



AUSTRALIA

Multiple Sclerosis Australia

ACN 008 515 508

Annual Financial Report for the Year Ended 30 June 2011

Multiple Sclerosis Australia

Annual Financial Report for the Year Ended 30 June 2011

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Multiple Sclerosis Australia

Directors' Report

The Directors of Multiple Sclerosis Australia submit herewith the annual financial report of the company for the year ended 30 June 2011. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

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

Name	Experience
Mr Anthony Abbott Non-executive Director	Appointed 9 May 2005 Partner, Piper Alderman President, The Multiple Sclerosis Society of South Australia and Northern Territory Incorporated
Mr David Barnes Non-executive Director	Appointed 26 February 2006 President, The Multiple Sclerosis Society of WA Incorporated
Mr Roger Burrell Non-executive Director	Appointed 30 September 2001 Vice-President, Multiple Sclerosis Society of Queensland
Dr William Carroll Non-executive Director	Appointed 28 February 2000 Neurologist Director Multiple Sclerosis Research Australia Limited Chairman of Research MSRA Director, The Multiple Sclerosis Society of Western Australia (Incorporated)
Dr Geoffrey Chapman Non executive Director	Appointed 18 September 2006 Chairman, The Multiple Sclerosis Society of Tasmania
Mr Peter Day Non-executive Director	Appointed 25 May 2008 Director Multiple Sclerosis Limited and Australian Home Care Services Pty Limited
Ms Sharon Eacott Non-executive Director	Appointed 25 May 2008 Advocate for People with MS
Ms Christina Gillies Non-executive Director	Appointed 30 September 2001 Resigned 7 September 2006 Appointed 21 May 2007 Consultant and Director Australian Home Care Services Pty Limited Director Multiple Sclerosis Research Australia Limited Chairman and Director Multiple Sclerosis Limited
Mr Robert Hubbard President	Appointed 30 November 2004 Partner, Price Waterhouse Coopers Director Multiple Sclerosis Research Australia Limited
Mr Jonathan Lorraine Non-executive Director	Appointed 15 March 2010 Chairman, Multiple Sclerosis Society of Queensland
Mr Paul Murnane Non-executive Director	Appointed 30 November 2004 Chairman, Multiple Sclerosis Research Australia Limited Director, Multiple Sclerosis Limited

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Directors' Report

Name

Mr Ian Pennell
Non-executive Director
Vice President

Experience

Appointed 25 September 2004
Retired Army Officer
Chairman of Multiple Sclerosis Limited ACT Regional Advisory Board
Director of Multiple Sclerosis Limited

Directors' Meetings

The number of directors' meetings and the number of meetings attended by each director of the company during the financial year are shown below.

A – Number of meetings attended (while they were a director)

B – Number of meetings held during the time the director held office during the year.

Director	Meetings	
	A	B
Mr Anthony Abbott	3	3
Mr David Barnes	3	3
Mr Roger Burrell	3	3
Dr William Carroll	2	3
Dr Geoffrey Chapman	3	3
Mr Peter Day (i)	3	3
Ms Sharon Eacott	3	3
Ms Christina Gillies	3	3
Mr Robert Hubbard (i)	3	3
Mr Jonathan Lorraine	3	3
Mr Paul Murnane (i)	3	3
Mr Ian Pennell	3	3

(i) Members of the Audit Committee for Multiple Sclerosis Australia

During the financial year there was one meeting of the Audit Committee attended by members Mr Peter Day and Mr Robert Hubbard.

Company Secretary

Name

Mr Andrew Long

Experience

Appointed 24 September 2007
Company Secretary of Multiple Sclerosis Australia, Multiple Sclerosis Research Australia Limited, Multiple Sclerosis Limited and Australian Home Care Services Pty Limited

Principal Activities

The principal activities of Multiple Sclerosis Australia are:

- i) to provide assistance to people who have been diagnosed with Multiple Sclerosis and other chronic, degenerative, neurological diseases. This assistance will be provided to:
 - (a) 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

Multiple Sclerosis Australia

Directors' Report

prevent them from enjoying equal access, opportunities and participation within the community;
and

- (b) Members and other organisations with similar purposes;
- ii) 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
- iii) 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 5.

