



AUSTRALIA

Multiple Sclerosis Australia

ACN 008 515 508

Annual Financial Report for the Year Ended 30 June 2012

Multiple Sclerosis Australia

Annual Financial Report for the Year Ended 30 June 2012

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Multiple Sclerosis Australia

Directors' Report

The Directors of Multiple Sclerosis Australia submit herewith the annual financial report of the company for the year ended 30 June 2012. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

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

Name	Experience
Mr Anthony Abbott AM Non-executive Director	Appointed 9 May 2005 Partner, Piper Alderman President, The Multiple Sclerosis Society of South Australia and Northern Territory Incorporated
Mr David Barnes AM Non-executive Director	Appointed 26 February 2006 President, The Multiple Sclerosis Society of WA Incorporated
Mr Roger Burrell Non-executive Director	Appointed 30 September 2001 Vice-President, Multiple Sclerosis Society of Queensland
Professor William Carroll Non-executive Director	Appointed 28 February 2000 Neurologist Director Multiple Sclerosis Research Australia Limited Chairman of Research MSRA Director, The Multiple Sclerosis Society of Western Australia (Incorporated)
Dr Geoffrey Chapman Non executive Director	Appointed 30 October 2006 Chairman, The Multiple Sclerosis Society of Tasmania
Mr Peter Day Non-executive Director	Appointed 19 May 2008 Director Multiple Sclerosis Limited and Australian Home Care Services Pty Limited
Ms Sharon Eacott Non-executive Director	Appointed 19 May 2008 Advocate for People with MS
Ms Christina Gillies Non-executive Director	Appointed 25 April 2007 Resigned 7 September 2006 Appointed 25 April 2007 Consultant and Director Australian Home Care Services Pty Limited Director Multiple Sclerosis Research Australia Limited Chairman and Director Multiple Sclerosis Limited
Major General Ian Gordon AO Non-executive Director	Appointed 13 November 2011 Retired Army Officer Chairman of Multiple Sclerosis Limited ACT Regional Advisory Board Director of Multiple Sclerosis Limited
Mr Robert Hubbard President	Appointed 30 November 2003 Partner, Price Waterhouse Coopers Director Multiple Sclerosis Research Australia Limited
Mr Jonathan Loraine Non-executive Director	Appointed 15 March 2010 Chairman, Multiple Sclerosis Society of Queensland

Multiple Sclerosis Australia

Directors' Report

Name

Mr Paul Murnane
Non-executive Director

Experience

Appointed 30 November 2003
Chairman, Multiple Sclerosis Research Australia Limited
Director, Multiple Sclerosis Limited

Mr Ian Pennell AM
Non-executive Director
Vice President

Appointed 25 September 2003
Retired Army Officer
Director of Multiple Sclerosis Limited

Directors' Meetings

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

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

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

Director	Meetings	
	A	B
Mr Anthony Abbott AM	4	4
Mr David Barnes AM	4	4
Mr Roger Burrell	4	4
Professor William Carroll	2	4
Dr Geoffrey Chapman	4	4
Mr Peter Day (i)	4	4
Ms Sharon Eacott	4	4
Ms Christina Gillies	3	4
Major General Ian Gordon AO	1	3
Mr Robert Hubbard (i)	4	4
Mr Jonathan Loraine	1	4
Mr Paul Murnane (i)	2	4
Mr Ian Pennell AM	4	4

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

During the financial year there were two meetings of the Audit Committee attended by members Mr Peter Day, Mr Robert Hubbard and Mr Paul Murnane.

Company Secretary

Name

Mr Andrew Long

Experience

Appointed 24 September 2007
Company Secretary of Multiple Sclerosis Australia, Multiple Sclerosis Research Australia Limited, Multiple Sclerosis Limited.

Multiple Sclerosis Australia

Directors' Report

Principal Activities

The principal activities of Multiple Sclerosis Australia are:

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

Auditor's Independence Declaration

The auditor's independence declaration is included on page 5.

Dividends

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

Review of Operations

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

The company recorded a surplus of \$177,513 (2011: \$770,895) for the year.

The surplus or deficit of the company is impacted by the timing of the Readathon programme which completed in December 2011. The final application of AASB 138 Intangible assets results in the costs and the revenues of Readathon being recognised in the 2012 financial statements as incurred rather than being matched on a program basis.

