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.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the company's or the group's operations, the results of those operations, or their state of affairs in future financial years.

### 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**

Multiple Sclerosis Australia  
The Nerve Centre  
54 Railway Road  
Blackburn VIC 3130  
Tel: (02) 8413 7977