Dividends

The company's constitution specifically prohibits the payment of a dividend or a bonus to members of the Company.

Review of Operations

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

The company recorded a surplus of \$770,895 (2010: \$824,472) for the year.

The surplus or deficit of the company is impacted by the timing of the Readathon programme. The application of AASB 138 Intangible assets results in the costs and the revenues of Readathon being recognised in the financial statements as incurred rather than being matched on a program basis.

The Readathon 2010 Program, which is reported in the current 2011 financial year generated revenue of \$1,857,651 (2010:\$2,800,955) and a Distribution of \$104,740 (2010: \$89,499), all of which was paid to Members in accordance with an agreement between the Members which is reviewed and then adopted annually by the Board.

The company's other source of revenue continues mainly to be from its members through annual subscriptions and grants.

Changes in State of Affairs

In the opinion of directors, there were no significant changes in the affairs of the company entity that occurred during the financial year.

Subsequent Events

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years otherwise than disclosed in these financial reports.

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Directors' Report

Reconciliation of Program Reporting to Financial Statements

The company is fully compliant with AASB 138 and the adjustment of the Program Profit and Retained Earnings reported to the board relate to the recognition of the costs associated with the Readathon program in 2010 and the Novel Challenge Program in 2011.

The reconciliation of the Program Profit and Retained Earnings is shown in the table below.

	2011 \$	2010 \$
Profit for Period on a Program Basis	216,383	237,576
Readathon AASB 138 Adjustment	554,512	586,896
Total Comprehensive Income for the year	770,895	824,472
Members Funds on a Program Basis	591,360	374,978
Novel Challenge and Readathon Work in Progress	(21,735)	(1,115,856)
Novel Challenge Income in Advance	22,556	562,164
Retained Earnings Balance at 30th June	592,181	(178,714)

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 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.

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.

Signed in accordance with a resolution of the directors made pursuant to s.298 (2) of the Corporations Act 2001.

On behalf of the Directors

Director

At  Sydney 21st August 2011

Director

At  Sydney 21st August 2011

The Board of Directors
Multiple Sclerosis Australia
293 Mowbray Road
Chatswood NSW 2067

21 August 2011

Dear Directors

Multiple Sclerosis Australia

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Multiple Sclerosis Australia.

As lead audit partner for the audit of the financial statements of Multiple Sclerosis Australia for the financial year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit, and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



M Dreyer
Partner
Chartered Accountants

Independent Auditor's Report to the members of Multiple Sclerosis Australia

We have audited the accompanying financial report, being a special purpose financial report, of Multiple Sclerosis Australia, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, the directors' declaration and the principal officer's declaration as set out on pages 8 to 29. In addition, we have audited Multiple Sclerosis Australia's compliance with the specific requirements of the *Charitable Fundraising Act 1991* for the year ended 30 June 2011.

Directors' Responsibility for the Financial Report and for Compliance with the Charitable Fundraising Act 1991

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the requirements of the *Corporations Act 2001* and for compliance with the *Charitable Fundraising Act 1991*. The directors are also responsible for such internal control as the directors determine is necessary to enable compliance with requirements of the *Charitable Fundraising Act 1991* and the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the entity's compliance with specific requirements of the *Charitable Fundraising Act 1991* and the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the entity has complied with specific requirements of the *Charitable Fundraising Act 1991* and the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the entity's compliance with specific requirements of the *Charitable Fundraising Act 1991* and amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of non-compliance with specific requirements of the *Charitable Fundraising Act 1991* and material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's compliance with the *Charitable Fundraising Act 1991* and preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Inherent Limitations

Because of the inherent limitations of any compliance procedure, it is possible that fraud, error, or non-compliance with the *Charitable Fundraising Act 1991* may occur and not be detected. An audit is not designed to detect all weaknesses in Multiple Sclerosis Australia's compliance with the *Charitable Fundraising Act 1991* as an audit is not performed continuously throughout the period and the tests are performed on a sample basis.

