



# **Multiple Sclerosis Australia**

ACN 008 515 508

Annual Financial Report for the Year Ended 30 June 2017

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# Multiple Sclerosis Australia

## Directors' Report

The Directors of Multiple Sclerosis Australia ("MSA") submit herewith the annual financial report of the company for the financial year ended 30 June 2017.

The names, particulars and experience, as relevant to MS, of the directors of the company during and since the end of the year are:

Name	Relevant Experience
<b>Mr Anthony Abbott AM</b> Non-executive Director	Appointed: 9 May 2005 Resigned: 25 October 2016 President, The Multiple Sclerosis Society of South Australia and Northern Territory Incorporated.
<b>Mr Ron Brent</b> Non-executive Alternate Director for Major General Ian Gordon AO)	Appointed: 14 June 2017 Director, Multiple Sclerosis Limited Chairman, Multiple Sclerosis ACT Advisory Board
<b>Mr Roger Burrell</b> Non-executive Director	Appointed: 30 September 2001 President, Multiple Sclerosis Society of Queensland Former Acting President, Multiple Sclerosis Society of Queensland (November 2014 - August 2015) Former Vice-President, Multiple Sclerosis Society of Queensland
<b>Professor William Carroll</b> Non-executive Director	Appointed: 28 February 2000 Neurologist Director, The Multiple Sclerosis Society of Western Australia (Incorporated) Member, International Progressive MS Alliance Scientific Steering Committee Chairman, The International Research Review Board Former Chairman, The Research Management Council of Multiple Sclerosis Research Australia Limited Former Director, Multiple Sclerosis Research Australia Limited
<b>Dr Annette Carruthers</b> Non-executive Vice-President	Appointed: 16 October 2014 Appointed: Vice-President: 15 November 2015 Vice President, Multiple Sclerosis Australia Director, Multiple Sclerosis Research Australia Limited
<b>Mr William Peter Day</b> Non-executive Director	Appointed: 19 May 2008 Chairman, Multiple Sclerosis Limited Director, Australia Home Care Services Pty Ltd
<b>Ms Christina Gillies</b> Non-executive Director	Appointed: 30 September 2001 Resigned: 7 September 2006 Reappointed: 20 May 2007 Director, Multiple Sclerosis Limited Former Director, Multiple Sclerosis Research Australia Limited

# Multiple Sclerosis Australia Directors' Report

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

# Multiple Sclerosis Australia Director's Report

## Directors' Meetings

During the financial year 2017, eight directors' meetings were held and the number of meetings attended by each director of the company during the financial year are shown below.

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

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

Director	Note	Meetings	
		A	B
Mr Anthony Abbott AM	(ii)	2	3
Mr Ron Brent	(v)	1	1
Mr Roger Burrell		7	8
Professor William Carroll		4	8
Dr Annette Carruthers	(i)	7	8
Mr William Peter Day	(i)	6	8
Ms Christina Gillies		6	8
Major General Ian Gordon AO	(vi)	7	8
Assoc Prof. Desmond Graham	(vi)	5	8
Ms Christine Hahn	(iii)	2	2
Mr William Hassell AM		6	8
Ms Sophie Langshaw	(i) (vi)	1	8
Mr Paul Murnane		8	8
Mr Ian Pennell AM	(i)	8	8
Mr Alan Scott	(iv)	3	3

- (i) Members of Multiple Sclerosis Australia & Multiple Sclerosis Research Australia Limited Audit and Risk Committee until May 2017. Subsequent to May 2017 these Directors are members of the Multiple Sclerosis Australia Audit and Risk Committee.
- (ii) Resigned during the financial year 2017
- (iii) Resigned during the financial year 2017 but reappointed after 30 June 2017
- (iv) Appointed during the financial year 2017 and resigned after 30 June 2017
- (v) Appointed as Alternate for Major General Ian Gordon AO
- (vi) During the financial year, Ms Sophie Langshaw has taken an extended leave of absence between August 2016 to January 2017, Assoc Prof. Desmond Graham has taken an extended leave of absence between March 2017 to July 2017 and Major General Ian Gordon AO is taking an extended leave of absence from June 2017 for a period of 12 months.

The members of the joint Multiple Sclerosis Australia and Multiple Sclerosis Research Australia Limited Audit and Risk Committee comprise Mr William Peter Day, Ms Sophie Langshaw, Mr Ian Pennell AM and an alternate Dr Annette Carruthers (directors of the company) and Mr Graham Tribe AM, Mr David Simmonds (appointed: 8 August 2016) and Mr Mike Hemingway (directors of Multiple Sclerosis Research Australia Limited)

During the financial year the Multiple Sclerosis Australia & Multiple Sclerosis Research Australia Limited Audit and Risk Committee held three meetings and subsequently held its own single meeting of Multiple Sclerosis Australia Audit and Risk Committee.

## Company Secretary

### Name

Ms Deidre Mackechnie

### Experience

Chief Executive Officer, Multiple Sclerosis Australia

# **Multiple Sclerosis Australia Director's Report**

## **Principal Activities**

The principal activities of Multiple Sclerosis Australia are consistent with the role of a peak body working with and representing our member organisations to meet the needs of people affected by multiple sclerosis (MS), their families and carers:

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

## **Auditor's Independence Declaration**

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

## **Income and property**

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

## **Review of Operations**

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

The company recorded a surplus of \$357,378 (2016: surplus of \$289,245) for the year. The consolidated entity recorded a surplus of \$3,643,158 (2016: surplus of \$164,781) for the year.

