



AUSTRALIA

Multiple Sclerosis Australia

ACN 008 515 508

Annual Financial Report for the Year Ended 30 June 2014

Multiple Sclerosis Australia

Annual Financial Report for the Year Ended 30 June 2014

| | Page Number |
|---|--------------------|
| <i>Directors' Report</i> | 1 |
| <i>Independence Declaration by Auditor</i> | 5 |
| <i>Independent Audit Report</i> | 6 |
| <i>Principal Officer's Declaration</i> | 8 |
| <i>Responsible Persons Declaration</i> | 9 |
| <i>Statement of Profit or Loss and Other Comprehensive Income</i> | 10 |
| <i>Statement of Financial Position</i> | 12 |
| <i>Statement of Changes in Equity</i> | 13 |
| <i>Statement of Cash Flows</i> | 14 |
| <i>Notes to the Financial Statements</i> | 15 |

Multiple Sclerosis Australia

Directors' Report

The Directors of Multiple Sclerosis Australia ("MSA") submit herewith the annual financial report of the company for the year ended 30 June 2014.

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 President from 7 May 14 | Appointed 26 February 2006 Retired 17 November 2013 Appointed 16 March 2014 Past President, The Multiple Sclerosis Society of Western Australia (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 Multiple Sclerosis Research Australia Limited Director, The Multiple Sclerosis Society of Western Australia (Incorporated) |
| 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 Director Multiple Sclerosis Research Australia Limited 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 William Hassell AM Non-executive Director | Appointed 17 November 2013 Senior Vice President The Multiple Sclerosis Society of Western Australia (Incorporated) |
| Mr Robert Hubbard President to 6 May 2014 | Appointed 30 November 2003 Retired Partner, Price Waterhouse Coopers Director Multiple Sclerosis Research Australia Limited |
| Ms Sophie Langshaw Non-executive Director | Appointed 17 November 2013 Partner, Price Waterhouse Coopers |

Multiple Sclerosis Australia

Directors' Report

| Name | Experience |
|---|---|
| Mr Jonathan Loraine Non-executive Director | Appointed 15 March 2010 Chairman, Multiple Sclerosis Society of Queensland |
| Mr Paul Murnane Non-executive Director | Appointed 30 November 2003 Chairman, Multiple Sclerosis Research Australia Limited |
| Mr Ian Pennell AM Non-executive Director Vice President | Appointed 25 September 2003 Retired Army Officer Director of Multiple Sclerosis Limited |
| Paul Stevens Non-executive Director | Appointed 17 November 2013 |

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 | 5 | 5 |
| Mr David Barnes AM | 4 | 4 |
| Mr Roger Burrell | 4 | 5 |
| Professor William Carroll | 4 | 5 |
| Dr Geoffrey Chapman | 1 | 2 |
| Mr Peter Day (i) | 3 | 5 |
| Ms Sharon Eacott | 4 | 5 |
| Ms Christina Gillies | 4 | 5 |
| Major General Ian Gordon AO | 4 | 5 |
| Mr Robert Hubbard (i) | 2 | 5 |
| Mr Jonathan Loraine | 3 | 5 |
| Mr Paul Murnane (i) | 3 | 5 |
| Mr Ian Pennell AM (i) | 5 | 5 |
| Mr William Hassell | 3 | 3 |
| Ms Sophie Langshaw(i) | 2 | 3 |
| Mr Paul Stevens | 3 | 3 |

(i) Members of the Multiple Sclerosis Australia and Multiple Sclerosis Research Australia Audit Risk and Finance Committee.

The members of the committee comprise Mr Peter Day, Sophie Langshaw Mr Paul Murnane and an alternate Ian Pennell (directors of the company) and Mr Graham Tribe (director of Multiple Sclerosis Research Limited. During the financial year the audit committee held four meetings.

Company Secretary

| Name | Experience |
|----------------------|--|
| Ms Deidre Mackechnie | Appointed 7 April 2013 Company Secretary of Multiple Sclerosis Australia, Multiple Sclerosis Research Australia Limited |

Multiple Sclerosis Australia

Directors' Report

Principal Activities

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

The company recorded a loss of \$134,359 (2013: surplus of \$96,315) for the year. The consolidated entity recorded a surplus of \$936,724 (2013: \$1,415,794) 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.

Multiple Sclerosis Australia

Directors' Report

Subsequent Events

As at 30 June 2014, MSA had advanced \$250,000 to The Multiple Sclerosis Society of South Australia and Northern Territory Incorporated (MSSANT), having been made in May 2014. This has been recognised and classified as a non-current receivable in these accounts.

As at the date of signing these accounts MSA has advanced a total of \$650,000 to MSSANT (\$250,000 as at 30 June 2014 and a further \$400,000 subsequently), funded by respectively MSA \$250,000 (from its own resources), funded into MSA by MSL - \$250,000, and funded into MSA by MSQ - \$150,000. The amounts funded by MSL and MSQ into MSA (in aggregate \$400,000) are reflected by MSA as a loan from MSQ - \$150,000 and a grant in advance from MSL - \$250,000 and repayable or applied for the benefit ultimately to MSQ and MSL respectively.

