



Multiple Sclerosis Australia and Controlled Entity

ACN 008 515 508

Annual Financial Report for the Year Ended 30 June 2021

Multiple Sclerosis Australia and Controlled Entity

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Multiple Sclerosis Australia and Controlled Entity

Directors' Report

The Directors of Multiple Sclerosis Australia ("MSA") submit herewith the annual financial report of the Company and Controlled Entity (the "Group") for the financial year ended 30 June 2021.

The names and particulars of the Directors of the Company during the year are:

Assoc Professor Desmond Graham Chair of the Board of Directors Appointed: 21 November 2014 Appointed Chair: 26 September 2019	Chair, Multiple Sclerosis Research Australia Limited Director, Multiple Sclerosis Limited Member, Menzies Institute for Medical Research MS Flagship Management Committee Chair, Menzies Institute of Medical Research MS Research Flagship – Consumer and Community Reference Committee Former Chairman, Multiple Sclerosis Society of Tasmania
Mr George Pampacos Deputy Chair of the Board of Directors Appointed: 11 October 2017 Appointed Deputy Chair: 16 November 2019	Director, Multiple Sclerosis Research Australia Limited Former President, MSWA
Mr Horst Bemmerl Non-Executive Director Appointed: 3 December 2020	Director, MSWA Director, Multiple Sclerosis Research Australia Limited
Mr Ron Brent Non-Executive Director Appointed: 14 June 2017	Director, Multiple Sclerosis Limited Director, Multiple Sclerosis Research Australia Limited Member, MS Community Engagement Council ACT Region Chair, MSA National Funding Committee Chair, MSA Governance Committee
Ms Sharlene Brown Non-Executive Director Appointed: 22 July 2019	Director, Multiple Sclerosis Limited Director, Multiple Sclerosis Research Australia Limited Member, Menzies Flagship Scientific Advisory Committee
Ms Christine Hahn Non-Executive Director Appointed: 15 February 2021	President, The Multiple Sclerosis Society of South Australia and Northern Territory Inc. Director, Uniting SA Ltd Director, Uniting SA Housing Ltd Director, Multiple Sclerosis Research Australia Limited
Ms Christina Gillies Non-Executive Director Appointed: 20 May 2007	Director, Multiple Sclerosis Limited Director, Multiple Sclerosis Research Australia Limited
Ms Johanna Roche Non-Executive Director Appointed: 16 November 2019	Director, Multiple Sclerosis Society of Queensland Director, Multiple Sclerosis Development and Research Foundation of Queensland Inc Director, Multiple Sclerosis Queensland Limited Director, Neuro Queensland Limited Director, Multiple Sclerosis Research Australia Limited
Mr Garry Whatley Non-Executive Director Appointed: 7 September 2019	Chair, Multiple Sclerosis Limited Director, Multiple Sclerosis Research Australia Limited

Multiple Sclerosis Australia and Controlled Entity

Directors' Report

Former Directors

Mr Adrian Hinton

Former Non-Executive Director

Appointed: 29 July 2019

Resigned: 13 February 2021

Director, Carers Association of SA Inc

Director, The Multiple Sclerosis Society of South

Australia and Northern Territory Inc

Directors' Meetings

During the financial year 2021, nine Directors' meetings were held, and the number of meetings attended by each Director of the Company during the financial year are shown below.

	Note	Board Meetings		Audit and Risk Committee Meetings		Governance Committee Meetings		National Fundraising Committee	
		No. eligible to attend	No. attended	No. eligible to attend	No. attended	No. eligible to attend	No. attended	No. eligible to attend	No. attended
Current Directors									
A/Prof Desmond Graham		9	9	-	-	4	4	4	4
Mr George Pampacos		9	8	4	4	4	4	4	4
Mr Horst Bemmerl	(i)	4	4	2	2	-	-	-	-
Mr Ron Brent		9	9	-	-	4	4	-	-
Ms Sharlene Brown		9	8	-	-	-	-	3	3
Ms Christina Gillies		9	8	-	-	-	-	3	3
Ms Christine Hahn	(i)	3	3	2	2	-	-	-	-
Ms Johanna Roche		9	9	3	3	4	4	3	3
Mr Garry Whatley		9	8	-	-	3	3		
Former Directors									
Mr Adrian Hinton	(ii)	6	4	-	-	-	-	-	-

(i) Director appointment during the financial year 2021

(ii) Director resignation during the financial year 2021

Company Secretary

Sonya Blondinau

Company Secretary

Appointed: 1 June 2021

Patrick Foong

Company Secretary

Resigned 31 May 2021

Multiple Sclerosis Australia and Controlled Entity

Directors' Report

Principal Activities

The principal activities of Multiple Sclerosis Australia and Controlled Entity are:

- (a) To advocate for people who have been diagnosed with Multiple Sclerosis and other chronic, degenerative, neurological diseases. This advocacy will support"
 - 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 controlled entity continued to pursue its principal activities throughout the year.

The Company recorded a surplus of \$80,650 (2020: deficit of \$63,434) for the year.

The Group recorded a surplus of \$3,576,646 (2020: surplus of \$6,430,183) for the year.