## **Changes in State of Affairs and Likely Developments**

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

## **Subsequent Events**

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

# Multiple Sclerosis Australia Director's Report

## Indemnification and Insurance of Officers and Auditors

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

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

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

Signed in accordance with a resolution of the directors.

On behalf of the Directors



Mr Ian Pennell  
President

Canberra, Australia

11 October 2017



Mr William Peter Day  
Director

Canberra, Australia

11 October 2017

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

11 October 2017

Dear Directors

## **Multiple Sclerosis Australia**

In accordance with Subdivision 60-C of the *Australian Charities and Not-for-profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the directors of Multiple Sclerosis Australia.

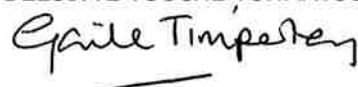
As lead audit partner for the audit of the financial statements of Multiple Sclerosis Australia for the financial year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely



DELOITTE TOUCHE TOHMATSU



**Gaile Timperley**

Partner  
Chartered Accountants



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

### *Opinion*

We have audited the accompanying financial report of Multiple Sclerosis Australia (the "Entity") and its subsidiary (the "Group"), which comprises the consolidated and separate statement of financial position as at 30 June 2017, the consolidated and separate statement of comprehensive income, the consolidated and separate statement of changes in equity and the consolidated and separate statement of cash flows for the year then ended, notes to the financial statements including a summary of significant accounting policies and other explanatory information, and the 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 2017.

In our opinion:

- (a) the financial report of the Multiple Sclerosis Australia is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (the "ACNC Act"), including:
  - (i) giving a true and fair view of the consolidated entity and the company's financial position as at 30 June 2017 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*;
- (b) the financial report agrees to the underlying financial records of 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 2017; and
- (c) monies received by Multiple Sclerosis Australia, as a result of fundraising appeals conducted during the year ended 30 June 2017, have been accounted for and applied, in all material respects, in accordance with the *Charitable Fundraising Act 1991* and its regulations.

### *Basis for opinion*

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

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

### *Other information*

The Board of Directors are responsible for the other information. The other information comprises the Entity's Director's Report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The directors of the Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Regime and the ACNC Act and for compliance with *Charitable Fundraising Act 1991* and 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.

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

## *Auditor's Responsibility for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the entity has complied with specific requirements of the *Charitable Fundraising Act 1991* and 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

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



DELOITTE TOUCHE TOHMATSU



**Gaille Timperley**  
Partner  
Chartered Accountants  
Sydney, 11 October 2017

## **Multiple Sclerosis Australia**

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

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

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

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



Ms Deidre Mackechnie  
Principal Officer

Canberra, Australia

11 October 2017

## Multiple Sclerosis Australia Responsible Persons Declaration

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### Responsible Persons Declaration

The directors declare that:

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

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

On behalf of the directors



Mr Ian Pennell  
President

Canberra, Australia

11 October 2017



Mr William Peter Day  
Director

Canberra, Australia

11 October 2017

# Multiple Sclerosis Australia

## Statement of Comprehensive Income for the Year Ended 30 June 2017

		Consolidated		Company	
		2017	2016	2017	2016
	Note	\$	\$	\$	\$
<b>Gross Revenue</b>					
Donations & Fundraising		3,613,367	1,550,708	120,558	208,620
Bequest revenue		464,783	155,175	340,423	98,751
Kiss Goodbye to MS		1,145,291	878,170	-	-
State-based organisation - research contribution	21(b)	2,777,752	2,306,132	-	-
State-based organisation - grants	21(b)	896,891	849,425	896,891	849,425
Sponsorships - Pharmaceutical Companies		276,325	419,727	80,800	167,545
Government Grants		365,000	490,000	10,000	10,000
Expense reimbursement	21(a)	-	-	100,000	140,000
Interest/dividend revenue		264,474	195,944	54,162	44,986
Revenue from ordinary activities		9,803,883	6,845,281	1,602,834	1,519,327
<b>Expenditure</b>					
Advocacy	2(b)	(606,997)	(488,731)	(606,997)	(488,731)
Communications	2(c)	(225,382)	(222,556)	(225,382)	(222,556)
National Management		(77,425)	(180,933)	(77,425)	(180,933)
Administration	2(d)	(773,839)	(558,873)	(296,748)	(288,787)
Risk & Compliance		(23,669)	(52,956)	(23,669)	(25,716)
Kiss Goodbye to MS	2(e)	(266,453)	(223,144)	-	-
Other Fundraising costs		(696,414)	(722,435)	-	(5,000)
Interest Expense		(12,073)	(19,982)	(12,073)	(19,982)
<b>Research Expenditure</b>					
Grants for Research		(1,658,190)	(2,144,104)	-	-
Other Research Expenditure		(1,274,970)	(1,417,708)	-	-
Research & Strategic Expenditure	2(f)	(604,386)	(638,855)	-	-
Gain on foreign currency exchange		3,736	1,623	3,736	1,623
Total Expenditure		(6,216,062)	(6,668,654)	(1,238,558)	(1,230,082)
<b>Surplus before tax</b>		3,587,821	176,627	364,276	289,245
Income tax expense	1(a)	-	-	-	-
<b>Surplus from continuing operations</b>		3,587,821	176,627	364,276	289,245
<b>Other comprehensive income</b>					
Items that may be reclassified subsequently to profit and loss:					
- Fair value gain/(loss) on available-for-sale financial asset for the year	8	55,337	(11,846)	(6,898)	-
<b>Total comprehensive income for the period</b>		3,643,158	164,781	357,378	289,245