The Readathon 2011 Program, which is reported in the current 2012 financial year generated revenue of \$96,192 (2011:\$1,857,651) and a Distribution of \$44,991 (2011: \$104,740), all of which was paid to Members in accordance with an agreement between the Members which is reviewed and then adopted annually by the Board. The 2011 Program is the last Readathon Program to be conducted by Multiple Sclerosis Australia.

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

Changes in State of Affairs and Likely Developments

In the opinion of directors, there were no significant changes in the affairs of the company entity that occurred during the financial year other than as reported herein. The directors and the members have agreed to change the direction of Multiple Sclerosis Australia to become the "Peak Body" of its state based members (the MS Societies) in Australia effective from the 1 July 2012.

Multiple Sclerosis Australia

Directors' Report

direction of Multiple Sclerosis Australia to become the "Peak Body" of its state based members (the MS Societies) in Australia effective from the 1 July 2012.

Subsequent Events

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

Reconciliation of Program Reporting to Financial Statements

The company is fully compliant with AASB 138 and the adjustment of the Program Profit and Retained Earnings reported to the board relate to the recognition of the costs associated with the Novel Challenge Program in 2012.

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

	2012 \$	2011 \$
Profit for Period on a Program Basis	178,334	216,383
Readathon AASB 138 Adjustment	(821)	554,512
Total Comprehensive Income for the year	177,513	770,895
Members Funds on a Program Basis	769,694	591,360
Novel Challenge and Readathon Work in Progress	-	(21,735)
Novel Challenge Income in Advance	-	22,556
Retained Earnings Balance at 30 June	769,694	592,181

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 made pursuant to s.298 (2) of the Corporations Act 2001.

On behalf of the Directors

Director

At SYDNEY 16 September 2012

AT SYDNEY 16 September 2012

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

16 September 2012

Dear Directors

Multiple Sclerosis Australia

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

As lead audit partner for the audit of the financial statements of Multiple Sclerosis Australia for the financial year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Weng Y Ching
Partner
Chartered Accountant

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

We have audited the accompanying financial report of Multiple Sclerosis Australia, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 10 to 31. In addition, we have audited Multiple Sclerosis Australia's compliance with specific requirements of the *Charitable Fundraising Act 1991* for the year ended 30 June 2012.

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

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for compliance with the *Charitable Fundraising Act 1991*. The directors are also responsible for such internal control as the directors determine is necessary to enable compliance with requirements of the *Charitable Fundraising Act 1991* and the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Inherent Limitations

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

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

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

Auditor's Independence Declaration

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

Opinion

In our opinion:

- (a) the financial report of Multiple Sclerosis Australia is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
- (b) the financial report agrees to the underlying financial records of Multiple Sclerosis Australia, that have been maintained, in all material respects, in accordance with the *Charitable Fundraising Act 1991* and its regulations for the year ended 30 June 2012; and
- (c) monies received by Multiple Sclerosis Australia, as a result of fundraising appeals conducted during the year ended 30 June 2012, have been accounted for and applied, in all material respects, in accordance with the *Charitable Fundraising Act 1991* and its regulations.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Weng Y Ching

Partner

Chartered Accountants

Sydney, 16 September 2012

Multiple Sclerosis Australia

Auditors Letters to be Inserted

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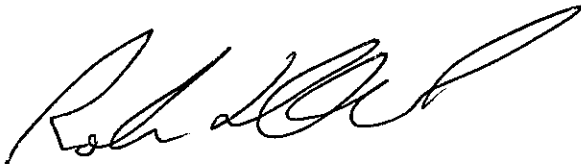
Multiple Sclerosis Australia

Declaration by Principal Officer in Respect of Fundraising Appeals

I, Robert Hubbard, President of Multiple Sclerosis Australia declare that in my opinion:

- (a) the Statement of Comprehensive Income gives a true and fair view of all income and expenditure of Multiple Sclerosis Australia with respect to fundraising appeals;
- (b) the Statement of Financial Position and accompanying notes give a true and fair view of the state of affairs with respect to fundraising appeals;
- (c) the financial statements and associated records of Multiple Sclerosis Australia have been properly kept during the year in accordance with the Charitable Fundraising Act 1991 (NSW) and the regulations; and
- (d) the internal controls exercised by Multiple Sclerosis Australia are appropriate and effective in accounting for all income received and applied by Multiple Sclerosis Australia from any of its fundraising appeals.

