



Multiple Sclerosis Australia

ACN 008 515 508

Annual Financial Report for the Year Ended 30 June 2018

Multiple Sclerosis Australia

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Multiple Sclerosis Australia Directors' Report

The Directors of Multiple Sclerosis Australia ("MSA") submit herewith the annual financial report of the company for the financial year ended 30 June 2018.

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

Name	Relevant Experience
Mr Ron Brent Non-executive Director	Appointed: 14 June 2017 Director, Multiple Sclerosis Limited Chairman, Multiple Sclerosis ACT Advisory Board
Mr Roger Burrell Non-executive Vice President	Appointed: 30 September 2001 Appointed Vice President: 25 November 2017 President, Multiple Sclerosis Society of Queensland Former Acting President, Multiple Sclerosis Society of Queensland (November 2014 - August 2015) Former Vice President, Multiple Sclerosis Society of Queensland
Professor William Carroll Non-executive Director	Appointed: 28 February 2000 Resigned: 25 November 2017 Neurologist Director, The Multiple Sclerosis Society of Western Australia (Incorporated) Member, Scientific Steering Committee of the International Progressive MS Alliance Chairman, The International Research Review Board Former Chairman, The Research Management Council of Multiple Sclerosis Research Australia Limited Former Director, Multiple Sclerosis Research Australia Limited
Dr Annette Carruthers Non-executive President	Appointed: 16 October 2014 Appointed President: 25 November 2017 President, Multiple Sclerosis Australia Director, Multiple Sclerosis Research Australia Limited Former Vice-President, Multiple Sclerosis Australia (November 2015 - November 2017)
Mr William Peter Day Non-executive Director	Appointed: 19 May 2008 Chairman, Multiple Sclerosis Limited Former Director, Australia Home Care Services Pty Ltd
Ms Christina Gillies 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

Multiple Sclerosis Australia Directors' Report

Name	Relevant Experience
Major General Ian Gordon AO Non-executive Director	Appointed: 13 November 2011 Resigned: 24 April 2018 Director, Multiple Sclerosis Limited Former Chairman, Multiple Sclerosis ACT Advisory Board
Assoc Professor Desmond Graham Non-executive Director	Appointed: 21 November 2014 Director, Multiple Sclerosis Limited Former Chairman, Multiple Sclerosis Society of Tasmania
Ms Christine Hahn Non-executive Director	Appointed: 20 November 2016 Resigned: 16 January 2017 Reappointed: 11 October 2017 (effective 28 August 2017) President, The Multiple Sclerosis Society of South Australia and Northern Territory Incorporated (effective 28 August 2017)
Mr William Hassell AM, JP Non-executive Director	Appointed: 17 November 2013 Resigned: 23 August 2017 Senior Vice President, The Multiple Sclerosis Society of Western Australia (Incorporated)
Ms Sophie Langshaw Non-executive Director	Appointed: 17 October 2013 Director, Multiple Sclerosis Limited
Mr Paul Murnane Non-executive Director	Appointed: 30 November 2003 Chairman, Multiple Sclerosis Research Australia Limited
Mr George Pampacos Non-executive Director	Appointed: 11 October 2017 President, The Multiple Sclerosis Society of Western Australia (Inc)
Mr Ian Pennell AM Non-executive Former President	Appointed: 25 September 2003 Appointed President: 15 November 2015 Resigned: 25 November 2017 President, Multiple Sclerosis Australia (November 2015 to November 2017) Former Vice President, Multiple Sclerosis Australia (November 2004 to November 2015) Director, Multiple Sclerosis Limited Former President, Multiple Sclerosis Society of ACT (Incorporated) Former Chairman, Multiple Sclerosis ACT Advisory Board
Mr Alan Scott Non-executive Director	Appointed: 23 January 2017 Resigned: 28 August 2017 Director, The Multiple Sclerosis Society of South Australia and Northern Territory Incorporated (effective 28 August 2017) President, The Multiple Sclerosis Society of South Australia and Northern Territory Incorporated (up to 28 August 2017)

Directors' Meetings

During the financial year 2018, six directors' meetings were held 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	Note	Meetings	
		A	B
Mr Ron Brent		4	6
Mr Roger Burrell		6	6
Professor William Carroll	(ii)	2	3
Dr Annette Carruthers	(i)	6	6
Mr William Peter Day	(i)	5	6
Ms Christina Gillies		4	6
Major General Ian Gordon AO	(ii) (iii)	-	4
Assoc Prof. Desmond Graham		6	6
Ms Christine Hahn		4	5
Mr Willian Hassell AM	(ii)	1	1
Ms Sophie Langshaw	(i)	6	6
Mr Paul Murnane		4	6
Mr George Pampacos		5	5
Mr Ian Pennell AM	(i) (ii)	3	3
Mr Alan Scott	(ii)	1	1

- (i) Members of Multiple Sclerosis Australia Audit and Risk Committee.
- (ii) Resigned during the financial year 2018
- (iii) During the financial year Major General Ian Gordon AO taken an extended leave of absence from June 2017 to April 2018.

The members of the Multiple Sclerosis Australia Audit and Risk Committee comprise Mr William Peter Day, Ms Sophie Langshaw, Mr George Pampacos, Dr Annette Carruthers and Ian Pennell AM (resigned in November 2017) (directors of the company).