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

# Multiple Sclerosis Australia

## Statement of Financial Position as at 30 June 2017

		Consolidated		Company	
		2017	2016	2017	2016
	Note	\$	\$	\$	\$
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	15(a)	3,960,913	1,859,636	628,324	331,082
Short term investment	16	4,525,581	3,099,785	672,408	461,672
Trade receivables and other assets	5	2,435,684	1,918,955	82,182	105,419
Prepayments and other assets	5	187,828	202,014	67,493	80,640
<b>Total Current Assets</b>		<b>11,110,006</b>	<b>7,080,390</b>	<b>1,450,407</b>	<b>978,813</b>
<b>Non-Current Assets</b>					
Trade receivables and other assets	5	-	433,333	-	433,333
Plant and Equipment	6	33,891	30,872	4,164	6,015
Intangibles	7	89,325	104,130	4,633	6,369
Available-for-sale financial asset	8	1,336,321	990,284	284,204	-
<b>Total Non-Current Assets</b>		<b>1,459,537</b>	<b>1,558,619</b>	<b>293,001</b>	<b>445,717</b>
<b>Total Assets</b>		<b>12,569,542</b>	<b>8,639,009</b>	<b>1,743,408</b>	<b>1,424,530</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Trade and other payables	9	632,177	424,164	243,394	93,298
Income received in advance		470,074	145,144	50,000	-
Provisions	10	161,426	150,242	83,958	55,888
<b>Total Current Liabilities</b>		<b>1,263,677</b>	<b>719,550</b>	<b>377,352</b>	<b>149,186</b>
<b>Non-Current Liabilities</b>					
Provisions	10	31,080	21,165	-	-
Other payables	9	-	266,667	-	266,667
<b>Total Non-Current Liabilities</b>		<b>31,080</b>	<b>287,832</b>	<b>-</b>	<b>266,667</b>
<b>Total Liabilities</b>		<b>1,294,757</b>	<b>1,007,381</b>	<b>377,352</b>	<b>415,853</b>
<b>Net Assets</b>		<b>11,274,786</b>	<b>7,631,628</b>	<b>1,366,055</b>	<b>1,008,677</b>
<b>Retained Earnings</b>					
Contributed equity on passing of control of Multiple Sclerosis Research Australia Limited on 18 November 2012					
		3,272,730	3,272,730	-	-
Retained earnings	12	8,004,099	4,416,278	1,372,953	1,008,677
Available-for-sale reserve	13	(2,043)	(57,380)	(6,898)	-
<b>Total Retained Earnings</b>		<b>11,274,786</b>	<b>7,631,628</b>	<b>1,366,055</b>	<b>1,008,677</b>

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

# Multiple Sclerosis Australia

## Statement of Changes in Equity for the Year Ended 30 June 2017

	Consolidated				Company		
	Retained Earnings	Contributed Equity Reserve	Available-for-sale reserve	Total Equity	Retained Earnings	Available-for-sale reserve	Total Equity
Balance as at 30 June 2015	4,239,651	3,272,730	(45,534)	7,466,847	719,432	-	719,432
Total Comprehensive Income/(Loss) for the year	176,627	-	(11,846)	164,781	289,245	-	289,245
Balance as at 30 June 2016	4,416,278	3,272,730	(57,380)	7,631,628	1,008,677		1,008,677
Total Comprehensive Income/(Loss) for the year	3,587,821	-	55,337	3,643,158	364,276	(6,898)	357,378
Balance as at 30 June 2017	8,004,099	3,272,730	(2,043)	11,274,786	1,372,953	(6,898)	1,366,055

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

# Multiple Sclerosis Australia

## Statement of Cash Flows for the Year Ended 30 June 2017

		<b>Consolidated</b>		<b>Company</b>	
		<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Cash Flows From Operating Activities</b>					
Cash receipts in course of operations		9,719,058	5,934,982	1,637,665	1,307,078
Cash payments in course of operations		(6,424,691)	(7,223,649)	(1,179,281)	(1,258,192)
Net cash received/(used in) from operating activities	15 (b)	3,294,367	(1,288,667)	458,384	48,886
<b>Cash Flows from Investing Activities</b>					
Interest received		47,168	154,898	35,246	42,054
Interest paid		-	(19,982)	-	(19,982)
Purchase of plant and equipment		(12,597)	(31,798)	(1,448)	(2,181)
Purchase of intangibles		(5,392)	(70,761)	-	-
Purchase of available-for-sale financial asset		(335,756)	-	(284,204)	-
Net placement of term deposits		(1,186,513)	(244,355)	(210,736)	(209,547)
Net cash used in investing activities		(1,493,090)	(211,998)	(461,142)	(189,656)
<b>Cash Flows from Financing Activities</b>					
Loan repayment to state-based organisations	(i)	(133,333)	(133,333)	(133,333)	(133,333)
Loan repayment from state-based organisation	(ii)	433,333	216,667	433,333	216,667
Net cash provided by financing activities		300,000	83,334	300,000	83,334
Net increase/(decrease) in cash and cash management		2,101,277	(1,417,331)	297,242	(57,436)
Cash and cash equivalents at beginning of the financial year		1,859,636	3,276,967	331,082	388,518
Cash and cash equivalents at end of the financial year	15 (a)	3,960,913	1,859,636	628,324	331,082

Note:

(i) state-based organisations refers to Multiple Sclerosis Limited and Multiple Sclerosis Society of Queensland.