Changes in State of Affairs and Likely Developments

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

The Group was impacted by the COVID-19 pandemic, primarily impacting the ability of researchers to continue their work. The Company worked alongside researchers to assist them to continue their work. Revenue received by the Company was mainly from grants from its Member Organisations with a limited amount of unsolicited donations received during the year. The Company has a wholly owned subsidiary, Multiple Sclerosis Research Australia Limited which experienced success in its fundraising efforts mainly through the May 50K community fundraising campaign and received \$3.8 million in research contribution from the Member Organisations.

Management is actively monitoring the impact of COVID-19 and its impact on the Group's financial position. At year-end, the Group had cash and short-term investments of \$22.7 million.

Multiple Sclerosis Australia and Controlled Entity

Directors' Report

Subsequent events

On 15 September 2021, Multiple Sclerosis Australia entered a Deed of Gift and Transfer with Multiple Sclerosis Australia Research limited (controlled entity). On this date, all the Business and Assets of Multiple Sclerosis Research Australia Limited were transferred to Multiple Sclerosis Australia, and all remaining employees of Multiple Sclerosis Research Australia Limited were transferred to Multiple Sclerosis Limited. Multiple Sclerosis Australia assumes all Liabilities of Multiple Sclerosis Research Australia Limited to the extent they relate to the period up to and including 15 September 2021.

Multiple Sclerosis Australia remains committed to increasing funding for Multiple Sclerosis research and to providing certainty to multiple sclerosis researchers in their research and career paths.

The Group will outsource its fundraising activities to Multiple Sclerosis Limited from 1st July 2021. The Group will benefit from the economies of scale generated by this and Multiple Sclerosis Limited's scope of expertise as a fundraiser.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected or may significantly affect the Group's operations, the results of those operations, or their situation in future financial years.

Declaration of Directors Interests

The Company receives grants from its members. During the financial year, some Directors of Multiple Sclerosis Australia were also Directors of other related Member Organisations.

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

Indemnification and Insurance of Officers and Auditors

The Group 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 Group, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Group will meet the full amount of any such liabilities, including costs and expenses.

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

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

Signed in accordance with a resolution of the Directors.

On behalf of the Directors



A/Professor Desmond Graham
Chair



Mr George Pampacos
Deputy Chair


At Melbourne 28 October 2021

At Melbourne 28 October 2021

Auditor's Independence Declaration to the Members of Multiple Sclerosis Australia

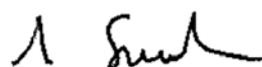
We declare that, to the best of our knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit of the financial report of Multiple Sclerosis Australia for the year ended 30 June 2021.

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



HLB Mann Judd Assurance (NSW) Pty Ltd
Chartered Accountants

Sydney, NSW
28 October 2021



A G Smith
Director

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

We have audited the financial report of Multiple Sclerosis Australia ("the Parent Entity") and its controlled entity ("the Group") which comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the responsible persons' declaration.

In our opinion:

- (a) the accompanying financial report of Multiple Sclerosis Australia is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:
 - (i) giving a true and fair view of the Parent Entity's and the Group's financial position as at 30 June 2021 and of their financial performance and cash flows for the year then ended; and
 - (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*; and
- (b) the financial report gives a true and fair view of the financial result fundraising appeals for the financial year;
- (c) any money received as a result of fundraising appeals conducted during the year ended 30 June 2021 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act 1991 (NSW)*, the *Fundraising Act 1998 (VIC)*, and the Regulations thereto;
- (d) the financial statements and associated records have been properly kept during the financial year in accordance with provisions of the *Charitable Fundraising Act 1991 (NSW)*, the *Fundraising Act 1998 (VIC)*, and the Regulations thereto; and
- (e) at the date of this statement there are reasonable grounds to believe that the Group will be able to pay its debts as and when they are due.

Basis for Opinion

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

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

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

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

The Directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2021 but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Parent Entity's or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Parent Entity or Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

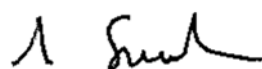
We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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



HLB Mann Judd Assurance (NSW) Pty Ltd
Chartered Accountants

Sydney, NSW
3 November 2021



A G Smith
Director

Multiple Sclerosis Australia and Controlled Entity Declaration by Principal Officer in Respect of Fundraising Appeals

I, Rohan Greenland, 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 and Controlled Entity with respect to fundraising appeals;
- (b) the Statement of Financial Position and accompanying notes give a true and fair view of the situation with respect to fundraising appeals;
- (c) the provision of the Charitable Fundraising Act 1991 (NSW), Fundraising Act 1998 (VIC), Collections Act 1966 (QLD), Collections for Charities Act 2001 (TAS), the regulations thereto, and the conditions attached to the Charitable Fundraising Authority Conditions have been complied with; and
- (d) the internal controls exercised by Multiple Sclerosis Australia and Controlled Entity are appropriate and effective in accounting for all income received and applied by Multiple Sclerosis Australia and Controlled Entity from any of its fundraising appeals.