Any projection of the evaluation of compliance with the *Charitable Fundraising Act 1991* to future periods is subject to the risk that the procedures, may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Multiple Sclerosis Australia would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Multiple Sclerosis Australia is in accordance with the *Corporations Act 2001*, including:
 - a. giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - b. complying with Australian Accounting Standards to the extent described in Note 1, and the *Corporations Regulations 2001*.
- (b) the financial report agrees to the underlying financial records of Multiple Sclerosis Australia that have been maintained, in all material respects, in accordance with the *Charitable Fundraising Act 1991* and its regulations for the year ended 30 June 2011; and
- (c) monies received by Multiple Sclerosis Australia as a result of fundraising appeals conducted during the year ended 30 June 2011, have been accounted for and applied, in all material respects, in accordance with the *Charitable Fundraising Act 1991* and its regulations.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Dreyer

M Dreyer
Partner
Chartered Accountants
Sydney, 21 August 2011

Multiple Sclerosis Australia

Declaration by Principal Officer in Respect of Fundraising Appeals

I, Robert Hubbard, President 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 financial statements and associated records of Multiple Sclerosis Australia have been properly kept during the year in accordance with the Charitable Fundraising Act 1991 (NSW) and the regulations; and
- (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.



Principal Officer

At *Sydney* *21st* August 2011

Multiple Sclerosis Australia

Directors' Declaration

As detailed in Note 1 to the financial statements, Multiple Sclerosis Australia is not a reporting entity because in the opinion of the directors there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, this 'special purpose financial report' has been prepared to satisfy the directors reporting requirements.

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 Corporations Act 2001 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 the resolution of the directors made pursuant to s.295 (5) of the Corporations Act 2001.

On behalf of the directors

Director

At *Sydney* *21st* August 2011

Director

At *Sydney* *21st* August 2011

Multiple Sclerosis Australia

Statement of Comprehensive Income for the Year Ended 30 June 2011

	Note	2011 \$	2010 \$
Revenue	2	2,295,922	3,635,726
MSA Programs			
Administration			
- Employee expenses		(156,568)	(156,409)
- Depreciation		(414)	(552)
- Board meeting expenses		(49,278)	(42,371)
- Other administration expenses		(39,266)	(42,379)
Risk & Compliance			
- Audit and Accounting	3	(22,430)	(23,093)
- Consultancy		(51,335)	-
- Company Secretarial		(59,796)	(59,677)
Website		(52,380)	(44,706)
Stacks of Snacks Distribution		-	(37,307)
Branding			
- Branding Expenses		(5,102)	(396,699)
- Recovery from Member Societies		3,652	330,000
Advocacy		(82,328)	(87,238)
The Multiple Sclerosis International Federation		(49,106)	(49,513)
Multiple Sclerosis Research Australia Limited			
- Grant for research		-	-
- Net recovery of accounting services and IT network charges		116,899	127,932
Grant to a member		-	(50,000)
Corporate Partnerships			
- Corporate Partnership Expenses		(138,264)	-
- Recovery from Member Societies		137,774	-
State Based Readathon 2011			
Readathon 2011 expenses		(488,224)	-
Recovery from Member Societies		171,084	-
Readathon Recovery 2011 Program		16,667	-
Readathon Program			
Readathon 2009 Program expenses			(1,073,887)
Readathon 2010 Program expenses		(650,137)	(1,115,856)
Novel Challenge 2011 expenses		(21,735)	-
Readathon 2009 Program Distribution	2 (c)		(89,499)
Readathon 2010 Program Distribution	2 (c)	(104,740)	-
Profit Before Income Tax Expense		770,895	824,472
Taxation expense		-	-
Profit Attributable to Members of the Entity	10	770,895	824,472
Other Comprehensive Income		-	-
Total Comprehensive Income for the year		770,895	824,472

Notes to the financial statements are included on pages 14 to 29

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Statement of Financial Position at 30 June 2011