(ii) state-based organisation refers to Multiple Sclerosis Society of South Australia and Northern Territory.

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



# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2017

### Notes to the Financial Statements for the Year Ended 30 June 2017

#### 1. Summary of Accounting Policies

##### Statement of Compliance

The financial report is a Tier 2 general purpose financial report which has been prepared in accordance with Division 60 of the *Australian Charities and Not for Profits Commission Act 2012* and Australian Accounting Standards - Reduced Disclosure Requirements and complies with both other requirements of law and the *Charitable Fundraising Act 1991 (NSW)*. Accounting Standards include Australian equivalents to International Financial Reporting Standards ("A-IFRS").

The financial statements were authorised by the Directors on the 11 October 2017

##### Basis of Preparation

The financial report has been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars unless otherwise noted.

##### Adoption of New and Revised Accounting Standards

##### Standards and Interpretations affecting amounts reported in the current period

In the current year, the company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting.

##### Accounting Standards and Interpretations issued but not yet effective

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

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

# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2017

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

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

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

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

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2017, and the comparative information presented in these financial statements for the year ended 30 June 2016.

#### Significant Accounting Policies

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

##### (a) Taxation

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

##### (b) Recoverable Amount of Non-Current Assets

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

##### (c) Plant and Equipment

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

	2017	2016
	%	%
Furniture and Fittings	10	10
Computer equipment	33	33

# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2017

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

#### (d) *Receivables*

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

#### (e) *Payables*

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

#### (f) *Provisions*

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

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

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

#### (g) *Revenue Recognition*

##### Grants from Members

Grants are recognised as they accrue with the agreement of the relevant Member.

##### Donations/sponsorship – unspecified and non-reciprocal

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

##### Donations/sponsorship – specified and non-reciprocal

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

##### Program Funding / Reciprocal Sponsorship

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

##### Interest Revenue

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

# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2017

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

#### (h) Goods and Services Tax

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

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

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

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

#### (i) Borrowings

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

#### (j) Cash and Cash Equivalents

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

#### (k) Employee benefits

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

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

Under AASB119, liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to reporting date.

# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2017

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

#### (l) *Intangibles*

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

#### (m) *Impairment of assets*

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

#### (n) *Available-for-sale financial assets*

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

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

#### (o) *Available-for-sale reserve*

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

#### (p) *Leases*

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

#### (q) *Short term investment*

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

# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2017

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

Comparative figures

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

### 2. Profit From Ordinary Activities

	<b>Consolidated</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Surplus/(deficit) from ordinary activities before income tax include the following:				
(a) <b>Expenditure</b>				
Depreciation of Plant and Equipment	9,576	8,935	3,298	3,202
Amortisation of Intangibles	20,198	12,288	1,736	1,736
Provision for Annual Leave and long service leave	157,340	147,323	55,679	54,148
Employee benefits	2,044,806	1,720,764	729,708	560,627
(b) <b>Advocacy expenditure</b>				
Increase in expenditure was mainly due to introduction of the MS Nurse project offset by funding from a pharmaceutical company during the financial year.				
(c) <b>Communications expenditure</b>				
Expenditure remains the same as prior year with the extension of the Wellness Hub Project into its second year and funded by a pharmaceutical company.				
(d) <b>Administration expenditure</b>				
Increase in administration expenditure in the financial year 2017 was mainly due to increase in additional staff (Consolidated), moderate salary adjustment and general administrative expenditure.				
(e) <b>Kiss Goodbye to MS expenditure</b>				
Increase in Kiss Goodbye to MS expenditure in the financial year 2017 was mainly due to additional fundraising event, MS Charity Ball held in April 2017 and additional advertising and promotional expenditure.				
(f) <b>Research and strategic expenditure</b>				
A reduction in expenditure, mainly due to biennial MS Conference held in October 2015 combined with the Public Lecture in FY2016. Excluding the two events held in the financial year 2016 of (expense of \$84,000), will mean an increase of 8.9% in research and strategic expenditure in FY2017.				