Additional loans (\$500,000) have also been made directly to MSSANT by Multiple Sclerosis Western Australia (MSWA). These loans are recorded by MSWA in its books and are lent to MSSANT on terms substantially not inconsistent with those funds advanced by MSA to MSSANT.

Stringent control, financial reporting requirements and cost-cutting programs have been implemented at MSSANT. At this stage it is not considered likely that any impairment is required on the non-current receivable recorded on the balance sheet of MSA pertaining to MSSANT as at 30 June 2014 and the subsequent aggregate loans to MSSANT at the date of signing these accounts.

Otherwise, 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 other than disclosed in these financial reports.

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

Director

At  22 September 2014

Director

At  22 September 2014
Melbourne

The Board of Directors
Multiple Sclerosis Australia
L26, 100 Miller Street
North Sydney NSW 2060

22 September 2014

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 2014, 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 Pearce
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 2014, the statement of profit or loss and other 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 8 to 34. 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 2014.

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 *Australian Charities and Not-for-profits Commission Act 2012* 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 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 *Australian Charities and Not-for-profits Commission Act 2012*.

Opinion

In our opinion:

- (a) the financial report of Multiple Sclerosis Australia is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012* and 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 2014; and
- (c) monies received by Multiple Sclerosis Australia, as a result of fundraising appeals conducted during the year ended 30 June 2014, have been accounted for and applied, in all material respects, in accordance with the *Charitable Fundraising Act 1991* and its regulations.



DELOITTE TOUCHE TOHMATSU



Gaile Pearce

Partner

Chartered Accountants

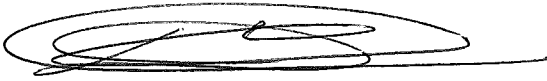
Sydney, 22 September 2014

Multiple Sclerosis Australia

Declaration by Principal Officer in Respect of Fundraising Appeals

I, Debra Cerasa, Chief Executive Officer of Multiple Sclerosis Australia declare that in my opinion:

- (a) the Statement of Profit or Loss and Other 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 MELBOURNE

22 September 2014

Multiple Sclerosis Australia

Responsible Persons Declaration

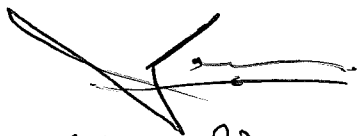
The directors declare that:

- (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*.

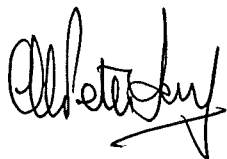
On behalf of the directors

Director



At *SYDNEY* 22 September 2014

Director



At *Melbourne* 22 September 2014

Multiple Sclerosis Australia

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2014

| | Note | Consolidated | | Company | |
|--|------|--------------|-------------|------------|-------------|
| | | 2014 \$ | 2013 \$ | 2014 \$ | 2013 \$ |
| Revenue | 2 | 6,286,338 | 6,545,955 | 1,538,832 | 3,087,043 |
| MSA Programs | | | | | |
| <u>Administration</u> | | | | | |
| - Employee expenses | | (898,843) | (553,117) | (382,945) | (324,277) |
| - Depreciation | | (1,722) | (1,372) | (1,265) | (1,301) |
| - Board meeting expenses | | (38,067) | (60,513) | (38,032) | (60,482) |
| - Other administration expenses | | (233,785) | (146,281) | (263,785) | (146,281) |
| <u>Risk & Compliance</u> | | | | | |
| - Employee Expenses | | (276,916) | (139,674) | (276,916) | (139,674) |
| - Audit and Accounting | 4 | (43,700) | (42,500) | (23,771) | (20,715) |
| - Consultancy & Other | | (12,435) | (28,081) | (3,096) | (28,081) |
| - Company Secretarial | | - | (10,591) | - | - |
| Website | | (86,794) | (92,169) | (86,794) | (92,169) |
| Branding Expenses | | (7,928) | (68,863) | (7,928) | (6,847) |
| Branding Recovery from Members | | - | 6,847 | - | 6,847 |
| Advocacy | | (71,589) | (121,699) | (71,589) | (121,699) |
| Research expenditure (CCSVI) | | - | (95,744) | - | (95,744) |
| Research administration | | (220,319) | (126,952) | - | - |
| Grants for research | | (2,423,079) | (1,579,224) | - | - |
| Other costs | | (121,190) | (27,525) | - | - |
| MS Int'l Federation | | (54,870) | (52,026) | (54,870) | (52,026) |
| Recovery of Acctg & IT | | 83,124 | 88,284 | 83,124 | 88,284 |
| <u>Disbursements to Members of Income from Corporate Partnerships</u> | | | | | |
| - Corporate Partnership Expenses | | (450,527) | (1,265,199) | (450,527) | (1,245,999) |
| - Recovery from Member Societies | | - | - | - | - |
| <u>Kiss Goodbye to MS</u> | | | | | |
| - Campaign expenses | 2(c) | (383,704) | (537,695) | (4,192) | (537,695) |
| - Trf of net income to Multiple Sclerosis Research Australia Limited & State Societies | 2(c) | - | (158,904) | (90,605) | (212,869) |
| <u>F5m+ Community Fundraising</u> | | | | | |
| - Employee expenses | | (73,675) | (46,461) | - | - |
| - Other costs | | (33,595) | (70,702) | - | - |