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

Company Secretary

Name

Ms Deidre Mackechnie

Experience

Chief Executive Officer, Multiple Sclerosis Australia

Multiple Sclerosis Australia Directors' Report

Principal Activities

The principal activities of Multiple Sclerosis Australia are:

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

Auditor's Independence Declaration

The auditor's independence declaration is included on page 7.

Income and property

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

Review of Operations

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

The company recorded a surplus of \$148,200 (2017: surplus of \$357,378) for the year. The consolidated entity recorded a surplus of \$442,496 (2017: surplus of \$3,643,158) for the year. Reduction in the surplus for the year compared to prior year has been mainly due to activities in its subsidiary entity, Multiple Sclerosis Research Australia Limited.

Changes in State of Affairs and Likely Developments

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

Subsequent Events

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

Multiple Sclerosis Australia Directors' Report

Indemnification and Insurance of Officers and Auditors

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

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

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

Signed in accordance with a resolution of the directors.

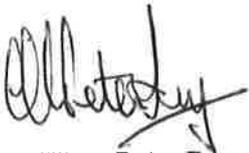
On behalf of the Directors



Dr Annette Carruthers
President

At Perth, Australia

17 October 2018



Mr William Peter Day
Director

At Perth, Australia

17 October 2018

19 October 2018

The Board of Directors
Multiple Sclerosis Australia
Level 19, 100 Miller Street
North Sydney NSW 2060

Dear Directors

Multiple Sclerosis Australia

In accordance with Subdivision 60-C of the Australian Charities and Not-for-profits Commission Act 2012, 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 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely


DELOITTE TOUCHE TOHMATSU



Gaile Timperley
Partner
Chartered Accountants

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

Opinion

We have audited the accompanying financial report of Multiple Sclerosis Australia (the "Entity") and its subsidiary (the "Group"), which comprises the consolidated and separate statement of financial position as at 30 June 2018, the consolidated and separate statement profit or loss and other comprehensive income, the consolidated and separate statement of changes in equity and the consolidated and separate statement of cash flows for the year then ended, notes to the financial statements including a summary of significant accounting policies and other explanatory information, and the declaration by directors as set out on pages 11 to 32. In addition, we have audited the Group's compliance with specific requirements of the Charitable Fundraising Act 1991.

In our opinion:

- (a) the accompanying financial report of the Entity and the Group is in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012 (the "ACNC Act"), including:
 - (i) giving a true and fair view of the consolidated entity and the company's financial position as at 30 June 2018 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013;
- (b) the financial report agrees to the underlying financial records of the Group, 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 2018; and
- (c) monies received by the Group, as a result of fundraising appeals conducted during the year ended 30 June 2018, have been accounted for and applied, in all material respects, in accordance with the Charitable Fundraising Act 1991 and its regulations.

We have obtained all the necessary information required in connection with our audit in respect of the financial year ended 30 June 2018.

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

Other information

The Board of Directors are responsible for the other information. The other information comprises the Entity's Director's Report for the year ended 30 June 2018, 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 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.

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

The directors of the Entity are responsible for compliance with the Charitable Fundraising Act 1991 and the preparation of the financial report that gives a true and fair view, and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the ACNC Act and the Charitable Fundraising Act 1991 and the needs of the members. The directors' responsibility also includes such internal control as The directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error, and to enable compliance with the Charitable Fundraising Act 1991.

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

Auditor's Responsibilities for the Audit of the Financial Report and Compliance with Specific Requirements of the Charitable Fundraising Act 1991

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 the Group complied, in all material respects, with specific requirements of the Charitable Fundraising Act 1991, 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 the 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 non-compliance with the specific requirements of the Charitable Fundraising Act 1991 and 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 directors.
- Conclude on the appropriateness of the directors' 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 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 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.

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 the Group'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 the compliance procedures 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 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.


DELOITTE TOUCHE TOHMATSU



Gaile Timperley
Partner
Chartered Accountants
Sydney, 19 October 2018

Multiple Sclerosis Australia

Declaration by Principal Officer in Respect of Fundraising Appeals

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 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.



Ms Deidre Mackechnie
Principal Officer

At Perth, Australia

17 October 2018

Multiple Sclerosis Australia Responsible Persons Declaration

Responsible Persons Declaration

The directors declare that:

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

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

On behalf of the directors



Dr Annette Carruthers
President

At Perth, Australia

17 October 2018



Mr William Peter Day
Director

At Perth Australia

17 October 2018

Multiple Sclerosis Australia

Statement of Comprehensive Income for the Year Ended 30 June 2018

	Note	Consolidated		Company	
		2018	2017	2018	2017
		\$	\$	\$	\$
Gross Revenue					
Donations & Fundraising		2,577,369	3,613,367	209,183	120,558
Bequest revenue		447,183	464,783	115,000	340,423
Kiss Goodbye to MS		810,670	1,145,291	-	-
State-based MS organisations - research contribution	21(b)	2,235,595	2,777,752	-	-
State-based MS organisations - grants	21(b)	915,726	896,891	915,726	896,891
Sponsorships - Pharmaceutical Companies		399,778	276,325	40,000	80,800
Government Grants		276,250	365,000	-	10,000
Expense reimbursement	21(a)	-	-	104,387	100,000
Interest/dividend revenue		262,212	264,474	55,382	54,162
Revenue from ordinary activities		7,924,783	9,803,883	1,439,678	1,602,834
Expenditure					
Advocacy	2(b)	(622,955)	(606,997)	(622,955)	(606,997)
Communications	2(c)	(189,798)	(225,382)	(189,798)	(225,382)
National Management		(110,627)	(77,425)	(110,627)	(77,425)
Administration expenditure	2(d)	(918,425)	(773,839)	(308,557)	(296,748)
Risk & Compliance		(23,648)	(23,669)	(23,648)	(23,669)
Kiss Goodbye to MS campaign	2(e)	(314,523)	(266,453)	-	-
Other Fundraising costs	2(f)	(468,635)	(696,414)	-	-
Interest Expense		-	(12,073)	-	(12,073)
Research Expenditure					
Grants for Research		(1,628,856)	(1,658,190)	-	-
Other Research Expenditure		(2,202,015)	(1,274,970)	-	-
Research & Strategic Expenditure	2(g)	(963,121)	(604,386)	-	-
(Loss)/gain on foreign currency exchange		(1,779)	3,736	(1,779)	3,736
Total Expenditure		(7,444,381)	(6,216,062)	(1,257,364)	(1,238,558)
Surplus before tax		480,402	3,587,821	182,314	364,276
Income tax expense	1(a)	-	-	-	-
Surplus from continuing operations		480,402	3,587,821	182,314	364,276
Other comprehensive income					
Items that may be reclassified subsequently to profit and loss:					
- Fair value (loss)/gain on available-for-sale financial asset for the year	8	(37,906)	55,337	(34,114)	(6,898)
Total comprehensive income for the period		442,496	3,643,158	148,200	357,378

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

Multiple Sclerosis Australia

Statement of Financial Position as at 30 June 2018

	Note	Consolidated		Company	
		2018	2017	2018	2017
		\$	\$	\$	\$
ASSETS					
Current Assets					
Cash and cash equivalents	15(a)	1,917,804	3,960,913	232,721	628,324
Short term investment	16	7,997,344	4,525,581	1,156,982	672,407
Trade receivables and other assets	5	1,882,303	2,435,684	-	82,182
Prepayments and other assets	5	215,711	187,828	85,829	67,493
Total Current Assets		12,013,162	11,110,006	1,475,532	1,450,406
Non-Current Assets					
Plant and Equipment	6	18,211	33,891	7,118	4,164
Intangibles	7	69,401	89,325	2,896	4,633
Available-for-sale financial asset	8	581,611	1,336,321	250,089	284,204
Total Non-Current Assets		669,223	1,459,537	260,103	293,001
Total Assets		12,682,385	12,569,543	1,735,635	1,743,407
LIABILITIES					
Current Liabilities					
Trade and other payables	9	339,694	632,177	82,107	243,394
Income received in advance		365,784	470,074	10,000	50,000
Provisions	10	164,691	161,426	90,721	83,958
Total Current Liabilities		870,169	1,263,677	182,828	377,352
Non-Current Liabilities					
Provisions	10	94,934	31,080	38,552	-
Total Non-Current Liabilities		94,934	31,080	38,552	-
Total Liabilities		965,103	1,294,757	221,380	377,352
Net Assets		11,717,282	11,274,786	1,514,255	1,366,055
Retained Earnings					
Contributed equity reserve	12 (a)	3,272,730	3,272,730	-	-
Retained earnings	12 (b)	8,484,501	8,004,099	1,555,267	1,372,953
Available-for-sale reserve	13	(39,949)	(2,043)	(41,012)	(6,898)
Total Retained Earnings		11,717,282	11,274,786	1,514,255	1,366,055

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

Multiple Sclerosis Australia
Statement of Changes in Equity for the Year Ended 30 June 2018

	Consolidated				Company		
	Retained Earnings	Contributed Equity Reserve	Available-for-sale reserve	Total Equity	Retained Earnings	Available-for-sale reserve	Total Equity
Balance as at 30 June 2016	4,416,278	3,272,730	(57,380)	7,631,628	1,008,677	-	1,008,677
Total Comprehensive Income for the year	3,587,821	-	55,337	3,643,158	364,276	(6,898)	357,378
Balance as at 30 June 2017	8,004,099	3,272,730	(2,043)	11,274,786	1,372,953	(6,898)	1,366,055
Total Comprehensive Income for the year	480,402	-	(37,906)	442,496	182,314	(34,114)	148,200
Balance as at 30 June 2018	8,484,501	3,272,730	(39,949)	11,717,282	1,555,267	(41,012)	1,514,255