### 3. Key Management Personnel Compensation

	<b>Company</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Short Term Benefits	277,796	309,888
Post-employment benefits	26,391	26,159
	<b>304,187</b>	<b>336,047</b>

# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2017

### 4. Remuneration of Auditors

	Coonsolidated		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
Audit Fee from Deloitte Touche Tohmatsu.				
Amounts received or due and receivable by auditors for:				
Auditing the financial report	48,450	47,500	23,550	23,092

### 5. Trade Receivables and Other Financial Assets

#### (a) Current

Trade Debtors	68,757	105,361	-	-
Amounts receivable from state based organisation	2,366,927	1,813,594	73,015	105,419
Amounts receivable from Multiple Sclerosis Research Australia Limited	-	-	9,167	-
Total Trade Debtors	2,435,684	1,918,955	82,182	105,419
Accrued Income	89,565	59,905	19,926	7,840
Prepayments and others	98,263	142,109	47,567	72,800
Total Other Receivables	187,828	202,014	67,493	80,640
Total Trade Receivable and Other Financial Assets	2,623,512	2,120,969	149,675	186,059

#### Aged receivables

Current	2,435,684	1,910,794	82,182	105,419
1-30 days	-	6,361	-	-
31-60 days	-	-	-	-
Over 60 days	-	1,800	-	-
Total Trade Debtors	2,435,684	1,918,955	82,182	105,419

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

#### (b) Non-Current

Amount receivable from Members (Loan to The Multiple Sclerosis Society of South Australia and Northern Territory Incorporated)	-	433,333	-	433,333
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The non-current receivable from The Multiple Sclerosis Society of South Australia and Northern Territory Incorporated bears interest rate at 5% per annum. During the current financial year, The Multiple Sclerosis Society of South Australia and Northern Territory Incorporated fully settled the loan with Multiple Sclerosis Australia.

# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2017

### 6. Plant and Equipment

	Consolidated		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
Cost	73,399	60,804	20,188	18,741
Accumulated depreciation	(39,508)	(29,932)	(16,024)	(12,726)
	<u>33,891</u>	<u>30,872</u>	<u>4,164</u>	<u>6,015</u>
Reconciliation of the carrying amounts is set out below:				
Carrying amount at beginning of year	30,872	8,009	6,015	7,036
Additions	12,595	31,798	1,447	2,181
Depreciation expense	(9,576)	(8,935)	(3,298)	(3,202)
	<u>33,891</u>	<u>30,872</u>	<u>4,164</u>	<u>6,015</u>

### 7. Intangibles

Cost	125,069	119,676	8,681	8,680
Accumulated depreciation	(35,744)	(15,546)	(4,048)	(2,311)
	<u>89,325</u>	<u>104,130</u>	<u>4,633</u>	<u>6,369</u>
Reconciliation of the carrying amounts is set out below:				
Carrying amount at beginning of year	104,130	45,657	6,369	8,105
Additions	5,393	70,761	-	-
Depreciation expense	(20,198)	(12,288)	(1,736)	(1,736)
	<u>89,325</u>	<u>104,130</u>	<u>4,633</u>	<u>6,369</u>

During the financial year, MS Research Australia Limited incurred cost to refresh the new Multiple Sclerosis Research Australia website.

### 8. Available-for-sale financial asset

#### Non-current:

Available-for-sale investments carried at fair value:

Shares in financial institutions	1,336,321	990,284	284,204	-
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Consolidated: The fair value of preference shares with ANZ, Commonwealth Bank, National Australia Bank, Westpac and Suncorp and ordinary shares with Commonwealth Bank are determined by using the market rates at the end of the reporting period and changes in the fair value is recognised in the Statement of Comprehensive Income.

During the financial year the Company acquired Commonwealth Bank ordinary shares from a bequest from an Estate.

During the financial year, the Group recognised a net gain of \$55,337 (2016: net loss of \$11,846) arising from fair value changes. The intent is to hold the investments through to maturity on the preference shares.



# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2017

### 9. Trade and other payables

	Consolidated		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
<b>Current</b>				
Trade payables	187,098	207,403	16,115	29,000
Amounts payable to Members	145,417	-	145,406	-
Amounts payable to Multiple Sclerosis Research Australia Limited	-	-	5,872	4,925
Total Trade payables	332,515	207,403	167,393	33,925
Net of GST Payable/Receivable	206,451	96,740	14,294	8,910
Accruals and other payables	93,211	120,021	61,707	50,464
Total Other payables	299,662	216,761	76,001	59,374
Total Trade and other payables	632,177	424,164	243,394	93,299

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

#### Non-current

Loan payable to Members	-	266,667	-	266,667
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Loan payable to Members relates to loans provided by Multiple Sclerosis Society of Queensland and a grant in advance from Multiple Sclerosis Limited which bear interest at the rate of 5% per annum respectively. During the current financial year the company repaid the loan payable to Multiple Sclerosis Society of Queensland and the grant in advance from Multiple Sclerosis Limited.

### 10. Provisions

#### Current

##### Provision for Annual Leave Liabilities

Carrying amount at beginning of year	130,639	110,111	41,340	45,973
Additional provision recognised	143,386	126,241	53,055	45,499
Reduction by payment to employees	(136,241)	(105,713)	(27,609)	(50,132)
Balance of current provision at 30 June	137,784	130,639	66,786	41,340

##### Provision for Long Service Leave Liabilities

Carrying amount at beginning of year	19,603	5,899	14,548	5,899
Additional provision recognised	4,039	18,966	2,624	8,649
Reduction by payment to employees	-	(5,262)	-	-
Balance of current provision at 30 June	23,642	19,603	17,172	14,548
	161,426	150,242	83,958	55,888

#### Non-current

##### Provision for Long Service Leave Liabilities

Carrying amount at beginning of year	21,165	19,049	-	-
Additional provision recognised	9,915	2,116	-	-
Balance of current provision at 30 June	31,080	21,165	-	-

# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2017

### 11. Number of Employees

The number of full time equivalents employed as at 30 June 2017 and 2016, respectively are:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
FTE employed as at 30 June	<u>19.5</u>	<u>17.4</u>	<u>6.1</u>	<u>5.6</u>

### 12. Retained Earnings

	<b>Consolidated</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Retained Earnings at the beginning of the year	4,416,278	4,239,651	1,008,677	719,432
Net surplus attributable to members	3,587,821	176,627	364,276	289,245
Retained Earnings at the end of the year	<u>8,004,099</u>	<u>4,416,278</u>	<u>1,372,953</u>	<u>1,008,677</u>

### 13. Available-for-sale reserve

Balance at the beginning of the year	(57,380)	(45,534)	-	-
Valuation gain/(loss)	55,337	(11,846)	(6,898)	-
Balance at the end of the year	<u>(2,043)</u>	<u>(57,380)</u>	<u>(6,898)</u>	<u>-</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 (2016: \$50) towards meeting any outstanding obligations of the Company.

At 30 June 2017 the number of members was 4 (2016: 5). Reduction in members was due to the merger of Multiple Sclerosis Society of Tasmania with Multiple Sclerosis Limited.

#### Membership

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

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

# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2017

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

	Consolidated		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
<b>(a) Reconciliation of Cash and cash equivalents</b>				
For the purpose of the Statement of Cash Flows, cash and cash equivalents include cash on hand and in bank. Cash and cash equivalents at the end of the financial year as shown in the Statement of Cash Flow is reconciled to the related items in the Statement of Financial Position as follows:				
Cash on hand and at financial institutions	<b>3,960,913</b>	1,859,636	<b>628,324</b>	331,082
<b>(b) Reconciliation of net surplus before tax to Net Cash provided by/(used in) Operating Activities</b>				
Net surplus before tax	<b>3,587,821</b>	176,627	<b>364,276</b>	289,245
<b>Add/(less) investing and non cash items:</b>				
Interest/Dividend Income	<b>(255,839)</b>	(195,944)	<b>(35,245)</b>	(44,986)
Interest Expense	<b>12,073</b>	19,982	<b>12,073</b>	19,982
Depreciation of plant and equipment	<b>9,576</b>	8,935	<b>3,298</b>	3,202
Amortisation of intangibles	<b>20,198</b>	12,288	<b>1,736</b>	1,736
<b>Changes in net assets and liabilities</b>				
(Increase)/decrease in trade receivables and other assets	<b>(498,213)</b>	(616,330)	<b>29,487</b>	(138,934)
Increase/(decrease) in trade and other payable	<b>397,652</b>	(730,572)	<b>54,689</b>	(85,374)
Increase in provisions	<b>21,099</b>	36,347	<b>28,070</b>	4,015
<b>Net cash provided by/(used in) by the operating activities</b>	<b>3,294,367</b>	(1,288,667)	<b>458,384</b>	48,886

### 16. Short term investment

Term deposits (maturity more than 3 months)	<b>4,525,581</b>	3,099,785	<b>672,408</b>	461,672
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Short term investments with National Australia Bank with an average maturity of 305.7 days (2016: 188 days).

### 17. Contingencies

The Group has a bank guarantee of \$83,781 (2016: \$83,781) in place for the lease of an office premise in North Sydney which expires on 19 June 2019. The company has no other contingencies as at the date of this report

# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2017

### 18. Operating lease

	Consolidated		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
Non-cancellable operating lease commitments:				
Less than 1 year	125,909	122,195	5,316	5,316
Later than 1 year and not later than 5 years	54,895	180,803	2,568	7,884
<b>Total commitment</b>	<b>180,804</b>	<b>302,998</b>	<b>7,884</b>	<b>13,200</b>

Operating lease relates to the following items:

- \* Office premise at North Sydney expires on 19 December 2018
- \* Computer equipment leased with National Australia Bank, for 3 years ending July 2018
- \* Photocopy rentals with BBC Digital, for 5 years ending August 2020

### 19. Financial Instruments

#### (a) Capital Risk Management

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

#### (b) Financial Risk Management objectives

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

#### (c) Fair Value of Financial Instruments

The carrying amounts of financial assets and financial liabilities on the financial statements at fair value. The following table gives information about how the fair value of these financial assets are determined as a consolidated entity:

Financial asset	Fair value as at		Fair value hierarchy	Valuation technique and key inputs
	30/06/2017	30/06/2016		
	\$	\$		
Available-for-sale non derivative financial asset	1,336,321	990,284	Level 1	Quoted bid prices in an active market

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

### 20. Economic Dependence

The company is dependent on its income by way of grants from its state based members in the current financial year of \$896,891 (2016: \$849,425) which represents 56.0% (2016: 55.9%) of total revenue from ordinary activities.

# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2017

### 21. Related Party Transactions

	Consolidated		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
(a) <b>Transactions with Multiple Sclerosis Research Australia Limited</b>				
Recharge to Multiple Sclerosis Research Australia Limited	-	-	100,000	140,000
Recharge from Multiple Sclerosis Research Australia Limited	-	-	(15,000)	-

During the current financial year, Multiple Sclerosis Australia provided administration services and recharged a portion of the total Multiple Sclerosis International Federation membership subscription at a net cost of \$100,000 (2016: \$140,000) to Multiple Sclerosis Research Australia Limited. In the same financial year Multiple Sclerosis Research Australia Limited provided other administration services at a net cost of \$15,000 (2016: nil) to Multiple Sclerosis Australia.