Principal Officer



At

SYDNEY 16 September 2012

Multiple Sclerosis Australia

Directors' 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 Corporations Act 2001 and the Charitable Fundraising Act 1991 (NSW), including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company.

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

On behalf of the directors

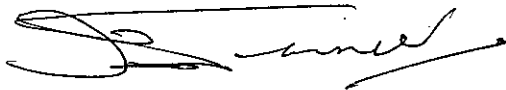
Director



At

SYDNEY 16 September 2012

Director



At

SYDNEY 16. September 2012

Multiple Sclerosis Australia

Statement of Comprehensive Income for the Year Ended 30 June 2012

	Note	2012 \$	2011 \$
Revenue	2	1,566,047	2,295,922
MSA Programs			
Administration			
- Employee expenses		(151,149)	(156,568)
- Depreciation		(401)	(414)
- Board meeting expenses		(49,131)	(49,278)
- Other administration expenses		(49,518)	(39,266)
Risk & Compliance			
- Employee Expenses		(38,297)	-
- Audit and Accounting	3	(15,750)	(22,430)
- Consultancy & Other		(9,563)	(51,335)
- Company Secretarial		(59,256)	(59,796)
Website		(52,580)	(52,380)
Branding			
- Branding Expenses		(4,814)	(5,102)
- Recovery from Member Societies		4,814	3,652
Advocacy		(84,438)	(82,328)
The Multiple Sclerosis International Federation		(49,737)	(49,106)
Multiple Sclerosis Research Australia Limited			
- Net recovery of accounting services and IT network charges		135,907	116,899
Corporate Partnerships			
- Corporate Partnership Expenses		(12,190)	(138,264)
- Recovery from Member Societies		12,190	137,774
Kiss Goodbye to MS			
- Campaign expenses		(33,244)	-
- Transfer of net income to Multiple Sclerosis Research Australia		(294,241)	-
State Based Readathon 2011			
Readathon 2011 expenses		(281,189)	(488,224)
Transfer of net income to Member Societies		(287,268)	171,084
Readathon Recovery 2011 Program		28,333	16,667
Readathon Program			
Readathon 2011 Program expenses		(820)	(650,137)
Novel Challenge 2011 expenses		(51,201)	(21,735)
Readathon 2011 Program Distribution	2 (d)	(44,991)	(104,740)
Profit Before Income Tax Expense		177,513	770,895
Taxation expense in 2012		-	-
Profit Attributable to Members of the Entity	9	177,513	770,895
Other Comprehensive Income		-	-
Total Comprehensive Income for the year		177,513	770,895

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Statement of Financial Position at 30 June 2012

	Note	2012 \$	2011 \$
Current Assets			
Cash and cash equivalents	11(a)	1,003,996	672,350
Trade Receivables and other assets	4	95,766	266,408
Total Current Assets		1,099,762	938,758
Non-Current Assets			
Property, plant and equipment	5	2,038	2,439
Total Non-Current Assets		2,038	2,439
Total Assets		1,101,800	941,197
Current Liabilities			
Trade and other payables	6	305,457	296,174
Provisions	7	13,345	41,188
Total Current Liabilities		318,802	337,362
Non-Current Liabilities			
Provisions	7	13,304	11,654
Total Non-Current Liabilities		13,304	11,654
Total Liabilities		332,106	349,016
Net Assets		769,694	592,181
Retained Earnings			
Retained Earnings	9	769,694	592,181
		769,694	592,181

Multiple Sclerosis Australia

Statement of Changes in Equity for the Year ended 30 June 2012

	<u>\$</u>
Balance as at 1 July 2010	(178,714)
Total Comprehensive Income for the year	770,895
Balance as at 30 June 2011	<u>592,181</u>
Total Comprehensive Income for the year	<u>177,513</u>
Balance as at 30 June 2012	<u>769,694</u>