Multiple Sclerosis Australia

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2014

| | Note | Consolidated | | Company | |
|--|------|--------------|------------------------|------------|------------|
| | | 2014 \$ | 2013 \$ | 2014 \$ | 2013 \$ |
| Surplus Before Income Tax Expense | | 936,724 | 1,415,794 [#] | (134,359) | 96,315 |
| Taxation expense in 2014 | | - | - | - | - |
| Surplus Attributable to Members of the Entity | 10 | 936,724 | 1,415,794 [#] | (134,359) | 96,315 |
| Items that will not be reclassified subsequently to profit or loss | | - | - | - | - |
| Items that may be reclassified subsequently to profit or loss | | - | - | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | 936,724 | 1,415,794 [#] | (134,359) | 96,315 |

[#] On 18 November 2012 control in Multiple Sclerosis Research Australia Limited passed to MSA. As a result the consolidated entity includes only 6.5 months of profit and loss activity of Multiple Sclerosis Research Australia Limited in the prior year, from 18 November 2012 until 30 June 2013. In the prior year Multiple Sclerosis Research Australia Limited generated a surplus in the period subsequent to control passing of \$1,180,000 and a deficit in the period before control passed of \$897,982. The consolidated surplus shown above of \$1,415,794 was therefore mainly attributable to the receipt of additional funding by Multiple Sclerosis Research Australia Limited from The Multiple Sclerosis Society of Western Australia (Incorporated) in the period subsequent to control passing.

Multiple Sclerosis Australia

Statement of Financial Position at 30 June 2014

| | Note | Consolidated | | Company | |
|---|-------|------------------|------------------|------------------|------------------|
| | | 2014 \$ | 2013 \$ | 2014 \$ | 2013 \$ |
| Current Assets | | | | | |
| Cash and cash equivalents | 12(a) | 5,459,839 | 5,661,088 | 504,348 | 1,929,928 |
| Trade Receivables and other assets | 5 | 1,996,045 | 1,905,903 | 567,733 | 442,617 |
| Prepayments and other assets | 5 | 114,898 | 257,311 | 31,211 | 76,162 |
| Total Current Assets | | 7,570,782 | 7,824,302 | 1,103,292 | 2,448,707 |
| Non-Current Assets | | | | | |
| Trade Receivables and other assets | 5 | 250,000 | - | 250,000 | - |
| Property, plant and equipment | | 10,249 | 9,653 | 6,767 | 5,715 |
| Total Non-Current Assets | | 260,249 | 9,653 | 256,767 | 5,715 |
| Total Assets | | 7,831,031 | 7,833,955 | 1,360,059 | 2,454,422 |
| Current Liabilities | | | | | |
| Trade and other payables | 7 | 1,322,166 | 2,240,413 | 586,416 | 1,522,347 |
| Provisions | 8 | 97,990 | 71,657 | 41,993 | 40,664 |
| Total Current Liabilities | | 1,420,156 | 2,312,070 | 628,409 | 1,563,011 |
| Non-Current Liabilities | | | | | |
| Provisions | 8 | 15,933 | 63,667 | - | 25,402 |
| Total Non-Current Liabilities | | 15,933 | 63,667 | - | 25,402 |
| Total Liabilities | | 1,436,089 | 2,375,737 | 628,409 | 1,588,413 |
| Net Assets | | 6,394,942 | 5,458,218 | 731,650 | 866,009 |
| Retained Earnings | | | | | |
| Contributed equity on passing of control of Multiple Sclerosis Research Australia Limited | | 3,272,730 | 3,272,730 | - | - |
| Retained Earnings | 10 | 3,122,212 | 2,185,488 | 731,650 | 866,009 |
| | | 6,394,942 | 5,458,218 | 731,650 | 866,009 |

Multiple Sclerosis Australia

Statement of Changes in Equity for the Year Ended 30 June 2014

Consolidated

| | Retained Earnings | Contributed Equity Reserve | Total Equity |
|--|-------------------|----------------------------|------------------|
| | \$ | \$ | \$ |
| Balance as at 30 June 2012 | 769,694 | - | 769,694 |
| Total Comprehensive Income for the year | 1,415,794 | - | 1,415,794 |
| Contributed equity on passing of control of Multiple Sclerosis Research Australia Limited to MSA from 18 November 2012 | - | 3,272,730 | 3,272,730 |
| Balance as at 30 June 2013 | 2,185,488 | 3,272,730 | 5,458,218 |
| Total Comprehensive Income for the year | 936,724 | - | 936,724 |
| Balance as at 30 June 2014 | 3,122,212 | 3,272,730 | 6,394,942 |

Company

| | Retained Earnings |
|---|-------------------|
| | \$ |
| Balance as at 1 July 2012 | 769,694 |
| Total Comprehensive Income for the year | 96,315 |
| Balance as at 30 June 2013 | 866,009 |
| Total Comprehensive Loss for the year | (134,359) |
| Balance as at 30 June 2014 | 731,650 |