(b) <b>Grants from State based MS Organisations</b>				
Multiple Sclerosis Limited	895,044	861,724	565,044	546,724
Multiple Sclerosis Society of Queensland	179,376	147,529	179,376	147,529
MS Development and Research Foundation of Queensland Inc	363,595	389,696	-	-
The Multiple Sclerosis Society of South Australia and Northern Territory Incorporated	113,594	50,000	44,844	25,000
The Multiple Sclerosis Society of Tasmania	-	41,034	-	26,034
The Multiple Sclerosis Society of Western Australia Incorporated	2,123,034	1,665,574	107,627	104,138
	<b>3,674,643</b>	<b>3,155,557</b>	<b>896,891</b>	<b>849,425</b>

During the financial year state-based MS organisations provided grants of \$896,891 (2016: \$849,425) to the Company and \$3,674,643 (2016: \$3,155,557) to the Group respectively. This is reflected in the Statement of Comprehensive Income (page 11): Research of \$2,777,752 (2016: \$2,306,132) and Grants of \$896,891 (2016: \$849,425).

(c) <b>Amounts owed to Multiple Sclerosis Australia by related parties:</b>				
<b>Current</b>				
Multiple Sclerosis Limited	82,183	92,905	51,933	64,030
Multiple Sclerosis Society of Queensland	16,580	13,657	16,580	13,657
MS Development and Research Foundation of Queensland Inc	13,246	1,800	-	-
The Multiple Sclerosis Society of South Australia and Northern Territory Incorporated	54,861	55,000	4,444	27,500
The Multiple Sclerosis Society of Western Australia Incorporated	2,200,058	1,650,233	58	233
Multiple Sclerosis Research Australia Limited	-	-	9,167	-
	<b>2,366,928</b>	<b>1,813,595</b>	<b>82,182</b>	<b>105,420</b>
<b>Non-current</b>				
The Multiple Sclerosis Society of South Australia and Northern Territory Incorporated	-	433,333	-	433,333
<b>Total</b>	<b>2,366,928</b>	<b>2,246,928</b>	<b>82,182</b>	<b>538,753</b>

Amounts receivable from state based organisations around Australia principally relate to research contributions and grants owing to Multiple Sclerosis Research Australia and Multiple Sclerosis Australia at year end.

# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2017

### 21. Related Party Transactions (Cont'd)

	Consolidated		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
(d) <b><u>Amounts owed by Multiple Sclerosis Australia to related parties:</u></b>				
<b><u>Current</u></b>				
Multiple Sclerosis Limited	90,855	-	90,844	-
Multiple Sclerosis Society of Queensland	54,562	-	54,562	-
Multiple Sclerosis Research Australia Limited	-	-	5,872	4,925
	<u>145,417</u>	<u>-</u>	<u>151,278</u>	<u>4,925</u>
<b><u>Non-Current</u></b>				
Multiple Sclerosis Limited	-	166,667	-	166,667
Multiple Sclerosis Society of Queensland	-	100,000	-	100,000
	<u>-</u>	<u>266,667</u>	<u>-</u>	<u>266,667</u>
Total	<u>145,417</u>	<u>266,667</u>	<u>151,278</u>	<u>271,592</u>

During the current financial year, the Company settled half of the total loan amount following repayment of loan from The Multiple Sclerosis Society of South Australia and Northern Territory Incorporated. The remaining loan was repaid in July 2017. This is reflected in the current amounts owed to related parties.

(e) **In-kind donation by Multiple Sclerosis Limited to related parties:**

Multiple Sclerosis Limited	<u>22,000</u>	<u>22,000</u>	<u>6,000</u>	<u>6,000</u>
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During the current financial year Multiple Sclerosis Limited provided in-kind services relating to Human Resource and Payroll services to the Company \$6,000 (2016: \$6,000) and to the Group \$22,000 (2016: \$22,000). The amount is an estimated amount sourced from a few providers.

# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2017

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

#### Consolidated

	Year to 30 June 2017			Year to 30 June 2016		
	Gross Revenue	Direct Expense	Net Proceeds	Gross revenue	Direct Expense	Net Proceeds
Gross Revenue						
Fundraising & donations	3,613,367	696,414	2,916,953	1,550,708	722,435	828,273
Bequest Income	464,783	-	464,783	155,175	-	155,175
Kiss Goodbye to MS	1,145,291	266,453	878,838	878,170	223,144	655,026
State-based MS organisations - research contribution	2,777,752	-	2,777,752	2,306,132	-	2,306,132
State-based MS organisations - grants [Note (i)]	896,891	-	896,891	849,425	-	849,425
Sponsorships Pharmaceutical Companies	276,325	-	276,325	419,727	-	419,727
Government Grants	365,000	-	365,000	490,000	-	490,000
<b>Total</b>	<b>9,539,409</b>	<b>962,867</b>	<b>8,576,542</b>	<b>6,649,337</b>	<b>945,579</b>	<b>5,703,758</b>
Administration expenditure [Note (ii)]			(871,197)			(791,139)
Net amount raised before Cost of Services Provided, Bad Debt Expense and Interest			7,705,345			4,912,619