	<u>Note</u>	<u>2011</u> <u>\$</u>	<u>2010</u> <u>\$</u>
Current Assets			
Cash and cash equivalents	12(a)	672,350	1,424,706
Trade Receivables and other Assets	4	266,408	164,013
Total Current Assets		<u>938,758</u>	<u>1,588,719</u>
Non-Current Assets			
Property, plant and equipment	5	<u>2,439</u>	<u>2,853</u>
Total Non-Current Assets		<u>2,439</u>	<u>2,853</u>
Total Assets		<u>941,197</u>	<u>1,591,572</u>
Current Liabilities			
Trade and other payables	6	296,174	383,811
Borrowings	7	-	1,300,000
Provisions	8	41,188	76,752
Total Current Liabilities		<u>337,362</u>	<u>1,760,563</u>
Non-Current Liabilities			
Provisions	8	<u>11,654</u>	<u>9,723</u>
Total Non-Current Liabilities		<u>11,654</u>	<u>9,723</u>
Total Liabilities		<u>349,016</u>	<u>1,770,286</u>
Net Assets		<u>592,181</u>	<u>(178,714)</u>
Retained Earnings			
Retained Earnings/(Accumulated Losses)	10	<u>592,181</u>	<u>(178,714)</u>
		<u>592,181</u>	<u>(178,714)</u>

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Statement of Changes in Equity for the Year ended 30 June 2011

	2011 \$
Balance as at 1 July 2009	(1,003,186)
Total Comprehensive Income for the year	824,472
Balance as at 30 June 2010	(178,714)
Total Comprehensive Income for the year	770,895
Balance as at 30 June 2011	592,181

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Statement of Cash Flows for the Year Ended 30 June 2011

	Note	2011 \$	2010 \$
Cash Flows From Operating Activities			
Cash receipts in the course of operations		2,849,305	4,262,572
Cash payments in the course of operations		(2,321,169)	(3,562,543)
Net cash provided by operating activities	12(c)	528,136	700,029
Cash Flows From Investing Activities			
Interest received		19,508	8,592
Net cash provided in investing activities		19,508	8,592
Cash Flows From Financing Activities			
Cash advances from related parties		-	1,300,000
Cash payments to related parties		(1,300,000)	(1,280,000)
Net cash provided by financing activities		(1,300,000)	20,000
Net Increase/(decrease) in cash and cash equivalents		(752,356)	728,621
Cash and cash equivalents at Beginning of the Financial Year		1,424,706	696,085
Cash and cash equivalents at End of the Financial Year	12(a)	672,350	1,424,706

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2011

1. Summary of Accounting Policies

Financial reporting framework

This company is not a reporting entity because, in the opinion of the directors, there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored to satisfy specifically all of their information needs. Accordingly this 'special purpose financial report' has been prepared to satisfy the directors reporting requirements under the Corporations Act 2001, the Constitution of the company, and the Charitable Fundraising Act 1991 (NSW).

Statement of Compliance

The financial report has been prepared in accordance with the Corporations Act 2001, the basis of accounting specified by all Accounting Standards and Interpretations and the disclosure requirements of Accounting Standards, AASB 101 'Presentation of Financial Statements', AASB 107 'Cash Flow Statements' and AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors'

The financial statements were authorised by the Directors on the 21 August 2011 to be issued.

Adoption of New & Revised Accounting Standards

Standards and Interpretations affecting amounts reported in the current period

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements. Details of other Standards and Interpretations adopted in these financial statements but that have had no effect on the amounts reported are set out below.

Standards affecting presentation and disclosure

Amendments to AASB 101 Presentation of Financial Statements (adopted in advance of effective date of 1 January 2011)	The amendments (part of AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project) clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.
Amendments to AASB 107 Statement of Cash Flows	The amendments (part of AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project) specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows. Consequently, cash flows in respect of development costs that do not meet the criteria in AASB 138 Intangible Assets for capitalisation as part of an internally generated intangible asset (and, therefore, are recognised in profit or loss as incurred) have been reclassified from investing to operating activities in the statement of cash flows.

Standards and Interpretations adopted with no effect on financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

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Notes to the Financial Statements for the Year Ended 30 June 2011

1. Summary of Accounting Policies (Cont'd)

AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	Except for the amendments to AASB 107 described earlier in this section, the application of AASB 2009-5 has not had any material effect on amounts reported in the financial statements.
AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	Except for the amendments to AASB 101 described earlier in this section, the application of AASB 2010-4 has not had any material effect on amounts reported in the financial statements.