Multiple Sclerosis Australia

Statement of Cash Flows for the Year Ended 30 June 2014

| | Note | Consolidated | | Company | |
|--|-------|--------------|-------------|-------------|-------------|
| | | 2014 \$ | 2013 \$ | 2014 \$ | 2013 \$ |
| Cash Flows From Operating Activities | | | | | |
| Cash receipts in the course of operations | | 5,339,369 | 3,019,582 | 701,358 | 2,656,612 |
| Cash payments in the course of operations | | (5,710,215) | (2,711,244) | (2,149,439) | (1,758,006) |
| Net cash (used in)/provided by operating activities | 12(c) | (370,846) | 308,338 | (1,448,081) | 898,606 |
| Cash Flows From Investing Activities | | | | | |
| Interest received | | 171,914 | 248,439 | 24,818 | 32,305 |
| Payment for purchase of property, plant and equipment | | (2,317) | (9,675) | (2,317) | (4,979) |
| Net cash provided by investing activities | | 169,597 | 238,764 | 22,501 | 27,326 |
| Cash Flows From Financing Activities | | | | | |
| Cash inflow to consolidated entity on passing of control in Multiple Sclerosis Research Australia Limited to MSA | | - | 4,109,990 | - | - |
| Net cash provided by financing activities | | - | 4,109,990 | - | - |
| Net (decrease)/increase in cash and cash equivalents | | (201,249) | 4,657,092 | (1,425,580) | 925,932 |
| Cash and cash equivalents at beginning of the financial year | | 5,661,088 | 1,003,996 | 1,929,928 | 1,003,996 |
| Cash and cash equivalents at end of the financial year | 12(a) | 5,459,839 | 5,661,088 | 504,348 | 1,929,928 |

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2014

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 Australian Charities and Not for Profits Commission Act 2012 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').

The financial statements were authorised by the Directors on the 22 September 2014.

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

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 period.

Accounting Standards and Interpretations issued but not yet effective

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective. The potential impact of the new or revised Standards and Interpretations has not yet been determined, but is not expected to be material.

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2014

1. Summary of Accounting Policies (Cont'd)

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 MSA. The following is a list of these standards which are relevant to MSA:

| Standard/Interpretation | Effective for annual reporting periods beginning on or after | Expected to be initially applied in the financial year ending |
|--|--|---|
| • AASB 9 'Financial Instruments', and the relevant amending standards | 1 January 2017 | 30 June 2018 |
| • AASB 1031 'Materiality' (2013) | 1 January 2014 | 30 June 2015 |
| • AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities' | 1 January 2014 | 30 June 2015 |
| • AASB 2-13-3' 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets' | 1 January 2014 | 30 June 2015 |
| • AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting' | 1 January 2014 | 30 June 2015 |
| • AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities' | 1 January 2014 | 30 June 2015 |
| • AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework Materiality and Financial Instruments' | 1 January 2014 | 30 June 2015 |
| • AASB 2014-1 'Amendments to Australian Accounting Standards' -Part A: 'Annual Improvements 2010-2012 and 2011-2013 Cycles'- Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)'- Part C: 'Materiality' | 1 July 2014 | 30 June 2015 |
| • AASB 2014-1 'Amendments to Australian Accounting Standards' – Part D: 'Consequential Amendments arising from AASB14' | 1 January 2016 | 30 June 2017 |
| • ASB 2014-1 'Amendments to Australian Standards – Part E: 'Financial Instruments' | 1 January 2015 | 30 June 2016 |
| • AASB 14 'Regulatory Deferral Accounts' | 1 January 2016 | 30 June 2017 |

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2014

1. Summary of Accounting Policies (Cont'd)

| Standard/Interpretation | Effective for annual reporting periods beginning on or after | Expected to be initially applied in the financial year ending |
|--|---|--|
| • Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11) | 1 January 2016 | 30 June 2017 |
| • Clarification of Acceptable Methods of Depreciation and Amortisation (amendments to IAS 16 and IAS 38) | 1 January 2016 | 30 June 2017 |
| • IFRS 15 'Revenue from Contracts with Customers' | 1 January 2017 | 30 June 2018 |

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2014

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 2013, and the comparative information presented in these financial statements for the year ended 30 June 2012.

Significant Accounting Policies

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

(a) *Taxation*

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

(b) *Recoverable Amount Of Non-Current Assets*

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

(c) *Depreciation*

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

| Non-Current Asset | 2014 | 2013 |
|--------------------------|-------------|-------------|
| | % | % |
| Furniture & Fittings | 10 | 10 |
| Computer equipment | 33 | 33 |

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2014

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

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 and non-reciprocal

Donations/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 on a cash basis. 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 Income

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 2014

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.

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 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.

(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.