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

Multiple Sclerosis Australia

Statement of Cash Flows for the Year Ended 30 June 2018

	Note	Consolidated		Company	
		2018	2017	2018	2017
		\$	\$	\$	\$
Cash Flows From Operating Activities					
Cash receipts in course of operations		7,858,901	9,719,058	1,448,572	1,637,665
Cash payments in course of operations		<u>(7,374,702)</u>	(6,424,691)	<u>(1,380,813)</u>	(1,179,281)
Net cash received from operating activities	15 (b)	<u>484,199</u>	<u>3,294,367</u>	<u>67,759</u>	<u>458,384</u>
Cash Flows from Investing Activities					
Interest received		238,339	47,168	31,508	35,246
Purchase of plant and equipment		(5,597)	(12,597)	(10,295)	(1,448)
Purchase of intangibles		(5,091)	(5,392)	-	-
Disposal/(purchase) of available-for-sale financial asset		716,804	(335,756)	-	(284,204)
Investment in term deposits		<u>(3,471,763)</u>	(1,186,513)	<u>(484,575)</u>	(210,736)
Net cash used in investing activities		<u>(2,527,308)</u>	<u>(1,493,090)</u>	<u>(463,362)</u>	<u>(461,142)</u>
Cash Flows from Financing Activities					
Cash flow to State Societies		-	(133,333)	-	(133,333)
Cash flow from MS SA/NT		-	433,333	-	433,333
Net cash provided by financing activities	21 (f)	<u>-</u>	<u>300,000</u>	<u>-</u>	<u>300,000</u>
Net (decrease)/increase in cash and cash management		<u>(2,043,109)</u>	2,101,277	<u>(395,604)</u>	297,242
Cash and cash equivalents at beginning of the financial year		<u>3,960,913</u>	1,859,636	<u>628,324</u>	331,082
Cash and cash equivalents at end of the financial year	15 (a)	<u>1,917,804</u>	<u>3,960,913</u>	<u>232,721</u>	<u>628,324</u>

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2018

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 both other requirements of law and the *Charitable Fundraising Act 1991 (NSW)*. Accounting Standards include Australian equivalents to International Financial Reporting Standards ("A-IFRS").

The financial statements were authorised by the Directors on the 17 October 2018

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.

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.

Accounting Standards and Interpretations issued but not yet effective

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

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 Financial Instruments and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 Revenue from Contracts with Customers	1 January 2019	30 June 2020
AASB 16 Leases	1 January 2019	30 June 2020
AASB 1058 Income for Not for Profits	1st January 2019	30 June 2020

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2018

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 2018, and the comparative information presented in these financial statements for the year ended 30 June 2017.

Significant Accounting Policies

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

(a) Taxation

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

(b) Recoverable Amount of Non-Current Assets

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

(c) Plant and Equipment

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

	2018	2017
	%	%
Furniture and Fittings	10	10
Computer equipment	33	33

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2018

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 with the agreement of the relevant Member.

Donations/sponsorship – unspecified and non-reciprocal

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

Donations/sponsorship – specified and non-reciprocal

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

Program Funding / Reciprocal Sponsorship

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

Interest Revenue

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

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2018

1. Summary of Accounting Policies (Cont'd)

(h) Goods and Services Tax

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

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

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

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

(i) 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.

(j) Cash and Cash Equivalents

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

(k) 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 2018, the Company accrued provision for long service leave from the commencement date of employment compared to prior year based on commencing on the 5th Anniversary of service.

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 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 2018

1. Summary of Accounting Policies (Cont'd)

(l) Intangibles

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Intangible assets are comprised of software assets and cost associated with the new websites for Multiple Sclerosis Research Australia. The company opted not to capitalise website upgrade cost. Amortisation is calculated on a straight-line basis over 5 years.

(m) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(n) Available-for-sale financial assets

Listed preference shares held by the company that are traded in an active market are classified as available-for-sale and are stated at fair value. Fair value is determined in the manner described in Note 8. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulate in the investments revaluation reserve, with the exception of impairment losses, interest calculated using effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in the statement of comprehensive income. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to the statement of comprehensive income.

Dividends on available-for-sale equity instruments are recognised to the profit and loss statement when the Company's right to receive the dividends are established.

(o) Available-for-sale reserve

The available-for-sale reserve arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold that portion of the reserve which relates to that financial asset, and has been effectively been realised, is recognised in the statement of comprehensive income. Where a revalued financial asset is impaired that portion of the reserve which relates to that financial asset is recognised in the statement of comprehensive income.

(p) Leases

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

(q) Short term investment

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

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2018

1. Summary of Accounting Policies (Cont'd)

Comparative figures

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

2. Profit From Ordinary Activities

	Consolidated		Company	
	2018	2017	2018	2017
	\$	\$	\$	\$
Surplus from ordinary activities before income tax include the following:				
(a) Expenditure				
Depreciation of Plant and Equipment	21,277	9,576	7,342	3,298
Amortisation of Intangibles	25,015	20,198	1,737	1,736
Provision for Annual Leave and long service leave	226,217	157,340	94,468	55,679
Employee benefits	<u>2,160,544</u>	<u>2,044,806</u>	<u>802,359</u>	<u>729,708</u>

(b) **Advocacy expenditure**

Increase in expenditure was mainly due to 2nd Year of the MS Nurse project which is funded by a pharmaceutical company

(c) **Communications expenditure**

Decrease in expenditure mainly due to scaled down on the Wellness Hub Project into its third year and funded by a pharmaceutical company.

(d) **Administration expenditure**

Increase in expenditure at Company level was mainly due to increased roles and responsibilities on staff compensated by recharge to its subsidiary. During the financial year the subsidiary entity changed the allocation of Finance and Communication & Marketing resources between administrative, fundraising and strategic expenditures, reflecting the appropriate use of the resources in those categories.

(e) **Kiss Goodbye to MS expenditure**

Current year expenditure increased by 18% mainly due to the new Mystery Ball event organised in August 2017.

(f) **Other Fundraising expenditure**

Current year expenditure declined by 33% mainly due to (1) cost of organising the Charityworks for MS Gala dinner in October 2016 (event held every 2 years); (2) reallocation of Finance and Communication cost; and (3) delayed recruitment of key fundraising position.

(g) **Research and strategic expenditure**

Current year expenditure increased by 59% mainly due to (1) MS Research Australia research conference held in October 2017; (2) Allocation of Communications and Marketing costs; and (3) Expenditure related to the Stop & Reverse and Road Map campaign.