Standards and Interpretations in issue not yet adopted

At balance date a number of revisions to Accounting Standards adopted by the AASB had been issued but not yet operative and have not been early adopted by Multiple Sclerosis Australia. The following is a list of these standards which are relevant to Multiple Sclerosis Australia:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 124 'Related Party disclosures' (revised December 2009), AASB 2009-12 'Amendments to Australian Accounting Standards'	1 January 2011	30 June 2012
AASB 9 'Financial Instruments', AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9'(December 2010)	1 January 2013	30 June 2014
AASB 2010-5 'Amendments to Australian Accounting Standards'	1 January 2011	30 June 2012

Basis of Preparation

The financial report has been prepared on the basis of historical cost. 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.

Going concern and continuing support

As at 30 June 2011, Multiple Sclerosis Australia had a surplus in net assets of \$592,181. As Multiple Sclerosis Australia's main fundraising activity was to operate the national Readathon Program for the benefit of its member's to December 2010, it relied on the continued financial support of these members.

Multiple Sclerosis Australia, from January 2011 will no longer directly undertake the Readathon Program but is contracted to provide cash management and accounting services to members who wish to undertake a Readathon program in 2011. (All members except the Multiple Sclerosis Society of Western Australia participated in 2011).

The Directors have specifically considered the operating results of Multiple Sclerosis Australia together with

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Notes to the Financial Statements for the Year Ended 30 June 2011

evidence of the financing arrangements and believe that it is appropriate to prepare the financial statements on a going concern basis.

1. Summary of Accounting Policies (Cont'd)

Critical Accounting and Key Sources of Estimation Uncertainty

In the application of the company'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 the judgments. 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 A-IFRS 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 2011, and the comparative information presented in these financial statements for the year ended 30 June 2010.

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 and accordingly no provision for income tax or income tax expense has been made.

(b) Recoverable Amount Of Non-Current Assets

Property, plant and equipment are brought to account at cost less, where applicable, any accumulated depreciation and impairment. The carrying amount of property, 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) Depreciation

Depreciation is provided on property, 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 from each class are as follows:

Non-Current Asset	2011 %	2010 %
Furniture & Fittings	10	10
Computer equipment	33	33

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Notes to the Financial Statements for the Year Ended 30 June 2011

1. Summary of Accounting Policies (Cont'd)

(d) *Receivables*

Trade receivables and other receivables are recorded at amortised costs less impairment.

(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 entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

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.

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 present obligation, its carrying amount is the present value of those cash flows.

(g) *Revenue Recognition*

Grants from Members

Grants are recognised as they accrue.

Donations/sponsorship – unspecified

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 on a cash basis.

Donations/sponsorship – specified

Donations/sponsorships received that are tied to a particular activity or provided for a specified purpose are treated in a manner consistent with the donor's intention.

Interest Income

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

See (l) for Readathon Income Recognition

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Notes to the Financial Statements for the Year Ended 30 June 2011

1. Summary of Accounting Policies (Cont'd)

(i) *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.

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 Balance Sheet.

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.

(j) *Borrowings*

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method.

(k) *Cash and Cash Equivalents*

Cash and cash equivalents comprise cash on hand, cash in banks and in and vestments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(l) *Readathon Program*

Multiple Sclerosis Australia has undertaken this program on behalf of its members for the calendar years 2004 to 2010. Until December 2010, the program was run on a calendar year basis with the main activity between March and November each year. From January 2011 Multiple Sclerosis Australia will no longer directly undertake the Readathon Program.

The adult reading program Novel Challenge which commenced in 2010 continues unchanged in 2011. The 30 June represents an approximate mid point in the Program each year. On completion of the Program each year the distribution is paid and brought to account and reported in the Statement of Comprehensive Income.

The Novel Challenge program distribution is determined on the expenditure and income between January and December each year. Donation income from participants in the Program is recognised on receipt.

Management Fees

As determined by the board, Multiple Sclerosis Australia recovers, prior to its distribution to the member State Societies, management and accounting costs directly related to the Readathon Program. These recoveries are nil for the 2010 Program. Note at 30 June 2011 management and accounting costs have been recovered and included in the Statement of Comprehensive Income for the 2011 state based Program.

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2011

1. Summary of Accounting Policies (Cont'd)

(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.

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.

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 Company in respect of services provided by employees up to reporting date.