Mr Rohan Greenland
Principal Officer

At Melbourne 28 October 2021

Multiple Sclerosis Australia and Controlled Entity Responsible Persons Declaration

The Directors declare that:

- (a) In the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as when they become due and payable;
- (b) In the Directors' opinion:
 - (i) the attached financial statements and notes thereto are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including compliance with the Australian Accounting Standards - Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Regulation 2013; and
 - (ii) the attached financial statements give a true and fair view of the financial position as at 30 June 2021 and performance of the Group for the financial year ended on that date.

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

On behalf of the Directors



A/Professor Desmond Graham
Chair

At Melbourne 28 October 2021



Mr George Pampacos
Deputy Chair

At Melbourne 28 October 2021

Multiple Sclerosis Australia and Controlled Entity

Statements of Comprehensive Income for the Year Ended 30 June 2021

	Note	Consolidated		Company	
		2021 \$	2020 \$	2021 \$	2020 \$
Gross Revenue					
Donations & fundraising		2,083,219	2,366,806	270,753	178,421
Gifts in will		118,754	302,829	-	214,115
Kiss Goodbye to MS / May50K		5,423,370	6,986,474	-	-
Member Organisations - research contribution	20(b)	3,785,000	3,625,000	-	-
Member Organisations Sponsorships - pharmaceutical companies	20(b)	945,254	945,254	945,254	945,254
Government grants		130,000	283,125	-	-
Expense reimbursement	20(a)	110,000	178,750	60,000	50,000
Interest/dividend revenue		-	-	245,711	108,626
		124,488	201,699	21,039	33,377
Total revenue		12,720,085	14,889,937	1,542,757	1,529,793
Expenditure					
Advocacy		(517,053)	(565,055)	(517,053)	(565,055)
Communications		(222,935)	(185,042)	(222,935)	(185,042)
National management		(180,771)	(122,222)	(180,771)	(122,222)
Administration expenditure		(1,113,919)	(1,370,293)	(591,525)	(627,493)
Risk & compliance		(49,264)	(18,515)	(49,264)	(18,515)
Fundraising costs		(2,191,433)	(1,818,579)	-	-
Interest expense		(19,248)	(24,752)	-	-
Research Expenditure					
Grants for research		(1,763,132)	(2,119,992)	-	(24,118)
Other research expenditure		(2,200,120)	(976,415)	-	-
Research & strategic expenditure		(994,451)	(1,201,723)	-	-
(Loss) on foreign currency exchange		(5,064)	(4,930)	(5,064)	(4,930)
Total expenditure		(9,257,390)	(8,407,518)	(1,566,612)	(1,547,375)
Surplus / (Deficit) before net fair value gain/(loss) on financial assets	2	3,462,695	6,482,419	(23,855)	(17,582)
Net fair value gain/(loss) on financial assets at fair value through profit or loss	9	113,951	(52,236)	104,505	(45,852)
Income / (loss) before Income tax		3,576,646	6,430,183	80,650	(63,434)
Income tax expense	1(a)	-	-	-	-
Total comprehensive income/(deficit) for the year		3,576,646	6,430,183	80,650	(63,434)

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

Multiple Sclerosis Australia and Controlled Entity

Statements of Financial Position as at 30 June 2021

	Note	Consolidated		Company	
		2021 \$	2020 \$	2021 \$	2020 \$
ASSETS					
Current Assets					
Cash and cash equivalents	15	7,316,098	1,912,330	301,259	253,547
Short term investments	16	15,422,199	16,771,469	1,450,878	1,498,236
Trade receivables	5	133,187	-	-	-
Prepayments and other assets	5	154,060	187,988	87,501	61,343
Total Current Assets		23,025,544	18,871,787	1,839,638	1,813,126
Non-Current Assets					
Plant and equipment	6	41,906	67,439	18,639	25,461
Intangibles	7	21,701	34,801	-	-
Right-of-use assets	8	383,565	536,990	-	-
Other financial assets	9	685,457	571,505	342,754	238,249
Total Non-Current Assets		1,132,629	1,210,735	361,393	263,710
Total Assets		24,158,173	20,082,522	2,201,031	2,076,836
LIABILITIES					
Current Liabilities					
Trade and other payables	10	1,366,428	846,482	238,539	169,533
Lease liabilities	11	158,304	144,199	-	-
Income received in advance		181,300	-	-	-
Annual leave payable		107,176	140,971	64,916	73,435
Provision for long service leave	12	51,270	73,463	24,895	47,047
Total Current Liabilities		1,864,478	1,205,115	328,350	290,015
Non-Current Liabilities					
Provision for long service leave	12	84,763	86,817	48,988	43,778
Lease liabilities	11	256,962	415,266	-	-
Total Non-Current Liabilities		341,725	502,083	48,988	43,778
Total Liabilities		2,206,203	1,707,198	377,338	333,793
Net Assets		21,951,970	18,375,324	1,823,693	1,743,043
Retained Earnings					
Contributed equity reserve	13 (a)	3,272,730	3,272,730	-	-
Retained earnings	13 (b)	18,679,240	15,102,594	1,823,693	1,743,043
Total Retained Earnings		21,951,970	18,375,324	1,823,693	1,743,043