3. Key Management Personnel Compensation

	Company	
	2018	2017
	\$	\$
Short Term Benefits	<u>286,748</u>	<u>277,796</u>
Post-employment benefits	<u>27,241</u>	<u>26,391</u>
	<u>313,989</u>	<u>304,187</u>

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2018

4. Remuneration of Auditors

	Consolidated		Company	
	2018	2017	2018	2017
	\$	\$	\$	\$
Audit Fee from Deloitte Touche Tohmatsu.				
Amounts received or due and receivable by auditors for:				
Auditing the financial report	49,725	48,450	24,225	23,550

5. Trade Receivables and Other Financial Assets

(a) Current

Trade Debtors	48,560	68,757	-	-
Amounts receivable from state based organisation	1,833,743	2,366,927	-	73,015
Amounts receivable from Multiple Sclerosis Research Australia Limited	-	-	-	9,167
Total Trade Debtors	1,882,303	2,435,684	-	82,182
Accrued income	106,339	89,565	34,060	19,926
Prepayments and others	109,372	98,263	51,769	47,567
Total Other Receivables	215,711	187,828	85,829	67,493
Total Trade Receivable and Other Financial Assets	2,098,014	2,623,512	85,829	149,675
Aged receivables				
Current	1,873,343	2,435,684	-	82,182
1-30 days	7,975	-	-	-
31-60 days	985	-	-	-
Total Trade Debtors	1,882,303	2,435,684	-	82,182

Trade receivable has an average credit period of 30 days and no interest is charged on outstanding invoice. No allowance for doubtful debts is required as the Company believes all debts are recoverable, based on past default experience of the counterparty and an analysis of the counterparty's current financial position.

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2018

6. Plant and Equipment

	Consolidated		Company	
	2018	2017	2018	2017
	\$	\$	\$	\$
Cost	78,197	73,399	29,684	20,188
Accumulated depreciation	(59,986)	(39,508)	(22,566)	(16,024)
	<u>18,211</u>	<u>33,891</u>	<u>7,118</u>	<u>4,164</u>

Reconciliation of the carrying amounts is set out below:

Carrying amount at beginning of year	33,891	30,872	4,164	6,015
Additions	5,597	12,595	10,296	1,447
Depreciation expense	(21,277)	(9,576)	(7,342)	(3,298)
	<u>18,211</u>	<u>33,891</u>	<u>7,118</u>	<u>4,164</u>

7. Intangibles

Cost	130,160	125,069	8,681	8,681
Accumulated depreciation	(60,759)	(35,744)	(5,785)	(4,048)
	<u>69,401</u>	<u>89,325</u>	<u>2,896</u>	<u>4,633</u>

Reconciliation of the carrying amounts is set out below:

Carrying amount at beginning of year	89,325	104,130	4,633	6,369
Additions	5,091	5,393	-	-
Depreciation expense	(25,015)	(20,198)	(1,737)	(1,736)
	<u>69,401</u>	<u>89,325</u>	<u>2,896</u>	<u>4,633</u>

8. Available-for-sale financial asset

Non-current:

Available-for-sale investments carried at fair value:

Shares in financial institutions	581,611	1,336,321	250,089	284,204
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Consolidated: The fair value of preference shares with ANZ, Commonwealth Bank, National Australia Bank, Westpac and Suncorp 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 in the Statement of Comprehensive Income.

During the financial year the Company continued to hold Commonwealth Bank ordinary shares that were donated in the previous financial year. The Subsidiary entity on the other hand divested a large portion of its portfolio of Hybrid shares into short term Term Deposits subject to creation of an Investment Policy.

During the financial year, the Group recognised a net loss of \$37,906 (2017: net gain of \$55,337) arising from fair value changes. The intent is to hold the investments through to maturity on the preference shares.

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2018

9. Trade and other payables

	Consolidated		Company	
	2018	2017	2018	2017
	\$	\$	\$	\$
Current				
Trade payables	129,578	187,098	7,758	16,115
Amounts payable to Members	250	145,417	250	145,406
Amounts payable to Multiple Sclerosis Research Australia Limited	-	-	250	5,872
Total Trade payables	<u>129,828</u>	<u>332,515</u>	<u>8,258</u>	<u>167,393</u>
Net of GST Payable/Receivable	95,287	206,451	15,254	14,294
Accruals and other payables	114,579	93,211	58,595	61,707
Total Other payables	<u>209,866</u>	<u>299,662</u>	<u>73,849</u>	<u>76,001</u>
Total Trade and other payables	<u>339,694</u>	<u>632,177</u>	<u>82,107</u>	<u>243,394</u>

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

10. Provisions

Current

Provision for Annual Leave Liabilities

Carrying amount at beginning of year	137,784	130,639	66,786	41,340
Additional provision recognised	140,332	143,386	54,706	53,055
Reduction by payment to employees	(149,061)	(136,241)	(49,153)	(27,609)
Balance of current provision at 30 June	<u>129,055</u>	<u>137,784</u>	<u>72,339</u>	<u>66,786</u>

Provision for Long Service Leave Liabilities

Carrying amount at beginning of year	23,642	19,603	17,172	14,548
Additional provision recognised	22,031	4,039	1,210	2,624
Reduction by payment to employees	(10,037)	-	-	-
Balance of current provision at 30 June	<u>35,636</u>	<u>23,642</u>	<u>18,382</u>	<u>17,172</u>
	<u>164,691</u>	<u>161,426</u>	<u>90,721</u>	<u>83,958</u>