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2011

	Note	2011 \$	2010 \$
2. Profit From Ordinary Activities			
Profit from ordinary activities before income tax includes the following items of revenue and expense:			
(a) Operating Revenue			
Member Grants		500,000	500,000
Donations		135,519	121,128
Sponsorship State Based Readathon 2011		317,140	
Sponsorship – Branding		-	70,000
Sponsorship – Readathon 2010		1,295,486	-
Sponsorship – Readathon 2009		-	2,303,973
Sponsorship – Novel Challenge 2011	2(d)	22,556	-
Sponsorship – Readathon 2010	2(d)	-	562,165
Other revenue:			
Interest		19,508	8,592
Other		5,713	69,868
Other revenues from ordinary activities		1,795,922	3,135,726
Total revenue		2,295,922	3,635,726
(b) Expenses			
Included in Expenses are the following items			
Depreciation of:			
Property, plant and equipment		414	552
Transfers to provision for:			
Employee entitlements		51,068	68,304

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2011

2. Profit From Ordinary Activities (Cont'd)

(c) Readathon Program - completed programs

	2011 \$	2010 \$
Total Revenue	1,857,651	2,800,955
Less Program Expenses	(1,752,911)	(2,661,456)
Income for MSA	-	(50,000)
Program Distribution	104,740	89,499
Provision for Readathon Distribution		-
Net Distribution	104,740	89,499
Distributed to:		
Multiple Sclerosis Limited NSW	29,048	31,600
Multiple Sclerosis Limited Vic	22,966	21,370
Multiple Sclerosis Limited ACT	4,279	3,555
The Multiple Sclerosis Society of Tasmania Incorporated	5,030	4,927
The Multiple Sclerosis Society of Western Australia(Incorporated)	14,773	9,248
The Multiple Sclerosis Society of South Australia and Northern Territory Incorporated	7,819	6,671
Multiple Sclerosis Society of Queensland	20,825	12,128

(d) Readathon Program – 2011 programs in progress

Program Expenditure recognised in the Statement of Comprehensive Income	21,735	1,115,856
Program Income recognised in the Statement of Comprehensive Income	(22,556)	(562,164)
	(821)	553,692

3. Remuneration of Auditors

(a) Auditor of the Parent Entity

Deloitte Touche Tohmatsu:

Amounts received or due and receivable by auditors for:

Auditing the financial report	22,430	23,093
Other services	-	-
	22,430	23,093

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2011

	2011 \$	2010 \$
4. Trade Receivables and Other Financial Assets		
Trade debtors	55,300	44,800
Amounts receivable from State Societies	159,357	63,119
	<u>214,657</u>	<u>107,919</u>
Prepayments	51,751	28,431
GST receivable	-	27,663
	<u>51,751</u>	<u>56,094</u>
	<u>266,408</u>	<u>164,013</u>
5. Property, Plant And Equipment		
Property Plant & Equipment:		
At cost	27,611	27,611
Less accumulated depreciation	<u>(25,172)</u>	<u>(24,758)</u>
	<u>2,439</u>	<u>2,853</u>
Reconciliation of the carrying amounts is set out below:		
Carrying amount at beginning of year	2,853	3,405
Additions	-	-
Depreciation Expense	<u>(414)</u>	<u>(552)</u>
	<u>2,439</u>	<u>2,853</u>

From the total company depreciation of \$414 (2010: \$552) an amount of \$414 (2009: \$552) has been expensed in the current year.