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

Multiple Sclerosis Australia and Controlled Entity

Statements of Changes to Equity for the Year Ended 30 June 2021

	Consolidated			Company
	Retained Earnings \$	Contributed Equity Reserve \$	Total Equity \$	Retained Earnings \$
Balance as at 1 July 2019	8,672,411	3,272,730	11,945,141	1,806,477
Total Comprehensive Income/(Deficit) for the year	6,430,183	-	6,430,183	(63,434)
Balance as at 30 June 2020	15,102,594	3,272,730	18,375,324	1,743,043
Total Comprehensive Income for the year	3,576,646	-	3,576,646	80,650
Balance as at 30 June 2021	18,679,240	3,272,730	21,951,970	1,823,693

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

Multiple Sclerosis Australia and Controlled Entity

Statements of Cash Flows for the Year Ended 30 June 2021

	Consolidated		Company	
	2021	2020	2021	2020
Note	\$	\$	\$	\$
Cash Flows from Operating Activities				
Cash receipts in course of operations	12,927,506	14,598,503	1,521,718	1,508,318
Cash payments in course of operations	(8,816,019)	(8,048,036)	(1,537,421)	(1,406,835)
Lease interest paid	(19,248)	(24,752)	-	-
Net cash received from operating activities	4,092,240	6,525,715	(15,703)	101,483
Cash Flows from Investing Activities				
Interest/Dividends received	124,488	200,672	21,039	32,350
Purchase of plant and equipment	(20,692)	(65,578)	(7,645)	(26,329)
Purchase of intangibles	-	(30,406)	-	-
Net Investment in term deposits	1,351,933	(6,818,526)	50,021	(24,515)
Net cash used in investing activities	1,455,729	(6,713,838)	63,415	(18,494)
Cash Flows from Financing Activities				
Lease repayments	(144,200)	(130,950)	-	-
Net cash used in financing activities	(144,200)	(130,950)	-	-
Net (decrease)/increase in cash and cash equivalents	5,403,768	(319,073)	47,712	82,989
Cash and cash equivalents at beginning of the financial year	1,912,330	2,231,403	253,547	170,558
Cash and cash equivalents at end of the financial year	7,316,098	1,912,330	301,259	253,547
	15			

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

Multiple Sclerosis Australia and Controlled Entity

Notes to the Financial Statements for the Year Ended 30 June 2021

1. Summary of Accounting Policies

Statement of Compliance

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

The financial statements were authorised by the Directors on the 28 October 2021.

Basis of Preparation

The financial report has been prepared based on historical cost except financial assets which are at fair value through profit or loss. All amounts are presented in Australian dollars unless otherwise noted.

Standards and Interpretations affecting amounts reported in the current period

In the current year, the Group has adopted all 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. There has been no material impact on the financial statements.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. These are not expected to have a material impact on future financial statements.

Critical Accounting and Key Sources of Estimation Uncertainty

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

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

Management must analyse the grant agreements in place to determine whether the grant should be recognised as revenue under AASB 1058 *Income of Not-For-profit Entities* or a contribution under AASB 15 *Revenue from Contracts with Customers*.

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

Significant Accounting Policies

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2021, and the comparative information presented in these financial statements for the year ended 30 June 2020.

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:

Multiple Sclerosis Australia and Controlled Entity

Notes to the Financial Statements for the Year Ended 30 June 2021

Significant Accounting Policies (Continued)

(a) Taxation

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

(b) Plant and Equipment

Plant and equipment are brought to account at cost less, any accumulated depreciation and impairment. Depreciation is provided on plant and equipment and is calculated on a straight-line basis to write off the net cost of each asset over its expected useful life commencing from the time the asset is held ready for use. The depreciation rates used for each class are as follows:

	2021	2020
	%	%
Computer equipment	33	33
Office equipment	10	10

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

(c) Receivables

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

(d) Payables

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

(e) Provisions

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

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

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

Multiple Sclerosis Australia and Controlled Entity

Notes to the Financial Statements for the Year Ended 30 June 2021

Significant Accounting Policies (Cont'd)

(f) Revenue Recognition

Revenue from contracts with customers

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

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

Grants received from Members and Government

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

Donations or sponsorships

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

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

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

Program Funding or Reciprocal Sponsorship

Program funding and reciprocal sponsorships are recognised on receipt and disclosed in the profit or loss statement when the Group does not meet all the three conditions mentioned above. However, if the Group meets all three conditions, the Group can defer the contribution and will be recognised in the statement of financial position as a liability until the respective performance obligation is satisfied. Donations/sponsorships received that are tied to a particular activity or provided for a specified purpose are spent in a manner consistent with the donor's intention.

Interest Revenue

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

Dividends

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

Multiple Sclerosis Australia and Controlled Entity

Notes to the Financial Statements for the Year Ended 30 June 2021

Significant Accounting Policies (Cont'd)

(g) Goods and Services Tax

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

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST; or
- 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 Australian Taxation Office ("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 ATO is included as a current asset or liability in the Statement of Financial Position.

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

(h) Cash and Cash Equivalents

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

(i) Employee Benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required, and they are capable of being measured reliably. In the financial year 2021, the Group accrued provision for long service leave from the commencement date of employment.