Non-current

Provision for Long Service Leave Liabilities

Carrying amount at beginning of year	31,080	21,165	-	-
Additional provision recognised	63,854	9,915	38,552	-
Balance of current provision at 30 June	<u>94,934</u>	<u>31,080</u>	<u>38,552</u>	<u>-</u>

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2018

11. Number of Employees

The number of full time equivalents employed as at 30 June 2018 and 2017, respectively are:

	Consolidated		Company	
	2018	2017	2018	2017
	Number	Number	Number	Number
FTE employed as at 30 June	<u>17.8</u>	<u>19.5</u>	<u>6.4</u>	<u>6.1</u>

12 (a) Contributed equity reserve

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

12 (b) Retained Earnings

	Consolidated		Company	
	2018	2017	2018	2017
	\$	\$	\$	\$
Retained Earnings at the beginning of the year	8,004,099	4,416,278	1,372,953	1,008,677
Net surplus attributable to members	480,402	3,587,821	182,314	364,276
Retained Earnings at the end of the year	<u>8,484,501</u>	<u>8,004,099</u>	<u>1,555,267</u>	<u>1,372,953</u>

13. Available-for-sale reserve

Balance at the beginning of the year	(2,043)	(57,380)	(6,898)	-
Valuation (loss)/gain	(37,906)	55,337	(34,114)	(6,898)
Balance at the end of the year	<u>(39,949)</u>	<u>(2,043)</u>	<u>(41,012)</u>	<u>(6,898)</u>

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 (2017:\$50) towards meeting any outstanding obligations of the Company.

At 30 June 2018 the number of members were 4 (2017: 4). The members were: (1) Multiple Sclerosis Limited; (2) Multiple Sclerosis Society of Queensland; (3) The Multiple Sclerosis Society of South Australia and Northern Territory Inc; and (4) The Multiple Sclerosis Society of Western Australia Inc.

Membership

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

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

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2018

15. Notes to the Statement of Cash Flows

	Consolidated		Company	
	2018	2017	2018	2017
	\$	\$	\$	\$
(a) Reconciliation of Cash and cash equivalents				
For the purpose of the Statement of Cash Flows, cash and cash equivalents include cash on hand and in bank. Cash and cash equivalents at the end of the financial year as shown in the Statement of Cash Flow is reconciled to the related items in the Statement of Financial Position as follows:				
Cash on hand and at financial institution	1,917,804	3,960,913	232,721	628,324
(b) Reconciliation of net surplus before tax to Net Cash provided by Operating Activities				
Net surplus before tax	480,402	3,587,821	182,314	364,276
Add/(less) investing and non cash items:				
Interest Income	(238,339)	(255,839)	(31,508)	(35,245)
Interest Expense	-	12,073	-	12,073
Depreciation of plant and equipment	21,277	9,576	7,342	3,298
Amortisation of intangibles	25,015	20,198	1,737	1,736
Changes in net assets and liabilities				
Decrease/(increase) in trade receivables and other assets	540,287	(498,213)	63,846	29,487
(Decrease)/Increase in trade and other payables	(411,562)	397,652	(201,287)	54,689
Increase in provisions	67,119	21,099	45,315	28,070
Net cash provided by the operating activities	484,199	3,294,367	67,759	458,384

16. Short term investment

Term deposits (term of more than 3 months)	7,997,344	4,525,581	1,156,982	672,408
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Short term investments with National Australia Bank with an average maturity of 326.8 days (2017: 305.7 days).

17. Contingencies

The Group has a bank guarantee of \$83,781 (2017: \$83,781) in place for the lease of an office premise in North Sydney which expires on 19 June 2019. The Group has extended the office lease for another 5 years with a new bank guarantee of \$125,408. The company has no other contingencies as at the date of this report.

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2018

18. Operating lease

	Consolidated		Company	
	2018	2017	2018	2017
	\$	\$	\$	\$
Non-cancellable operating lease commitments:				
Less than 1 year	131,447	125,909	1,378	5,316
Later than 1 year and not later than 5 years	760,815	54,895	1,190	2,568
Total commitment	892,262	180,804	2,568	7,884

Operating lease relates to the following items:

- * Office premise at North Sydney expires on 19 December 2018 and has been extended for another 5 years to 20 December 2023.
- * Computer equipment leased with National Australia Bank, for 3 years ending July 2018, at which the Company decided to buy back the assets.
- * Photocopy rentals with BBC Digital, for 5 years ending August 2020.

19. 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 company. The Company 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 2018	30 June 2017		
	\$	\$		
Available-for-sale non derivative financial asset	581,611	1,336,321	Level 1	Quoted bid prices in an active market

Further information on available-for-sale financial asset is disclosed in Note 8.

20. Economic Dependence

The company is dependent on its income by way of grants from its state based members in the current financial year of \$915,726 (2017: \$896,891) which represents 63.6% (2017: 56.0%) of total revenue from ordinary activities.