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2011

	2011 \$	2010 \$
6. Trade and other payables		
Trade payables	94,016	262,264
Income in Advance	2,500	-
GST Payable	10,800	-
Accruals and other payables	76,824	103,301
Amounts payable to Member Societies	112,034	18,246
	<u>296,174</u>	<u>383,811</u>
7. Borrowings		
Unsecured advances from The Multiple Sclerosis Society of Western Australia and Multiple Sclerosis Limited. The 2010 loan was repaid in the current year.	-	1,300,000
8. Provisions		
Current		
Provision for Annual Leave Liabilities		
Balance at 1 July	76,752	59,820
Additional provision recognised	49,137	66,462
Reduction by payment to employees	(84,701)	(49,530)
Balance 30 June	<u>41,188</u>	<u>76,752</u>
Provision for Readathon Distribution	-	-
Balance of current provisions at 30 June	<u>41,188</u>	<u>76,752</u>
Non-Current		
Provision for Long Service Leave Liabilities		
Balance at 1 July	9,723	7,881
Additional provision recognised	1,931	1,842
Balance 30 June	<u>11,654</u>	<u>9,723</u>
	<u>52,842</u>	<u>86,475</u>
	2011 No.	2010 No.
9. No of Employees		
Number of full time equivalents employed as at 30 June 2011 and 2010, respectively, are:	<u>6</u>	<u>15</u>
	2011 \$	2010 \$
10. Retained Earnings		
Accumulated Losses at the beginning of the year	(178,714)	(1,003,186)
Net Profit attributable to members	<u>770,895</u>	<u>824,472</u>
Retained Earnings/(Accumulated Losses)	<u>592,181</u>	<u>(178,714)</u>

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2011

11. 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 (2010:\$50) towards meeting any outstanding obligations of the Company.

At 30 June 2011 the number of members was 5 (2010: 5).

12. Notes to the Statement of Cash Flows

(a) Reconciliation of Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents includes cash on hand and in bank and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the statement of financial position as follows:

	2011 \$	2010 \$
Cash at bank	672,350	1,424,706
Cash on hand	-	-
	<u>672,350</u>	<u>1,424,706</u>

(b) Financing Facilities

At the statement of financial position date the company has no external finance facilities (2010: nil). Accordingly, there are no unused finance facilities or arrangements. At June 2011 there is an unused overdraft limit \$250,000 and a credit card limit of \$52,500.

(c) Reconciliation of Net Profit to Net Cash provided by Operating Activities

Net Profit	770,895	824,472
Add/(less) investing and non cash items:		
Interest Received	(19,508)	(8,592)
Depreciation and amortisation of non-current assets:		
- Expensed in the current year	414	552
- Recognised as deferred expenditure in relation to the Readathon project	-	-
Changes in net assets and liabilities:		
(Increase) in trade and other assets	(102,395)	(41,502)
(Decrease) in payables	(87,637)	(93,675)
(Decrease)/Increase in provisions	(33,633)	18,774
Net cash provided by the operating activities	<u>528,136</u>	<u>700,029</u>

13. Subsequent Events

No matters or circumstances have arisen since the end of the financial year which significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in financial years subsequent to the financial year ended 30 June 2011

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2011

14. Financial Instruments

(a) *Capital Risk Management*

The capital structure of the company includes cash and cash equivalents and retained earnings.

(b) *Categories of Financial Interests*

	2011 \$	2010 \$
Financial Assets		
Cash & Cash Equivalents	672,350	1,424,706
Trade and Other Receivables	266,408	164,013
Financial Liabilities		
Trade and Other Payables	296,174	383,811
Unsecured Advances	-	1,300,000

(c) *Financial Risk management objectives*

The Director's manage the financial risks relating to the operations of the company

The company does not enter into or trade financial instruments for speculative purposes. The Company does not use derivative instruments.

The company's activities expose it primarily to the financial risks of changes in interest rates.

(d) *Market Risk*

The company's only exposure to market risk is the effect of changes in interest rates which would affect interest received. There has been no change to the company's exposure to market risk.

(e) *Liquidity Risk*

Ultimate responsibility for liquidity risk management rests with the Board. The company manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

(f) *Interest Rate Risk Management*

The company is exposed to interest rate risk as it invests its surplus funds in variable rate instruments. The risk is managed by regular review of its variable interest rate investments.

Maturity profile of financial instruments

The following table details the company's exposure to interest rate risk as at 30 June 2011 and 30 June 2010:

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2011

14. Financial Instruments (Cont'd)

	Weighted Average Effective Interest Rate %	Less than 1 month \$	1-3 Months \$	3 months To 1 year \$	Total \$
2011 Assets					
Non interest bearing	-	243,594	22,814	-	266,408
Variable interest rate Instruments	4.4	672,350	-	-	672,350
	-	915,944	22,814	-	938,758