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

(j) Intangibles

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

(k) Impairment of Non-Financial Assets

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

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

Multiple Sclerosis Australia and Controlled Entity

Notes to the Financial Statements for the Year Ended 30 June 2021

Significant Accounting Policies (Cont'd)

(l) Financial Instruments

i. Classification

The Group classified its financial assets in the following measurement categories:

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

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

ii. Recognition and Derecognition

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

iii. Measurement

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

The Company subsequently measures all debt investments that do not qualify for measurement at amortised cost and all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on debt and equity investments in profit or loss, interest and dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

iv. Impairment

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

(m) Right-of-Use assets

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

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

(n) Short-term Investments

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

Multiple Sclerosis Australia and Controlled Entity

Notes to the Financial Statements for the Year Ended 30 June 2021

Significant Accounting Policies (Cont'd)

(o) Lease Liabilities

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

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

(p) Comparative figures

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

2. Surplus/(deficit) for the year

	Consolidated		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
Surplus/(deficit) before income tax includes:				
Expenditure				
Depreciation of plant and equipment	34,184	26,327	10,712	8,042
Amortisation of intangibles	13,100	18,531	-	1,160
Depreciation of right-of-use assets	153,425	153,426	-	-
Annual leave and long service leave	188,123	201,866	71,895	71,485
Employee benefits	2,989,797	2,777,365	1,106,020	811,265

3. Key Management Personnel Compensation

Short term benefits	846,625	1,156,894	286,887	307,709
Post-employment benefits	142,428	93,955	89,220	28,205
Total	989,053	1,250,849	376,107	335,914

4. Remuneration of Auditors

HLB Mann Judd				
Amounts received or receivable by auditors for auditing the financial report.	48,500	46,500	19,000	18,250

5. Trade Receivables, Prepayments and Other Assets

Current				
Trade receivables	95,101	-	-	-
GST receivable and other receivables	38,086	-	-	-
Amounts receivable from Member Organisations	-	-	-	-
Total trade and other receivables	133,187	-	-	-

Multiple Sclerosis Australia and Controlled Entity

Notes to the Financial Statements for the Year Ended 30 June 2021

	Consolidated		Company	
	2021 \$	2020 \$	2021 \$	2020 \$
5. Trade Receivables, Prepayments and Other Assets (Cont'd)				
Accrued income	6,156	60,197	2,907	10,141
Prepayments and other assets	147,904	127,791	84,594	51,202
Total other assets	<u>154,060</u>	<u>187,988</u>	<u>87,501</u>	<u>61,343</u>
Aged receivables:				
Current	95,101	-	-	-
31-60 days	-	-	-	-
Total Trade Debtors	<u>95,101</u>	<u>-</u>	<u>-</u>	<u>-</u>
6. Plant and Equipment				
Cost	187,776	218,885	54,860	73,487
Accumulated depreciation	(145,870)	(151,446)	(36,221)	(48,026)
	<u>41,906</u>	<u>67,439</u>	<u>18,639</u>	<u>25,461</u>
Reconciliation of the carrying amounts:				
Carrying amount at beginning of year	67,439	28,186	25,461	7,174
Additions	20,692	65,580	7,645	26,329
Disposal	(12,041)	-	(3,755)	-
Depreciation expense	(34,184)	(26,327)	(10,712)	(8,042)
	<u>41,906</u>	<u>67,439</u>	<u>18,639</u>	<u>25,461</u>
7. Intangibles				
Cost	117,905	117,905	-	-
Accumulated amortisation	(96,204)	(83,104)	-	-
	<u>21,701</u>	<u>34,801</u>	<u>-</u>	<u>-</u>
Reconciliation of the carrying amounts:				
Carrying amount at beginning of year	34,801	22,926	-	1,160
Additions	-	30,406	-	-
Amortisation expense	(13,100)	(18,531)	-	(1,160)
	<u>21,701</u>	<u>34,801</u>	<u>-</u>	<u>-</u>
8. Right-to-use Assets				
Cost	690,416	690,416	-	-
Accumulated amortisation	(306,851)	(153,426)	-	-
	<u>383,565</u>	<u>536,990</u>	<u>-</u>	<u>-</u>

Multiple Sclerosis Australia and Controlled Entity

Notes to the Financial Statements for the Year Ended 30 June 2021

8. Right-to-use Assets (Cont'd)	Consolidated		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
Reconciliation of the carrying amounts:				
Carrying amount at beginning of year	536,990	690,416	-	-
Depreciation expense	(153,425)	(153,426)	-	-
	383,565	536,990	-	-

There were no additions to the right-of-use assets during the year. The Group leases a building for its office under an agreement for 5 years, with no option to extend. The lease has various escalation clauses. The lease held by the Group is reflected in the statement of financial position as a right-of-use asset and a lease liability.

9. Other Financial Assets

	Consolidated		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
Non-current:				
Financial assets at fair value through profit or loss: Shares and preference shares in financial institutions	685,457	571,505	342,754	238,249

The fair value of preference shares with Commonwealth Bank, National Australia Bank, and Westpac and ordinary shares with Commonwealth Bank are determined by using the market rates at the end of the reporting period and changes in the fair value is recognised as profit or loss.

During the financial year the Company continued to hold Commonwealth Bank ordinary shares that were donated in January 2017. The controlled entity invested most of its excess funds in short term deposits with National Australia Bank.