Multiple Sclerosis Australia

Statement of Cash Flows for the Year Ended 30 June 2012

	Note	2012 \$	2011 \$
Cash Flows From Operating Activities			
Cash receipts in the course of operations		1,520,967	2,849,305
Cash payments in the course of operations		(1,221,077)	(2,321,169)
Net cash provided by operating activities	11(c)	299,890	528,136
Cash Flows From Investing Activities			
Interest received		31,756	19,508
Net cash provided in investing activities		31,756	19,508
Cash Flows From Financing Activities			
Cash payments to related parties		-	(1,300,000)
Net cash provided by financing activities		-	(1,300,000)
Net Increase/(decrease) in cash and cash equivalents		331,646	(752,356)
Cash and cash equivalents at Beginning of the Financial Year		672,350	1,424,706
Cash and cash equivalents at End of the Financial Year	11(a)	1,003,996	672,350

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2012

1. Summary of Accounting Policies

Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001 and Accounting Standards 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').

This is the company's first AIFRS financial report prepared in accordance with Australian Accounting Standards, being AIFRS, and AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards (AASB 1) has been applied.

No recognition and measurement differences have been identified as a result of the transition to the general purpose financial report.

The financial statements were authorised by the Directors on the 16 September 2012 to be issued.

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 & Revised Accounting Standards

Standards and Interpretations affecting amounts reported in the current period

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

Standards affecting presentation and disclosure

Amendments to AASB 101 'Presentation of Financial Statements'	The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project' clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.
AASB 124 'Related Party Disclosures' (revised December 2009)	AASB 124 (revised December 2009) has been revised on the following two aspects: (a) AASB 124 (revised December 2009) has changed the definition of a related party and (b) AASB 124 (revised December 2009) introduces a partial exemption from the disclosure requirements for government-related entities.

Standards and Interpretations adopted with no effect on financial statements

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

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2012

1. Summary of Accounting Policies (Cont'd)

AASB 2010-5 'Amendments to Australian Accounting Standards'	The Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations.
AASB 2010-6 'Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets'	The application of AASB 2010-6 makes amendments to AASB 7 'Financial Instruments – Disclosures' to introduce additional disclosure requirements for transactions involving transfer of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred and derecognised but the transferor retains some level of continuing exposure in the asset.

Standards and Interpretations in issue not yet adopted

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

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', AASB 200911 'Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)'	1 January 2013	30 June 2014
AASB 10 'Consolidated Financial Statements'	1 January 2013	30 June 2014
AASB 11 'Joint Arrangements'	1 January 2013	30 June 2014
AASB 12 'Disclosure of Interests in Other Entities'	1 January 2013	30 June 2014
AASB 127 'Separate Financial Statements' (2011)	1 January 2013	30 June 2014
AASB 128 'Investments in Associates and Joint Ventures' (2011)	1 January 2013	30 June 2014
AASB 2010-8 'Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets'	1 January 2012	30 June 2013
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 July 2013	30 June 2014
AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income'	1 July 2012	30 June 2013

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2012

1. Summary of Accounting Policies (Cont'd)

Going concern

In the 2012 financial year, Multiple Sclerosis Australia was contracted to provide cash management and accounting services to members who wished to undertake a Readathon program in 2011. (All members except the Multiple Sclerosis Society of Western Australia participated in 2011). In addition a similar service was provided to Multiple Sclerosis Research Australia for the Kiss Goodbye to MS Program.

The Directors have specifically considered the operating results of Multiple Sclerosis Australia together with evidence of the financing arrangements and believe that it is appropriate to prepare the financial statements on a going concern basis.

The company continues on a going forward basis to be dependent on its income by way of grants from its state based members, the state MS Societies.

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 2012, and the comparative information presented in these financial statements for the year ended 30 June 2011.

Significant Accounting Policies

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

(a) Taxation

The company is an exempt body for income tax purposes and accordingly no provision for income tax or income tax expense has been made.

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2012

1. Summary of Accounting Policies (Cont'd)

(b) Recoverable Amount Of Non-Current Assets

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

(c) Depreciation

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

Non-Current Asset	2012 %	2011 %
Furniture & Fittings	10	10
Computer equipment	33	33

(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.

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2012

1. Summary of Accounting Policies (Cont'd)

(g) Revenue Recognition

Grants from Members

Grants are recognised as they accrue.