	% of Gross Revenue	% of Gross Revenue
Direct Expenditure	10.1%	14.2%
Administration expenditure	9.1%	11.9%
Total Expenditure	19.2%	26.1%
Net amount raised	80.8%	73.9%

#### Company

	Year to 30 June 2017			Year to 30 June 2016		
	Gross Revenue	Direct Expense	Net Proceeds	Gross Revenue	Direct Expense	Net Proceeds
Gross Revenue						
Fundraising & donations	120,558	-	120,558	208,620	5,000	203,620
Bequest Income	340,423	-	340,423	98,751	-	98,751
State-based MS organisations - grants [Note (i)]	896,891	-	896,891	849,425	-	849,425
Sponsorships	80,800	-	80,800	167,545	-	167,545
Government Grants	10,000	-	10,000	10,000	-	10,000
<b>Total</b>	<b>1,448,672</b>	<b>-</b>	<b>1,448,672</b>	<b>1,334,341</b>	<b>5,000</b>	<b>1,329,341</b>
Administration expenditure [Note (ii)]			(394,106)			(493,813)
Net amount raised before Cost of Services Provided, Bad Debt Expense, Interest and recharge			1,054,566			835,528

	% of Gross Revenue	% of Gross Revenue
Direct Expenditure	0.0%	0.4%
Administration expenditure	27.2%	37.0%
Total Expenditure	27.2%	37.4%
Net amount raised	72.8%	62.6%

(i) Refer to Note 21(b).

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

# Multiple Sclerosis Australia

## Notes to the Financial Statements for the Year Ended 30 June 2017

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

	Consolidated		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
<b>(a) Fundraising Activities Conducted</b>				
<b>Major Gifts and donations from Public</b>				
<b>Gross Proceeds from Fundraising Appeals</b>				
Gross Proceeds:				
Kiss Goodbye to MS	1,145,291	878,170	-	-
Fundraising & donations, Bequest Income and Sponsorship	4,354,475	2,125,610	541,781	474,916
Gross Proceeds from Fundraising Appeals	5,499,766	3,003,780	541,781	474,916
Total Fundraising Costs, representing Total Costs of Fundraising Appeals #	962,867	945,579	-	5,000
Net Surplus	4,536,899	2,058,201	541,781	469,916
Cost of Services Provided *	3,765,539	4,273,099	832,379	711,287
<b>Total Expenditure</b>				
Non Fundraising Costs	5,253,195	5,723,075	1,238,558	1,225,082
Fundraising Costs	962,867	945,579	-	5,000
Total Expenditure	6,216,062	6,668,654	1,238,558	1,230,082
Total Fundraising Income less Fundraising Costs	4,536,899	2,058,201	541,781	469,916
# 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	606,997	488,731	606,997	488,731
Communications	225,382	222,556	225,382	222,556
Grants for Research and other research	2,933,160	3,561,812	-	-
	3,765,539	4,273,099	832,379	711,287

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 2017

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

#### (b) Comparisons of Monetary figures and percentages

	2017		2016	
	\$	%	\$	%
<b>Consolidated</b>				
Total Cost of Fundraising to Gross Fundraising Income	\$ 962,867 / \$ 5,499,766	18%	\$ 945,579 / \$ 3,003,780	31%
Net Surplus from Fundraising to Gross Income from Fundraising	\$ 4,536,899 / \$ 5,499,766	82%	\$ 2,058,201 / \$ 3,003,780	69%
Total Cost of Services to Total Expenditure (Less Fundraising Costs)	\$ 3,765,539 / [ \$ 6,216,062 - \$ 962,867 ]	72%	\$ 4,273,099 / [ \$ 6,668,654 - \$ 945,579 ]	75%
Total Cost of Services to total income received from fundraising (Less interest revenue and fundraising expenditure)	\$ 3,765,539 / [ \$ 5,499,766 - \$ 962,867 ]	83%	\$ 4,273,099 / [ \$ 3,003,780 - \$ 945,579 ]	208%
<b>Company</b>				
Total Cost of Fundraising to Gross Fundraising Income	\$ - / \$ 541,781	0%	\$ 5,000 / \$ 474,916	1%
Net Surplus from Fundraising to Gross Income from Fundraising	\$ 541,781 / \$ 541,781	100%	\$ 469,916 / \$ 474,916	99%
Total Cost of Services to Total Expenditure (Less Fundraising Costs)	\$ 832,379 / [ \$ 1,238,558 - \$ - ]	67%	\$ 711,287 / [ \$ 1,230,082 - \$ 5,000 ]	58%
Total Cost of Services to total income received from fundraising (Less interest revenue and fundraising expenditure)	\$ 832,379 / [ \$ 541,781 - \$ - ]	154%	\$ 711,287 / [ \$ 474,916 - \$ 5,000 ]	151%

### 24. Subsequent Events

There has not been any matters or circumstances that have arisen since the end of the financial year which significantly affected, or may significantly affect, the operations of the company, the results of its operations, or the state of affairs of the company in financial years subsequent to the year ended 30 June 2017.

### 25. Additional Company Information

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

#### Registered Office and Principal Place of Business

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