During the financial year, the Group recognised a net gain of \$113,951 (2020: net loss of \$52,236) arising from fair value changes.

10. Trade and other payables

	Consolidated		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
Current				
Trade payables	1,223,476	470,838	138,659	112,891
GST and PAYG	-	199,036	40,030	8,600
Accruals and other payables	142,952	176,608	59,850	48,042
Total Trade and other payables	1,366,428	846,482	238,539	169,533

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

Multiple Sclerosis Australia and Controlled Entity

Notes to the Financial Statements for the Year Ended 30 June 2021

	Consolidated		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
11. Lease Liabilities				
Current	158,304	144,199	-	-
Non-current	256,962	415,266	-	-
Total	415,266	559,465	-	-

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

Interest expense recognised in profit or loss was \$19,248 (FY2020: \$24,752) and interest and principal payments made to lessors in respect to lease liabilities was \$163,448 (FY2020: \$155,702) for the year.

12. Provision for Long Service Leave

	Consolidated		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
Current				
Carrying amount at beginning of year	73,463	43,386	47,047	22,134
Additional provision recognised	165	10,172	206	5,008
Reclassify from non-current to current	-	19,905	-	19,905
Reduction by payment to employees	(22,358)	-	(22,358)	-
Balance of current provision at 30 June	51,270	73,463	24,895	47,047
Non-current				
Provision for Long Service Leave Liabilities				
Carrying amount at beginning of year	86,817	112,058	43,778	54,361
Reclassify from non-current to current	-	(19,905)	-	(19,905)
(Reduction)/Additional provision recognised	(2,054)	(5,336)	5,210	9,322
Balance of current provision at 30 June	84,763	86,817	48,988	43,778

13 (a). Contributed equity reserve

On 18 December 2012, 7 members of the Member Organisations passed control of Multiple Sclerosis Research Australia Limited to Multiple Sclerosis Australia. These Member Organisations 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) MSWA and (7) Multiple Sclerosis Society of the Australian Capital Territory (Inc).

Contributed equity reserve of \$3,272,730 represents the net asset of Multiple Sclerosis Research Australia Limited as at the date of transfer of ownership from the Member Organisations to Multiple Sclerosis Australia.

Multiple Sclerosis Australia and Controlled Entity

Notes to the Financial Statements for the Year Ended 30 June 2021

13 (b). Retained Earnings

	Consolidated		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
Retained Earnings at the beginning of the year	15,102,594	8,672,411	1,743,043	1,806,477
Net income/(deficit) attributable to members	3,576,646	6,430,183	80,650	(63,434)
Retained Earnings at the end of the year	<u>18,679,240</u>	<u>15,102,594</u>	<u>1,823,693</u>	<u>1,743,043</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 (2020: \$50) towards meeting any outstanding obligations of the Company.

At 30 June 2021 the number of members were 4 (2020: 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) MSA.

Membership

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

15 Notes to the Statement of Cash Flows

Reconciliation of Cash and Cash Equivalents

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

	Consolidated		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
Cash on hand and at financial institutions	7,316,098	1,912,330	301,259	253,547

16 Short term Investments

Term deposits (term of more than 3 months)	15,422,199	16,771,469	1,450,878	1,498,236
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During the financial year, the Group invested in short term investments with National Australia Bank with an average maturity of 133 days (2020: 209 days).

Multiple Sclerosis Australia and Controlled Entity

Notes to the Financial Statements for the Year Ended 30 June 2021

17 Contingent Liabilities and Commitments

Multiple Sclerosis Research Australia Limited has a bank guarantee of \$125,408 (2020: \$125,408) in place for 5-year lease of an office premise in North Sydney. The Group has no other contingent liabilities as at the date of this report.

Multiple Sclerosis Research Australia Limited had carried forward future research commitment of \$34.2 million over five years.

Multiple Sclerosis Research Australia Limited raises funds through national fundraising to meet its future research commitments. The controlled entity reserves the right to delay or cease payments. This clause is reflected in all contracts with funded MS researchers and with the entity's MS research platforms.

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

18 Financial Instruments

(a) Capital Risk Management

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

(b) Financial Risk Management objectives

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

(c) Fair Value of Financial Instruments

The carrying amounts of financial assets and financial liabilities on the financial statements are recorded 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 2021	30 June 2020		
	\$	\$		
Financial assets at fair value through profit or loss	685,457	571,505	Level 1	Quoted bid prices in an active market

Further information on financial asset is disclosed in Note 9.

19. Economic Dependence

The Company and Group are dependent on its income from the Member Organisations by way of grants and research contributions in the current financial year of \$945,254 and \$4,730,254 (2020: \$945,254 and \$4,570,254) respectively which represents 61% and 37% (2020: 62% and 31%) of total revenue.

Multiple Sclerosis Australia and Controlled Entity

Notes to the Financial Statements for the Year Ended 30 June 2021

20. Related Party Transactions

	Consolidated		Company	
	2021 \$	2020 \$	2021 \$	2020 \$
(a) <u>Transactions with Multiple Sclerosis Research Australia Limited</u>				
Recharge to Multiple Sclerosis Research Australia Limited	-	-	245,711	108,636
Recharge from Multiple Sclerosis Research Australia Limited	-	-	(35,146)	(122,551)

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 \$245,711 (2020: \$108,636, financial services and MSIF membership subscription only) to Multiple Sclerosis Research Australia Limited.