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 2014

| | Consolidated | | Company | |
|--|--------------|------------|------------|------------|
| | 2014 \$ | 2013 \$ | 2014 \$ | 2013 \$ |
| 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 | 2,559,212 | 2,205,864 | 818,000 | 818,000 |
| CCSVI Grant transferred from Multiple Sclerosis Limited | - | 95,774 | - | 95,774 |
| Donations | 1,085,215 | 762,634 | 145,179 | 144,400 |
| Sponsorship – Corporate Partnerships | 1,158,886 | 1,763,773 | 445,538 | 1,246,000 |
| Kiss Goodbye to MS (KGBMS) | 359,361 | 750,564 | 94,797 | 750,564 |
| Government grants | 634,848 | 437,500 | 10,500 | - |
| Fundraising | 316,902 | 281,407 | - | - |
| Other revenue: | | | | |
| Interest | 171,914 | 248,439 | 24,818 | 32,305 |
| Other revenues from ordinary activities | 3,727,416 | 4,340,091 | 720,832 | 2,269,043 |
| Total revenue | 6,286,338 | 6,545,955 | 1,538,832 | 3,087,043 |
| (b) Expenses | | | | |
| Included in Expenses are the following items | | | | |
| Depreciation of: | | | | |
| Property, plant and equipment | 1,722 | 2,060 | 1,265 | 1,301 |
| Transfers to provision for: | | | | |
| Employee entitlements | 71,931 | 124,757 | 41,993 | 68,994 |

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2014

| | Consolidated | | Company | |
|---|--------------|---------------------|----------|------------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$ | \$ | \$ | \$ |
| 2. Profit From Ordinary Activities (Cont'd) | | | | |
| (c) Income and Cost of Kiss Goodbye to MS | | | | |
| Total revenue | 359,361 | 750,564 | 94,797 | 750,564 |
| Costs incurred by MSA to administer program | (383,704) | (537,695) | (4,192) | (537,695) |
| Net Income transferred to Multiple Sclerosis Research Australia Limited & MSA's State Members | - | (158,904) | (90,605) | (212,869)* |
| Net Income (Loss) | (24,343) | 53,965 [#] | - | - |

* In 2013 this amount was broken down as follows: Multiple Sclerosis Research Australia Limited (a total of \$141,659 comprising of 2012 Program of \$87,694 & 2013 Program of \$53,965,) and MSA's State Members (2013 Program \$71,210).

[#] Representing Net Income brought to account in Multiple Sclerosis Research Australia Limited for this campaign, between 18 November 2012 and 30 June 2013.

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2014

3. Key Management Personnel Compensation

The compensation of key management personnel is set out below

| | 2014 | 2013 |
|--------------------------|----------------|----------------|
| | \$ | \$ |
| Short Term Benefits | 420,168 | 350,279 |
| Post-Employment Benefits | 55,180 | 35,411 |
| | <u>475,348</u> | <u>385,690</u> |

4. 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

| | Consolidated | | Company | |
|-------------------------------|---------------|---------------|---------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$ | \$ | \$ | \$ |
| Auditing the financial report | 43,700 | 42,500 | 20,000 | 19,500 |
| | <u>43,700</u> | <u>42,500</u> | <u>20,000</u> | <u>19,500</u> |

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2014

| | Consolidated | | Company | |
|---|--------------|-----------|---------|---------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$ | \$ | \$ | \$ |
| 5. Trade Receivables and Other Financial Assets | | | | |
| Current | | | | |
| Trade debtors | 329,815 | 663,133 | 296,015 | 340,740 |
| Amounts receivable from Members | 1,666,230 | 1,242,770 | 253,451 | 85,175 |
| Amounts receivable from Multiple Sclerosis Research Australia Limited | - | - | 18,267 | 16,702 |
| | 1,996,045 | 1,905,903 | 567,733 | 442,617 |
| Accrued income | - | 10,672 | - | 10,672 |
| Prepayments | 114,898 | 246,639 | 31,211 | 65,490 |
| | 2,110,943 | 2,163,214 | 598,944 | 518,779 |
| Non-Current | | | | |
| Amounts receivable from Members (Loan to The MS Society of SA&NT) | 250,000 | - | 250,000 | - |
| | 250,000 | - | 250,000 | - |

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 | 39,197 | 1,129,455 | 33,081 | 1,013 |
| 31 - 60 Days | 462 | - | 379 | - |
| Over 60 Days | 69,144 | 6,192 | 32,145 | 782 |
| | 108,803 | 1,135,647 | 65,605 | 1,795 |

6. Property, Plant And Equipment

| | | | | |
|-------------------------------|----------|----------|---------|---------|
| Property Plant & Equipment: | | | | |
| At cost | 24,565 | 22,248 | 11,765 | 9,448 |
| Less accumulated depreciation | (14,316) | (12,595) | (4,998) | (3,733) |
| | 10,249 | 9,653 | 6,767 | 5,715 |

Reconciliation of the carrying amounts is set out below:

| | | | | |
|--------------------------------------|---------|---------|---------|---------|
| Carrying amount at beginning of year | 9,653 | 4,108 | 5,715 | 2,038 |
| Additions | 2,317 | 8,125 | 2,317 | 4,978 |
| Disposals | - | (520) | - | - |
| Depreciation Expense | (1,721) | (2,060) | (1,265) | (1,301) |
| | 10,249 | 9,653 | 6,767 | 5,715 |

From the total company depreciation of \$4,998 (2013: \$3,733) an amount of \$1,265 (2013: \$1,301) has been expensed in the current year.