Donations/sponsorship – unspecified

Donations and sponsorships are contributions and are recognised when the entity obtains control, it is probable that the economic benefits will flow and the contribution can reliably be measured. This is normally on a cash basis.

Donations/sponsorship – specified

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

Interest Income

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

See (l) for Readathon Income Recognition

(i) Goods and Services Tax

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

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

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

(j) Borrowings

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

(k) Cash and Cash Equivalents

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

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2012

1. Summary of Accounting Policies (Cont'd)

(l) *Readathon Program*

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

The adult reading program Novel Challenge which commenced in 2010 continues unchanged in 2012. The 30 June represents an approximate mid point in the Program each year. On completion of the Program each year the distribution is paid and brought to account and reported in the Statement of Comprehensive Income.

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

Management Fees

As determined by the board, Multiple Sclerosis Australia recovers, prior to its distribution to the state based members (the MS Societies), management and accounting costs directly related to the Readathon Program. Note at 30 June 2012 management and accounting costs have been recovered and included in the Statement of Comprehensive Income for the 2011 state based Programs \$28,333 (2011: \$16,667).

(i) *Employee benefits*

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

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

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

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2012

2012	2011
\$	\$

2. Profit From Ordinary Activities

Profit from ordinary activities before income tax includes the following items of revenue and expense:

(a) Operating Revenue

Member Grants	400,000	500,000
Donations	140,157	135,519
Sponsorship State Based Readathon 2011	568,457	317,140
Sponsorship – Advocacy	2,000	-
Sponsorship – Readathon 2010	-	1,295,486
Sponsorship – Novel Challenge 2011	96,192	22,556
Kiss Goodbye to MS	327,485	-
Other revenue:		
Interest	31,756	19,508
Other	-	5,713
Other revenues from ordinary activities	1,166,047	1,795,922
Total revenue	1,566,047	2,295,922

(b) Expenses

Included in Expenses are the following items

Depreciation of:		
Property, plant and equipment	401	414
Transfers to provision for:		
Employee entitlements	18,472	51,068

(c) MSA Accounting Services provided for State Based Readathon and Kiss Goodbye to MS

1. Income and Cost of State Readathon

Total revenue	568,457	317,140
Costs incurred by MSA to administer program	(281,189)	(488,224)

Net Income transferred to/(paid by) state based member societies

287,268	(171,074)
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2. Income and Cost of Kiss Goodbye to MS

Total revenue	327,485	-
Costs incurred by MSA to administer program	(33,244)	-

Net Income transferred to Multiple Sclerosis Research Australia

294,241	-
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Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2012

2012	2011
\$	\$

2. Profit From Ordinary Activities (Cont'd)

(d) Readathon Program and Novel Challenge - completed programs

Total Revenue	96,192	1,857,651
Less Program Expenses	(51,201)	(1,752,911)
Program Distribution	44,991	104,740
Provision for Readathon Distribution	-	-
Net Distribution	44,991	104,740
Distributed to:		
Multiple Sclerosis Limited NSW	11,893	29,048
Multiple Sclerosis Limited Vic	13,070	22,966
Multiple Sclerosis Limited ACT	2,670	4,279
The Multiple Sclerosis Society of Tasmania Incorporated	4,289	5,030
The Multiple Sclerosis Society of Western Australia(Incorporated)	3,353	14,773
The Multiple Sclerosis Society of South Australia and Northern Territory Incorporated	2,540	7,819
Multiple Sclerosis Society of Queensland	7,176	20,825

3. Remuneration of Auditors

(a) Auditor of the Parent Entity

Deloitte Touche Tohmatsu:

Amounts received or due and receivable by auditors for:

Auditing the financial report	15,750	22,430
	15,750	22,430

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2012

4. Trade Receivables and Other Financial Assets

	2012 \$	2011 \$
Trade debtors	4,830	55,300
Amounts receivable from State Societies	51,686	159,357
	56,516	214,657
Prepayments	39,250	51,751
	39,250	51,751
	95,766	266,408

The average credit period is 30 days. No interest is charged on trade receivables. The Company has not recognised any allowance for doubtful debts as there is no indication that receivables are not recoverable. Allowances for doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

Age of receivables that are past due

1 - 30 Days	7,110	24,329
31 - 60 Days	1,060	22,814
	8,170	47,143

5. Property, Plant And Equipment

Property Plant & Equipment:

At cost	27,611	27,611
Less accumulated depreciation	(25,573)	(25,172)
	2,038	2,439

Reconciliation of the carrying amounts is set out below:

Carrying amount at beginning of year	2,439	2,853
Additions	-	-
Depreciation Expense	(401)	(414)
	2,038	2,439

From the total company depreciation of \$401 (2011: \$414) an amount of \$401 (2011: \$414) has been expensed in the current year.