In the same financial year, Multiple Sclerosis Research Australia Limited provided other administration services and incurred shared expenditure paid on its behalf at a net cost of \$35,146 (2020: \$122,551) to Multiple Sclerosis Australia. Increased recharges during the year were mainly due to bequest income received by Multiple Sclerosis Australia meant for Multiple Sclerosis Research Australia Limited.

	Consolidated		Company	
	2021 \$	2020 \$	2021 \$	2020 \$
(b) <u>Grants and Research Contributions from Member Organisations</u>				
Multiple Sclerosis Limited	925,513	1,925,513	595,513	595,513
Multiple Sclerosis Society of Queensland	189,047	189,047	189,047	189,047
Multiple Sclerosis Development and Research Foundation of Queensland Inc	170,000	170,000	-	-
The Multiple Sclerosis Society of South Australia and Northern Territory Inc	797,263	72,263	47,263	47,263
MSWA	2,648,431	2,213,431	113,431	113,431
Total Income from Member Organisations	4,730,254	4,570,254	945,254	945,254

During the financial year Member Organisations provided grants and research contributions of \$945,254 (2020: \$945,254) to the Company and \$4,730,254 (2020: \$4,570,254) to the Group respectively.

Multiple Sclerosis Australia and Controlled Entity

Notes to the Financial Statements for the Year Ended 30 June 2021

20.	Related Party Transactions (Cont'd)	Consolidated		Company	
		2021 \$	2020 \$	2021 \$	2020 \$
(c)	<u>Amounts owed to the Group by Related Parties:</u>				
	<u>Current</u>				
	No amount owing to related parties (FY2020: Nil)				
(d)	<u>Amounts owed by the Group to Related Parties:</u>				
	<u>Current</u>				
	Multiple Sclerosis Limited	29,431	-	-	-
(e)	<u>In-kind donation by Multiple Sclerosis Limited to the Group:</u>				
	Multiple Sclerosis Limited	14,500	14,400	14,500	14,400

During the current financial year Multiple Sclerosis Limited provided in-kind services relating to Human Resource and Payroll services to the Company with a value estimated to be \$4,500 (2020: \$6,000) and to the Group \$4,500 (2020: \$6,000).

From April 2021, the Company sourced an external payroll provider. In addition, rent free office space at its Blackburn VIC premise and Canberra, ACT premises were provided to the Company with an estimated rental cost of \$10,000 (2020: \$8,400).

(f) **Financing Activities with Related Parties**

No new loans in 2021 (2020: Nil).

Multiple Sclerosis Australia and Controlled Entity

Notes to the Financial Statements for the Year Ended 30 June 2021

21. Additional Information furnished under the Charitable Fundraising Act 1991 (NSW), Fundraising Act 1998 (VIC), Collections Act 1966 (QLD) and Collections for Charities Act 2001 (TAS) on a program basis

Consolidated

	Year to 30 June 2021			Year to 30 June 2020		
	Gross Revenue	Direct Expense	Net Proceeds	Gross revenue	Direct Expense	Net Proceeds
Donations & Fundraising	2,083,219		2,083,219	2,366,806		2,366,806
Gifts in Will	118,754		118,754	302,829		302,829
Kiss Goodbye to MS	5,423,370		5,423,370	6,986,474		6,986,474
State-based MS organisations - research contribution	3,785,000		3,785,000	3,625,000		3,625,000
State-based MS organisations - grants (Note 20(b))	945,254		945,254	945,254		945,254
Sponsorships Pharmaceutical Companies	130,000		130,000	283,125		283,125
Government Grants	110,000		110,000	178,750		178,750
Total	12,595,597	2,191,433	10,404,164	14,688,238	1,818,579	12,869,659

Administration expenditure (Refer * below)

(1,368,266)

(1,540,712)

Net funds raised before Cost of Services Provided and research expenditure.

9,035,898

11,328,947

	% of Gross Revenue	% of Gross Revenue
Direct Expenditure	17.4%	12.4%
Administration expenditure	10.9%	10.5%
Total direct and administration expenditure	28.3%	22.9%
Net amount raised	71.7%	77.1%

Company

	Year to 30 June 2021			Year to 30 June 2020		
	Gross Revenue	Direct Expense	Net Proceeds	Gross Revenue	Direct Expense	Net Proceeds
Donations & Fundraising	270,753		270,753	178,421		178,421
Gifts in Will	-		-	214,115		214,115
State-based MS organisations - grants (Note 20(b))	945,254		945,254	945,254		945,254
Government Grants	60,000		60,000	50,000		50,000
Total	1,276,007		1,276,007	1,387,790		1,387,790

Administration expenditure (Refer * below)

(826,624)

(773,160)

Net funds raised before Cost of Services Provided

449,383

614,630

	% of Gross Revenue	% of Gross Revenue
Direct Expenditure	0.0%	0.0%
Administration expenditure	64.8%	55.7%
Total direct and administration expenditure	64.8%	55.7%
Net funds raised	35.2%	44.3%