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2014

| | Consolidated | | Company | |
|---|------------------|------------------|----------------|------------------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$ | \$ | \$ | \$ |
| 7. Trade and other payables | | | | |
| Trade payables | 404,965 | 393,063 | 30,457 | 52,050 |
| Income in Advance | 452,433 | 655,888 | 138,160 | 25,500 |
| GST Payable | 90,743 | 106,381 | 19,260 | 11,419 |
| Accruals and other payables | 287,816 | 513,443 | 287,816 | 513,443 |
| Amounts payable to Members | 86,209 | 571,638 | 74,049 | 555,476 |
| Amounts payable to Multiple Sclerosis Research Australia Limited | - | - | 36,674 | 364,459 |
| | <u>1,322,166</u> | <u>2,240,413</u> | <u>586,416</u> | <u>1,522,347</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. | | | | |
| 8. Provisions | | | | |
| Current | | | | |
| Provision for Annual Leave Liabilities | | | | |
| Balance at 1 July | 71,657 | 13,345 | 40,664 | 13,345 |
| Additional provision recognised | 79,389 | 147,833 | 44,900 | 56,896 |
| Reduction by payment to employees | (53,056) | (89,491) | (43,571) | (29,577) |
| Balance of current provisions at 30 June | <u>97,990</u> | <u>71,687</u> | <u>41,993</u> | <u>40,664</u> |
| Non-Current | | | | |
| Provision for Long Service Leave Liabilities | | | | |
| Balance at 1 July | 63,667 | 13,304 | 25,402 | 13,304 |
| Additional provision recognised | (47,734) | 50,363 | (25,402) | 12,098 |
| Balance 30 June | <u>15,933</u> | <u>63,667</u> | <u>-</u> | <u>25,402</u> |
| | 2014 | 2013 | 2014 | 2013 |
| | No. | No. | No. | No. |
| 9. No of Employees | | | | |
| Number of full time equivalents employed as at 30 June 2014 and 2013, respectively, are: | <u>15</u> | <u>14</u> | <u>6</u> | <u>7</u> |

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2014

| | Consolidated | | Company | |
|--|--------------|-----------|-----------|---------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$ | \$ | \$ | \$ |
| 10. Retained Earnings | | | | |
| Retained Earnings at the beginning of the year | 2,185,488 | 769,694 | 866,009 | 769,694 |
| Net Profit /(Loss) attributable to members | 936,724 | 1,415,794 | (134,359) | 96,315 |
| Retained Earnings | 3,122,212 | 2,185,488 | 731,650 | 866,009 |

11. Members' Guarantee

The company is limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute a maximum of \$50 (2013:\$50) towards meeting any outstanding obligations of the Company.

At 30 June 2014 the number of members was 5 (2013: 5).

Change in Membership

Multiple Sclerosis Research Australia Limited acts as the research arm of MSA 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 MSA's members.

MSA 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 MS research, advocacy of MS research and strong fundraising governance principles. The activities of Multiple Sclerosis Research Australia Limited have been consolidated into MSA's financial statements in the year.

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2014

| | Consolidated | | Company | |
|---|------------------|------------------|--------------------|------------------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$ | \$ | \$ | \$ |
| 12. Notes to the Statement of Cash Flows | | | | |
| (a) Reconciliation of Cash and cash equivalents | | | | |
| For the purpose of the cash flow statement, cash and cash equivalents includes cash on hand and in bank and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the statement of financial position as follows: | | | | |
| Cash at bank | 5,459,839 | 5,661,088 | 504,348 | 1,929,928 |
| | <u>5,459,839</u> | <u>5,661,088</u> | <u>504,348</u> | <u>1,929,928</u> |
| (b) Financing Facilities | | | | |
| At June 2014 there is an unused overdraft limit \$250,000 and a credit card facility limit of \$100,000 of which \$33,943 has been applied. | | | | |
| (c) Reconciliation of Net Profit to Net Cash provided by Operating Activities | | | | |
| Net Profit | 936,724 | 1,415,794 | (134,359) | 96,315 |
| Add/(less) investing and non-cash items: | | | | |
| Interest Received | (171,914) | (248,439) | (24,818) | (32,305) |
| Depreciation and amortisation of non-current assets: | | | | |
| - Expensed in the current year | 1,720 | 2,060 | 1,265 | 1,301 |
| Changes in net assets and liabilities: | | | | |
| (Increase) / Decrease in trade receivables and other assets | (197,729) | (2,904,707) | (330,165) | (423,013) |
| Increase in trade and other payables | (918,247) | 1,934,956 | (935,931) | 1,216,891 |
| Increase / (decrease) in provisions | (21,400) | 108,674 | (24,073) | 39,417 |
| Net cash provided by/(used in) the operating activities | <u>(370,846)</u> | <u>308,338</u> | <u>(1,448,081)</u> | <u>898,606</u> |