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2012

6. Trade and other payables

	2012 \$	2011 \$
Trade payables	2,070	94,016
Income in Advance	95,744	2,500
GST Payable	16,773	10,800
Accruals and other payables	83,523	76,824
Amounts payable to Member Societies	107,347	112,034
	<u>305,457</u>	<u>296,174</u>

The average credit period on purchases is 1 month. No interest is charged on the trade payables. The Company has financial risk management policies in place to ensure that all payables are paid within agreed credit terms.

7. Provisions

Current

Provision for Annual Leave Liabilities		
Balance at 1 July	41,188	76,752
Additional provision recognised	16,821	49,137
Reduction by payment to employees	(44,664)	(84,701)

Balance of current provisions at 30 June	<u>13,345</u>	<u>41,188</u>
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Non-Current

Provision for Long Service Leave Liabilities		
Balance at 1 July	11,654	9,723
Additional provision recognised	1,650	1,931

Balance 30 June	<u>13,304</u>	<u>11,654</u>
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8 No of Employees

Number of full time equivalents employed as at 30 June 2012 and 2011, respectively, are:

2012 No.	2011 No.
<u>2</u>	<u>6</u>
2011 \$	2011 \$

9. Retained Earnings

Retained Earnings/(Accumulated Losses) at the beginning of the year	592,181	(178,714)
Net Profit attributable to members	177,513	770,895
Retained Earnings	<u>769,694</u>	<u>592,181</u>

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2012

10. 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 (2011:\$50) towards meeting any outstanding obligations of the Company.

At 30 June 2012 the number of members was 5 (2011: 5).

11. Notes to the Statement of Cash Flows

(a) Reconciliation of Cash and cash equivalents

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

	2012 \$	2011 \$
Cash at bank	1,003,996	672,350
Cash on hand	-	-
	<u>1,003,996</u>	<u>672,350</u>

(b) Financing Facilities

At the statement of financial position date the company has no external finance facilities (2011: nil). Accordingly, there are no unused finance facilities or arrangements. At June 2012 there is an unused overdraft limit \$250,000 and a credit card facility limit of \$100,000 of which \$47,500 has been applied.

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

Net Profit	177,513	770,895
Add/(less) investing and non cash items:		
Interest Received	(31,756)	(19,508)
Depreciation and amortisation of non-current assets:		
- Expensed in the current year	401	414
Changes in net assets and liabilities:		
Decrease/(Increase) in trade receivables and other assets	170,642	(102,395)
Increase/(Decrease) in trade and other payables	9,283	(87,637)
Decrease in provisions	(26,193)	(33,633)
Net cash provided by the operating activities	<u>299,890</u>	<u>528,136</u>

12. Subsequent Events

No matters or circumstances have arisen since the end of the financial year which significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in financial years subsequent to the financial year ended 30 June 2012.

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2012

13. Financial Instruments

(a) *Capital Risk Management*

The capital structure of the company is funded by cash and cash equivalents and retained earnings.

(b) *Categories of Financial Interests*

	2012 \$	2011 \$
Financial Assets		
Cash & Cash Equivalents	1,003,996	672,350
Trade and Other Receivables	95,766	266,408
Financial Liabilities		
Trade and Other Payables	305,457	296,174

(c) *Financial Risk management objectives*

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

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

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

(d) *Market Risk*

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

(e) *Liquidity Risk*

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

(f) *Interest Rate Risk Management*

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

Maturity profile of financial instruments

The following table details the company's exposure to interest rate risk as at 30 June 2012 and 30 June 2011:

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2012

13. Financial Instruments (Cont'd)

	Weighted Average Effective Interest Rate %	Less than 1 month \$	1-3 Months \$	3 months To 1 year \$	Total \$
2012 Assets					
Non interest bearing	-	94,706	1,060	-	95,766
Variable interest rate Instruments	4.5	1,003,996	-	-	1,003,996
		1,098,702	1,060	-	1,099,762

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

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

	Weighted Average Effective Interest Rate %	Less than 1 month \$	1-3 Months \$	3 months to 1 year \$	Total \$
2012 Liabilities					
Non interest bearing	-	305,457	-	-	305,457
		305,457	-	-	305,457
2011 Liabilities					
Non interest bearing	-	231,179	-	64,995	296,174
		231,179	-	64,995	296,174

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2012

13. Financial Instruments (Cont'd)

(h) Interest Rate Sensitivity Analysis

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

Cash flow sensitivity

Surplus or deficit 100 basis points

	2012	2011
	\$	\$
Increase	1,004	672
Decrease	(1,004)	(672)

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

(i) Credit Risk Management

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

(j) Fair value of financial instruments

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

14. Economic Dependence

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

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2012

15. Related Party Transactions

	2012 \$	2011 \$
Transactions with Multiple Sclerosis Research Australia Limited	169,183	116,899

During the 2012 financial year Multiple Sclerosis Australia Limited provided administration and information technology services at a net cost of \$169,183 to MSRA. The members made grants during the financial year of \$400,000 (2011: \$500,000) to Multiple Sclerosis Australia.

	2012 \$	2011 \$
<i>Amounts owed to MSA by related parties</i>		
Multiple Sclerosis Limited	4,750	112,864
Multiple Sclerosis Society of Queensland	7,819	12,943
Multiple Sclerosis Society of South Australia and Northern Territory	3,220	38
Multiple Sclerosis Society of Tasmania	367	2,291
Multiple Sclerosis Society of Western Australia	880	6,228
Multiple Sclerosis Research Australia	34,650	24,993
	51,686	159,357

	2012 \$	2011 \$
<i>Amounts owed by MSA to related parties</i>		
Multiple Sclerosis Limited	21,917	49,684
Multiple Sclerosis Research Australia	83,752	60,000
Multiple Sclerosis Society of Western Australia	1,491	1,884
Multiple Sclerosis Society of Tasmania	187	466
	107,347	112,034

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2012

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

The Novel Challenge – Calendar Year January to December
Major Gifts and Donations from Public
Corporate Gifts and Sponsorship
Research Grants

Gross Proceeds:

	2012 \$	2011 \$
Completed Readathon Program in financial year	96,192	1,857,651
Major Gifts and Donations from Public	1,038,099	458,373
Gross Proceeds from Fundraising Appeals	1,134,291	2,316,024
Fund Raising Costs		
Campaign Costs	51,201	1,568,067
Total Costs of Fundraising Appeals	51,201	1,568,067
Net Surplus	1,083,090	747,957
Cost of Services Provided	49,805	307,535
Total Expenditure		
Non Fund Raising Costs	1,337,334	1,051,078
Fund Raising Costs	51,201	1,568,067
Total Expenditure	1,388,535	2,619,145
Total Fund Raising Income less Fund Raising Costs	1,083,090	747,957

The Charitable Fundraising Information for the 2012 financial year includes the company's main fund raising program The Novel Challenge.

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

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

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2012

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

(b) Comparisons of Monetary figures and percentages

COMPANY	2012		2011	
	Amounts	%	Amounts	%
Total cost of Fund Raising to Gross Fund Raising Income	51,201/1,134,291	5	1,568,067/2,316,024	68*
Net Surplus from Fund Raising to Gross Income from Fund Raising	1,083,090/1,134,291	95	747,957/2,316,024	32*
Total Cost of Services to Total Expenditure (Less Fund Raising Costs)	49,805/(1,388,535-51,201)	4	307,535/(2,619,145-1,568,067)	29
Total Cost of Services to Total Income Received (Less Fund Raising Expenditure)	49,805/(1,134,291-51,201)	5	307,535/(2,316,024-1,568,067)	41
* Due to the nature of the Readathon Program				

17. Additional Company Information

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

Registered Office and Principal Place of Business

293 Mowbray Road
Chatswood NSW, 2067

Tel: (02) 9468 8300