	Weighted Average Effective Interest Rate %	Less than 1 month \$	1-3 Months \$	3 months to 1 year \$	Total \$
2010 Assets					
Non interest bearing	-	164,013	-	-	164,013
Variable interest rate Instruments	3.0	1,424,706	-	-	1,424,706
	-	1,588,719	-	-	1,588,719

(g) Interest Rate Risk Management (Cont'd)

	Weighted Average Effective Interest Rate %	Less than 1 month \$	1-3 Months \$	3 months to 1 year \$	Total \$
2011 Liabilities					
Non interest bearing	-	231,179	-	64,995	296,174
	-	231,179	-	64,995	296,174

	Weighted Average Effective Interest Rate %	Less than 1 month \$	1-3 Months\$	3 months to 1 year\$	Total \$
2010 Liabilities					
Non interest bearing	-	383,811	-	-	383,811
Variable interest rate Instruments	6.18	1,300,000	-	-	1,300,000
	-	1,683,811	-	-	1,683,811

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2011

14. Financial Instruments (Cont'd)

(h) Interest Rate Sensitivity Analysis

The sensitivity analysis below have been determined based on the exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A one hundred basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

<i>Cash flow sensitivity</i>	2011 \$	2010 \$
Surplus or deficit 100 basis points		
Increase	672	1,425
Decrease	(672)	(1,425)

Cash is the only asset which is sensitive to interest rate fluctuations.

(i) Credit Risk Management

Credit risk refers to the risk that counterparty will default on its contractual obligations, resulting in financial loss to the company. To the extent the company has a receivable from another party there is a credit risk in the event of non-performance of that company. The company has adopted the policy of only dealing with credit worthy counterparts. The company does not have a significant credit risk exposure to any single counterparty or any group of counterparts having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses represents the company's maximum exposure to credit risk.

(j) Fair value of financial instruments

The directors consider that the carry amount of financial assets and financial liabilities recorded on the financial statements approximate their fair values.

15. Economic Dependence

The company is dependent on its income by way of grants from its members, the state MS Societies.

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2011

16. Additional Information furnished under the Charitable Fund Raising Act 1991(NSW) on a program basis

(a) Fund Raising Activities Conducted

Readathon Program – Calendar Year January to December
Major Gifts and Donations from Public
Corporate Gifts and Sponsorship
Research Grants

	2011 \$	2010 \$
Gross Proceeds:		
Completed Readathon Program in financial year	1,857,651	2,800,955
Major Gifts and Donations from Public	458,373	260,996
Corporate Gifts	-	-
Research Grants	-	-
Gross Proceeds from Fundraising Appeals	2,316,024	3,061,951
Fund Raising Costs		
Campaign Costs	1,568,067	2,361,048
Total Costs of Fundraising Appeals	1,568,067	2,361,048
Net Surplus	747,957	700,903
Cost of Services Provided	307,535	874,020
Total Expenditure		
Non Fund Raising Costs	1,051,078	971,919
Fund Raising Costs	1,568,067	2,361,048
Total Expenditure	2,619,145	3,332,967
Total Fund Raising Income less Fund Raising Costs	747,957	700,903

The Charitable Fundraising Information includes the company's main fund raising program Readathon which is run each calendar year.

The information in the table above is prepared on a program basis and before the application of Accounting Standard AASB 138.

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 2011

16. Additional Information furnished under the Charitable Fund Raising Act 1991 (NSW) on a program basis(Cont'd)

(b) Comparisons of Monetary figures and percentages

COMPANY	2011		2010	
	Amounts	%	Amounts	%
Total cost of Fund Raising to Gross Fund Raising Income	1,568,067/2,316,024	68*	2,361,048/3,061,951	77*
Net Surplus from Fund Raising to Gross Income from Fund Raising	747,957/2,316,024	32*	700,903/3,061,951	23*
Total Cost of Services to Total Expenditure (Less Fund Raising Costs)	307,535/(2,619,145-1,568,067)	29	874,020/(3,332,967-2,361,048)	90
Total Cost of Services to Total Income Received (Less Fund Raising Expenditure)	307,535/(2,316,024-1,568,067)	41	874,020/(3,061,951-2,361,048)	125
* Due to the nature of the Readathon Program				

17. Additional Company Information

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

Registered Office and Principal Place of Business

293 Mowbray Road
Chatswood NSW, 2067

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