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2014

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*

| | Consolidated | | Company | |
|------------------------------|--------------|-----------|---------|-----------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$ | \$ | \$ | \$ |
| Financial Assets | | | | |
| Cash & Cash Equivalents | 5,459,839 | 5,661,088 | 504,348 | 1,929,928 |
| Trade and Other Receivables | 2,246,045 | 1,905,903 | 817,733 | 442,617 |
| Financial Liabilities | | | | |
| Trade and Other Payables | 1,322,166 | 2,240,413 | 586,416 | 1,522,347 |

(c) *Financial Risk management objectives*

Management 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 2014 and 30 June 2013:

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2014

13. Financial Instruments (Cont'd)

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

| | Weighted Average Effective Interest Rate % | Less than 1 month \$ | 1-3 Months \$ | 3 months To 1 year \$ | Total \$ |
|------------------------------------|--|----------------------------|---------------------|-----------------------------|-------------|
| 2014 Assets | | | | | |
| Non interest bearing | | 2,249,864 | 39,197 | 71,882 | 2,360,943 |
| Variable interest rate Instruments | 3.3 | 5,459,839 | - | - | 5,459,839 |
| | | 7,709,703 | 39,197 | 71,882 | 7,820,782 |

| | Weighted Average Effective Interest Rate % | Less than 1 month \$ | 1-3 Months \$ | 3 months to 1 year \$ | Total \$ |
|------------------------------------|--|----------------------------|---------------------|-----------------------------|-------------|
| 2013 Assets | | | | | |
| Non interest bearing | - | 770,256 | 1,129,455 | 6,192 | 1,905,903 |
| Variable interest rate Instruments | 5.1 | 5,661,088 | - | - | 5,661,088 |
| | | 6,431,344 | 1,129,455 | 6,192 | 7,566,991 |

| | Weighted Average Effective Interest Rate % | Less than 1 month \$ | 1-3 Months \$ | 3 months to 1 year \$ | Total \$ |
|-------------------------|--|----------------------------|---------------------|-----------------------------|-------------|
| 2014 Liabilities | | | | | |
| Non interest bearing | - | 1,322,166 | - | - | 1,322,166 |
| | | 1,322,166 | - | - | 1,322,166 |

| | Weighted Average Effective Interest Rate % | Less than 1 month \$ | 1-3 Months\$ | 3 months to 1 year\$ | Total \$ |
|-------------------------|--|----------------------------|-----------------|-------------------------|-------------|
| 2013 Liabilities | | | | | |
| Non interest bearing | - | 2,240,413 | - | - | 2,240,413 |
| | | 2,240,413 | - | - | 2,240,413 |

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2014

13. Financial Instruments (Cont'd)

(g) Interest Rate Sensitivity Analysis

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

| <i>Cash flow sensitivity</i> | Consolidated | | Company | |
|--|---------------------|-------------|----------------|-------------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$ | \$ | \$ | \$ |
| Surplus or deficit 100 basis points | | | | |
| Increase | 5,460 | 5,661 | 504 | 1,930 |
| Decrease | (5,460) | (5,661) | (504) | (1,930) |

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

(h) 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.

(i) 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 state based members.

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2014

15. Related Party Transactions

| | Consolidated | | Company | |
|---|--------------|------|---------|---------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$ | \$ | \$ | \$ |
| Transactions with Multiple Sclerosis Research Australia Limited | - | - | 98,124 | 107,787 |

During the 2014 financial year Multiple Sclerosis Australia provided services at a net cost of \$98,124 (2013: \$107,787) to Multiple Sclerosis Research Australia Limited. The members made grants during the financial year of \$818,000 (2013: \$818,000) to MSA.

| | Consolidated | | Company | |
|---|------------------|------------------|----------------|----------------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$ | \$ | \$ | \$ |
| Amounts owed to MSA by related parties | | | | |
| Multiple Sclerosis Limited | 94,297 | 83,467 | 58,809 | 49,189 |
| Multiple Sclerosis Society of Queensland | 41,121 | 26,812 | 33,330 | 26,812 |
| The Multiple Sclerosis Society of South Australia and Northern Territory Incorporated | 312,007 | 6,408 | 291,382 | 4,116 |
| The Multiple Sclerosis Society of Tasmania | 8,025 | 5,673 | 6,650 | 4,298 |
| The Multiple Sclerosis Society of Western Australia (Incorporated) | 1,460,780 | 1,120,409 | 113,280 | 759 |
| Multiple Sclerosis Research Australia | - | - | 18,267 | 16,702 |
| | <u>1,916,230</u> | <u>1,242,769</u> | <u>521,718</u> | <u>101,876</u> |

Amounts receivable from MSA's Members principally relate to research contributions owing to Multiple Sclerosis Research Australia Limited at the year end.