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2018

21. Related Party Transactions

	Consolidated		Company	
	2018	2017	2018	2017
	\$	\$	\$	\$
(a) Transactions with Multiple Sclerosis Research Australia Limited				
Recharge to Multiple Sclerosis Research Australia Limited	-	-	104,387	100,000
Recharge from Multiple Sclerosis Research Australia Limited	-	-	(1,854)	(15,000)

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 \$104,387 (2017: \$100,000, financial services and MSIF membership subscription only) to Multiple Sclerosis Research Australia Limited. In the same financial year Multiple Sclerosis Research Australia Limited provided other administration services at a net cost of \$1,854 (2017: \$15,000) to Multiple Sclerosis Australia.

(b) Grants from State based MS Organisations				
Multiple Sclerosis Limited	906,910	895,044	576,910	565,044
Multiple Sclerosis Society of Queensland	183,143	179,376	183,143	179,376
MS Development and Research Foundation of Queensland Inc	380,595	363,595	-	-
The Multiple Sclerosis Society of South Australia and Northern Territory Incorporated	95,786	113,594	45,786	44,844
The Multiple Sclerosis Society of Western Australia Incorporated	1,609,887	2,123,034	109,887	107,627
	3,176,321	3,674,643	915,726	896,891
Less: Deferred income to financial year 2019	25,000	-	-	-
Total Income from State based MS organisations	3,151,321	3,674,643	915,726	896,891

During the financial year state-based MS organisations provided grants of \$915,726 (2017: \$896,891) to the Company and \$3,176,321 (2017: \$3,674,643) to the Group respectively.

During the financial year, the Multiple Sclerosis Society of Western Australia Inc made a research contribution of \$1,500,000 to Multiple Sclerosis Research Australia. A portion of this research contribution i.e. \$500,000 is tied or provided for a specific purpose that will be funded by Multiple Sclerosis Research Australia Limited to the International Progressive MS Alliance in the financial year 2019, however this revenue has been recognised in the current year.

Total Grants and Research income from State based MS organisations is reflected on page 12 of the Statement of Comprehensive Income: Consolidated of \$3,151,321 (2017: \$3,674,643) and Company of \$915,726 (2017: \$896,891).

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2018

21. Related Party Transactions (Cont'd)	Consolidated		Company	
	2018	2017	2018	2017
	\$	\$	\$	\$
(c) <u>Amounts owed to Multiple Sclerosis Australia by related parties:</u>				
<u>Current</u>				
Multiple Sclerosis Limited	156,243	82,183	-	51,933
Multiple Sclerosis Society of Queensland	-	16,580	-	16,580
MS Development and Research Foundation of Queensland Inc	-	13,246	-	-
The Multiple Sclerosis Society of South Australia and Northern Territory Incorporated	27,500	54,861	-	4,444
The Multiple Sclerosis Society of Western Australia Incorporated	1,650,000	2,200,058	-	58
Multiple Sclerosis Research Australia Limited	-	-	-	9,167
Total	1,833,743	2,366,928	-	82,182

Amounts receivable from state based organisations around Australia principally relate to research contributions and grants owing to Multiple Sclerosis Research Australia at year end. Amount receivable from Multiple Sclerosis Limited relates to a bequest income received that has been assigned to research for a cure.

(d) <u>Amounts owed by Multiple Sclerosis Australia to related parties:</u>				
<u>Current</u>				
Multiple Sclerosis Limited	250	90,855	250	90,844
Multiple Sclerosis Society of Queensland	-	54,562	-	54,562
Multiple Sclerosis Research Australia Limited	-	-	250	5,872
Total	250	145,417	500	151,278

(e) <u>In-kind donation by Multiple Sclerosis Limited to related parties:</u>				
Multiple Sclerosis Limited	14,400	30,400	14,400	14,400

During the current financial year Multiple Sclerosis Limited provided in-kind services relating to Human Resource and Payroll services to the Company \$6,000 (2017: \$6,000) and to the Group \$6,000 (2017: \$22,000) as well as rent free office space at its Blackburn VIC premise to the Company \$8,400 (2017: \$8,400). These amounts are an estimated amount sourced from a few providers.

Consolidated: A reduction on in-kind donation in the current financial year of \$16,000 was due to a business decision made by the subsidiary entity to outsourced its own Human Resource and Payroll services from an external provider. A business decision was made due to the need to customise the services received to meet its specific and growing business requirements.

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

Loans to and from Members resolved in the financial year 2017. No new loans in 2018.

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2018

22. Additional Information furnished under the Charitable Fundraising Act 1991 (NSW) on a program basis

Consolidated

	Year to 30 June 2018			Year to 30 June 2017		
	Gross Revenue	Direct Expense	Net Proceeds	Gross revenue	Direct Expense	Net Proceeds
Fundraising & donations	2,577,369	468,635	2,108,734	3,613,367	696,414	2,916,953
Bequest Income	447,183	-	447,183	464,783	-	464,783
Kiss Goodbye to MS	810,670	314,523	496,147	1,145,291	266,453	878,838
State-based MS organisations - research contribution	2,235,595	-	2,235,595	2,777,752	-	2,777,752
State-based MS organisations - grants (Note 1)	915,726	-	915,726	896,891	-	896,891
Sponsorships Pharmaceutical Companies	399,778	-	399,778	276,325	-	276,325
Government Grants	276,250	-	276,250	365,000	-	365,000
Total	7,662,571	783,158	6,879,413	9,539,409	962,867	8,576,542
Administration expenditure (Note 2)			(950,091)			(871,197)
Net amount raised before Cost of Services Provided, Bad Debt Expense and Interest			5,929,322			7,705,345