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

Multiple Sclerosis Australia and Controlled Entity

Notes to the Financial Statements for the Year Ended 30 June 2021

21. Additional Information furnished under the Charitable Fundraising Act 1991 (NSW), Fundraising Act 1998 (VIC), Collections Act 1966 (QLD) and Collections for Charities Act 2001 (TAS) on a program basis (Cont'd)

	Consolidated		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
(a) Fundraising Activities Conducted				
Major Gifts and donations from Public Gross Proceeds from Fundraising Appeals				
Gross Proceeds:				
Fundraising & donations, Gifts in Will and Sponsorship	7,755,343	9,939,234	270,753	392,536
State-based MS organisations - research contribution	3,785,000	3,625,000	-	-
Gross Proceeds from Fundraising Appeals	<u>11,540,343</u>	<u>13,564,234</u>	<u>270,753</u>	<u>392,536</u>
Total Fundraising Costs, representing Total Costs of Fundraising Appeals #	<u>2,191,433</u>	<u>1,818,579</u>	<u>-</u>	<u>-</u>
Net Surplus	9,348,910	11,745,655	270,753	392,536
Cost of Services Provided *	4,703,240	3,846,504	739,988	750,097
Total Expenditure				
Non Fundraising Costs	7,065,957	6,588,939	1,566,612	1,547,375
Fundraising Costs	2,191,433	1,818,579	-	-
Total Expenditure	<u>9,257,390</u>	<u>8,407,518</u>	<u>1,566,612</u>	<u>1,547,375</u>
Total Fundraising Income less Fundraising Costs	<u>9,348,910</u>	<u>11,745,655</u>	<u>270,753</u>	<u>392,536</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	517,053	565,055	517,053	565,055
Communications	222,935	185,042	222,935	185,042
Grants for Research and other research	3,963,252	3,096,407	-	24,118
	<u>4,703,240</u>	<u>3,846,504</u>	<u>739,988</u>	<u>774,215</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

Multiple Sclerosis Australia and Controlled Entity

Notes to the Financial Statements for the Year Ended 30 June 2021

21. Additional Information furnished under the Charitable Fundraising Act 1991 (NSW), Fundraising Act 1998 (VIC), Collections Act 1966 (QLD) and Collections for Charities Act 2001 (TAS) on a program basis (Cont'd)

(b) Comparisons of Monetary figures and percentages

	2021		2020	
	\$	%	\$	%
Consolidated				
Total Cost of Fundraising to Gross Fundraising Income	\$ 2,191,433		\$ 1,818,579	
	\$ 11,540,343	19%	\$ 13,564,234	13%
Net Surplus from Fundraising to Gross Income from Fundraising	\$ 9,348,910		\$ 11,745,655	
	\$ 11,540,343	81%	\$ 13,564,234	87%
Total Cost of Services to Total Expenditure	\$ 4,703,240		\$ 3,846,504	
	\$ 9,257,390	51%	\$ 8,407,518	46%
Total Cost of Services to total income received from fundraising	\$ 4,703,240		\$ 3,846,504	
	\$ 11,540,343	41%	\$ 13,564,234	28%
Company				
Total Cost of Fundraising to Gross Fundraising Income	\$ -		\$ -	
	\$ 270,753	0%	\$ 392,536	0%
Net Surplus from Fundraising to Gross Income from Fundraising	\$ 270,753		\$ 392,536	
	\$ 270,753	100%	\$ 392,536	100%
Total Cost of Services to Total Expenditure	\$ 739,988		\$ 750,097	
	\$ 1,566,612	47%	\$ 1,547,375	48%
Total Cost of Services to total income received from fundraising	\$ 739,988		\$ 750,097	
	\$ 270,793	273%	\$ 392,536	191%

Multiple Sclerosis Australia and Controlled Entity

Notes to the Financial Statements for the Year Ended 30 June 2021

22. Impact of COVID-19 and subsequent events

Impact of the COVID-19

The Board and management have considered the impact of COVID-19 on the Group's operations and financial performance and have noted that this has not had a significant impact to date. The Group has achieved a surplus mainly due to the success of the May 50K community fundraising event organised by its wholly owned subsidiary and the additional research contribution from MS State organisations.

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

Subsequent events

On 15 September 2021, Multiple Sclerosis Research Australia Limited entered a Deed of Gift and Transfer with Multiple Sclerosis Australia (parent entity). On this date, all the Business and Assets of Multiple Sclerosis Research Australia Limited were transferred to Multiple Sclerosis Australia, and all remaining employees transferred to MS Limited. Multiple Sclerosis Australia assumes all Liabilities of Multiple Sclerosis Research Australia Limited to the extent they relate to the period up to and including 15 September 2021.

Multiple Sclerosis Australia remains committed to increasing funding for multiple sclerosis research and providing certainty to our researchers in their search for a cure.

No other matter or circumstance has arisen since 30 June 2021 that has significantly impacted or may significantly impact the Company's or the group's operations, the results of those operations, or their situation in future financial years.

23. Additional Company Information

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

Registered Office

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

Principal Place of Business

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