| | Consolidated | | Company | |
|---|---------------|----------------|----------------|----------------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$ | \$ | \$ | \$ |
| Amounts owed by MSA to related parties | | | | |
| Multiple Sclerosis Limited | 67,758 | 388,969 | 55,598 | 372,807 |
| Multiple Sclerosis Research Australia | - | - | 36,674 | 364,459 |
| The Multiple Sclerosis Society of Western Australia (Incorporated) | 119 | 803 | 119 | 803 |
| The Multiple Sclerosis Society of Tasmania | - | 88,091 | - | 88,091 |
| The Multiple Sclerosis Society of South Australia and Northern Territory Incorporated | 7,333 | 93,775 | 7,333 | 93,775 |
| Multiple Sclerosis Society of Queensland | 10,999 | - | 10,999 | - |
| | <u>86,209</u> | <u>571,638</u> | <u>110,723</u> | <u>919,935</u> |

Amounts payable to MSA's Members principally relate to the distribution of funds raised collaboratively by MSA during the year. Amounts payable to Multiple Sclerosis Limited include management fees for service during the year.

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2014

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

| | Consolidated | | Company | |
|--|--------------|-----------|-----------|-----------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$ | \$ | \$ | \$ |
| <i>(a) Fundraising Activities Conducted</i> | | | | |
| Major Gifts and Donations from Public | | | | |
| Corporate Gifts and Sponsorship | | | | |
| Research Grants | | | | |
| Gross Proceeds: | | | | |
| Kiss Goodbye to MS (2013/14) | 359,361 | 750,564 | 94,797 | 750,564 |
| Major Gifts and Donations from Public | 2,244,104 | 3,341,088 | 590,717 | 1,486,174 |
| Gross Proceeds from Fundraising Appeals | 2,603,465 | 4,091,652 | 685,514 | 2,236,738 |
| Total Fundraising Costs | 405,402 | 635,921* | 116,496 | 623,434 |
| Total Costs of Fundraising Appeals | 405,402 | 635,921 | 116,496 | 623,434 |
| Net Surplus | 2,198,063 | 3,455,731 | 569,018 | 1,613,304 |
| Cost of Services Provided | 65,096 | 75,567 | 65,096 | 68,720 |
| Total Expenditure | | | | |
| Non Fundraising Costs | 4,944,212 | 4,602,171 | 1,556,695 | 2,367,294 |
| Fundraising Costs | 405,402 | 635,921 | 116,495 | 623,434 |
| Total Expenditure | 5,349,614 | 5,238,092 | 1,673,190 | 2,990,728 |
| Total Fundraising Income less Fund Raising Costs | 2,198,063 | 3,455,731 | 569,018 | 1,613,304 |

* Including Kiss Goodbye to MS and entire company campaigns & events.

The Charitable Fundraising Information for the 2014 financial year includes the group's main fund raising program Kiss Goodbye to MS.

Note: MSA 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 2014

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 | 2014 | | 2013 | |
|---|----------------------------|-----|----------------------------|-----|
| | Amounts | % | Amounts | % |
| Total cost of Fund Raising to Gross Fund Raising Income | 116,496/685,514 | 17% | 623,434/2,236,738 | 28% |
| Net Surplus from Fund Raising to Gross Income from Fund Raising | 569,019/685,514 | 83% | 1,613,304/2,236,738 | 72% |
| Total Cost of Services to Total Expenditure (Less Fund Raising Costs) | 65,096/(1,673,190-116,496) | 4% | 68,720/(2,990,728-623,434) | 3% |
| Total Cost of Services to Total Income Received (Less Fund Raising Expenditure) | 65,096/(685,514-116,496) | 11% | 68,720/(2,236,738-623,434) | 4% |

17. Subsequent Events

As at 30 June 2014, MSA had advanced \$250,000 to The Multiple Sclerosis Society of South Australia and Northern Territory Incorporated (MSSANT), having been made in May 2014. This has been recognised and classified as a non-current receivable in these accounts.

As at the date of signing these accounts MSA has advanced a total of \$650,000 to MSSANT (\$250,000 as at 30 June 2014 and a further \$400,000 subsequently), funded by respectively MSA \$250,000 (from its own resources), funded into MSA by MSL - \$250,000, and funded into MSA by MSQ - \$150,000. The amounts funded by MSL and MSQ into MSA (in aggregate \$400,000) are reflected by MSA as a loan from MSQ - \$150,000 and a grant in advance from MSL - \$250,000 and repayable or applied for the benefit ultimately to MSQ and MSL respectively.

Additional loans (\$500,000) have also been made directly to MSSANT by Multiple Sclerosis Western Australia (MSWA). These loans are recorded by MSWA in its books and are lent to MSSANT on terms substantially not inconsistent with those funds advanced by MSA to MSSANT.

Stringent control, financial reporting requirements and cost-cutting programs have been implemented at MSSANT. At this stage it is not considered likely that any impairment is required on the non-current receivable recorded on the balance sheet of MSA pertaining to MSSANT as at 30 June 2014 and the subsequent aggregate loans to MSSANT at the date of signing these accounts.

Otherwise, 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 other than disclosed in these financial reports

Multiple Sclerosis Australia

Notes to the Financial Statements for the Year Ended 30 June 2014

18. Additional Company Information

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

Registered Office and Principal Place of Business

L26, 100 Miller Street
North Sydney NSW 2060

Tel: (02) 8484 1304