	% of Gross Revenue	% of Gross Revenue
Direct Expenditure	10.2%	10.1%
Administration expenditure	12.4%	9.1%
Total Expenditure	22.6%	19.2%
Net amount raised	77.4%	80.8%

Company

	Year to 30 June 2018			Year to 30 June 2017		
	Gross Revenue	Direct Expense	Net Proceeds	Gross Revenue	Direct Expense	Net Proceeds
Fundraising & donations	209,183	-	209,183	120,558	-	120,558
Bequest Income	115,000	-	115,000	340,423	-	340,423
State-based MS organisations - grants (Note 1)	915,726	-	915,726	896,891	-	896,891
Sponsorships	40,000	-	40,000	80,800	-	80,800
Government Grants	-	-	-	10,000	-	10,000
Total	1,279,909	-	1,279,909	1,448,672	-	1,448,672
Administration expenditure (Note 2)			(444,610)			(394,106)
Net amount raised before Cost of Services Provided, Bad Debt Expense, Interest and recharge			835,299			1,054,566

	% of Gross Revenue	% of Gross Revenue
Direct Expenditure	0.0%	0.0%
Administration expenditure	34.7%	27.2%
Total Expenditure	34.7%	27.2%
Net amount raised	65.3%	72.8%

(1) Refer to Note 21(b).

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

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2018

22. Additional Information furnished under the Charitable Fundraising Act 1991 (NSW) on a program basis (Cont'd)

	Consolidated		Company	
	2018	2017	2018	2017
	\$	\$	\$	\$
(a) Fundraising Activities Conducted				
Major Gifts and donations from Public Gross Proceeds from Fundraising Appeals				
Gross Proceeds:				
Kiss Goodbye to MS	810,670	1,145,291	-	-
Fundraising & donations, Bequest Income and Sponsorship	3,424,330	4,354,475	364,183	541,781
Gross Proceeds from Fundraising Appeals	<u>4,235,000</u>	<u>5,499,766</u>	<u>364,183</u>	<u>541,781</u>
Total Fundraising Costs, representing Total Costs of Fundraising Appeals #	<u>783,158</u>	<u>962,867</u>	<u>-</u>	<u>-</u>
Net Surplus	3,451,842	4,536,899	364,183	541,781
Cost of Services Provided *	4,643,624	3,765,539	812,753	832,379
Total Expenditure				
Non Fundraising Costs	6,661,224	5,253,195	1,257,364	1,238,558
Fundraising Costs	783,158	962,867	-	-
Total Expenditure	<u>7,444,382</u>	<u>6,216,062</u>	<u>1,257,364</u>	<u>1,238,558</u>
Total Fundraising Income less Fundraising Costs	<u>3,451,842</u>	<u>4,536,899</u>	<u>364,183</u>	<u>541,781</u>

The cost of fundraising disclosed reflects direct cost associated to fundraising. Indirect costs are reflected in the delivery of services.

* The cost of services provided in the current financial are as follow and also disclosed in the Statement of Comprehensive Income.

Advocacy	622,955	606,997	622,955	606,997
Communications	189,798	225,382	189,798	225,382
Grants for Research and other research	3,830,871	2,933,160	-	-
	<u>4,643,624</u>	<u>3,765,539</u>	<u>812,753</u>	<u>832,379</u>

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

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2018

22. Additional Information furnished under the Charitable Fundraising Act 1991 (NSW) on a program basis (Cont'd)

(b) Comparisons of Monetary figures and percentages

	2018		2017	
	\$	%	\$	%
Consolidated				
Total Cost of Fundraising to Gross Fundraising Income	\$ 783,158 / \$ 4,235,000	18%	\$ 962,867 / \$ 5,499,766	18%
Net Surplus from Fundraising to Gross Income from Fundraising	\$ 3,451,842 / \$ 4,235,000	82%	\$ 4,536,899 / \$ 5,499,766	82%
Total Cost of Services to Total Expenditure (Less Fundraising Costs)	\$ 4,643,624 / [\$ 7,444,382 - \$ 783,158]	70%	\$ 3,765,539 / [\$ 6,216,062 - \$ 962,867]	72%
Total Cost of Services to total income received from fundraising (Less interest revenue and fundraising expenditure)	\$ 4,643,624 / [\$ 4,235,000 - \$ 783,158]	135%	\$ 3,765,539 / [\$ 5,499,766 - \$ 962,867]	83%
Company				
Total Cost of Fundraising to Gross Fundraising Income	\$ - / \$ 364,183	0%	\$ - / \$ 541,781	0%
Net Surplus from Fundraising to Gross Income from Fundraising	\$ 364,183 / \$ 364,183	100%	\$ 541,781 / \$ 541,781	100%
Total Cost of Services to Total Expenditure (Less Fundraising Costs)	\$ 812,753 / [\$ 1,257,364 - \$ -]	65%	\$ 832,379 / [\$ 1,238,558 - \$ -]	67%
Total Cost of Services to total income received from fundraising (Less interest revenue and fundraising expenditure)	\$ 812,753 / [\$ 364,183 - \$ -]	223%	\$ 832,379 / [\$ 541,781 - \$ -]	154%

23. Subsequent Events

There has not been any matters or circumstances that have arisen since the end of the financial year which significantly affected, or may significantly affect, the operations of the company, the results of its operations, or the state of affairs of the company in financial years subsequent to the year ended 30 June 2018.

24. Additional Company Information

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

Registered Office and Principal Place of Business

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