Multiple Sclerosis Limited and its controlled entities

ABN 66 004 942 287

Annual Report

30 June 2014

Multiple Sclerosis Limited and its controlled entities

Contents

Directors' report

For the year ended 30 June 2014

The directors present their report together with the consolidated financial report of Multiple Sclerosis Limited ("the Company" or "MSL") being the Company and its controlled entities ("the Group"), for the financial year ended 30 June 2014 and the auditor's report thereon.

1 Directors

The directors of the Company at any time during or since the end of the financial year are:

Name, qualifications and independence status	**Experience and special responsibilities**
Mr William Peter Day LLB (Hons), M Administration, FCPA, FCA (Aust & UK), FAICD Independent Non-Executive Director Board Chair (part)	Appointed - 4 December 2007 Extensive professional accounting and management experience. Appointed Chair on 18 December 2013. Member of Audit and Risk Committee. Resident Melbourne
Ms Christina Isabelle Gillies Independent Non-Executive Director Board Chair (part)	Appointed - 9 September 1991 Extensive experience in mergers, acquisitions, organisational change and information technology. Appointed Chair from 22 November 2006 to 18 December 2013. Resident Melbourne
Mr Robert James Hunter McEniry MBA, MAICD Independent Non-Executive Director	Appointed - 23 May 1998 Extensive marketing and management experience. Member of Audit and Risk Committee. Resident Melbourne
Mr Garry Ross Whatley BBus (Accounting and Information Technology), MBA, GAICD Independent Non-Executive Director Deputy chair	Appointed - 4 August 2009 Extensive experience in information technology, telecommunications and consulting services in the corporate and government sectors. Appointed Deputy chair on 19 December 2013. Resident Sydney
Mr Ian James Pennell AM Independent Non-Executive Director	Appointed - 3 July 2008 Extensive experience in management including the not for profit sector. Member ACT Regional Advisory Board. Resident Canberra
Major General Ian Gordon AO Retd, BSc Independent Non-Executive Director	Appointed - 24 October 2011 Extensive experience in personnel management and project management. Chairman ACT Regional Advisory Board. Resident Canberra
Ms Sophie Eliza Jane Langshaw Bachelor of Commerce, CA, MAICD Independent Non-Executive Director	Appointed - 14 December 2012 Extensive experience in financial accounting and risk management. Appointed Chair of Audit and Risk Committee on 19 December 2013. Resident Sydney
Ms Karen Hayes FAICD Independent Non-Executive Director	Appointed - 18 December 2014 Extensive experience in management including the not for profit sector. Resident Melbourne
Ms Denis Cosgrove Bachelor of Arts (French), Post Grad Diploma (HRM) Independent Non-Executive Director	Appointed - 18 December 2014 Extensive experience in human resources development, management, strategy, planning and communications. Resident Melbourne

1 Directors (continued)

Name, qualifications and independence status	Experience and special responsibilities
Mr Scott McCorkell Independent Non-Executive Director	Appointed - 18 December 2014 Extensive experience in management, marketing and branding. Member of the MS ICT Steering Committee. Resident Sydney
Mr Don Ferguson Masters Degree (Counselling) and Bachelor of Education (BEd) Independent Non-Executive Director	Appointed - 18 December 2014 Extensive experience in the health and not for profit sector. Member of Audit and Risk Committee. Resident Sydney

Directors' meetings

Director	Board Meetings		Audit Committee Meetings	
	Held*	Attended	Held*	Attended
Mr William Peter Day	12	11	7	7
Ms Christina Isabelle Gillies	12	12		
Mr Robert James Hunter McEniry	12	10	7	7
Mr Garry Ross Whatley	12	11		
Mr Ian James Pennell AM	12	11		
Major General Ian Gordon AO	12	11		
Ms Sophie Eliza Jane Langshaw	12	11	7	6
Ms Karen Hayes	5	4		
Ms Denis Cosgrove	5	4		
Mr Scott McCorkell	5	4		
Mr Don Ferguson	5	4	3	3

* Meetings Director was eligible to attend.

Directors' emoluments

No emoluments are paid to Directors. Directors are reimbursed expenses for expenditure reasonably incurred in attending meetings or other affiliated business.

2 Audit and Risk Committee

The Audit and Risk Committee ("the Committee") has a documented charter that is approved by the Board. All members are non-executive and independent. The Chairperson may not be the Chairperson of the Board. The Committee advises on the establishment and maintenance of a framework for internal control and appropriate standards for the management of the Group.

(i) The members of the Audit and Risk Committee are:

- Mr William Peter Day – Independent Non Executive Director
- Mr Robert McEniry – Independent Non Executive Director
- Ms Sophie Eliza Jane Langshaw - Independent Non Executive Director
- Mr Don Ferguson - Independent Non Exceutive Director
- Ms Shanna Souter - Independent Committee Member

Ms Shanna Souter attended the two Audit and Risk Committee meetings held whilst she was a member.

(ii) Executives in attendance at Audit and Risk Committee Meetings are:

- Ms Robyn Hunter - Chief Executive Officer; B. Applied Science (Physio), MBA, GAICD
- Mr Jack Hanson - General Manger - Commercial Development; BAgSci (Hons), MBA, MEc, GIA(Cert), AdvDipPM
- Mr Neil Harbottle - Manager - Finance and Administration; B. Business, CA

2 Audit and Risk Committee (continued)

The external auditors are invited to Audit and Risk Committee meetings at the discretion of the Committee. The Committee met 7 times during the year. During the year the external auditors met with the Committee to review the audit plan, review the statutory financial reports and to discuss the findings of the audit.

(iii) The responsibilities of the Audit and Risk Committee are:

- Reviewing the annual financial reports and other financial reports that are distributed externally.
- Recommending to the Board approval of statutory financial reports.
- Monitor the corporate risk management processes.
- Monitor the establishment of an appropriate internal control framework.
- Monitor the policies & procedures to ensure compliance with the Corporations Act 2001, Australian Charities and Not-for-profits Commission Act 2012 and Australian Charities and Not-for-profits Commission Regulation 2013 (ACNC) and other regulatory requirements.
- Monitor the actual financial performance against budget approved by the Board and review revised forecasts for the year.

(iv) Risk management

The Committee reviews the Risk Management plan developed by management and monitors performance against the plan.

3 Company particulars

Multiple Sclerosis Limited is incorporated in Victoria. The registered office address is:
The Nerve Centre
54 Railway Road
Blackburn VIC 3130

The Company Secretary is Mr Jack Hanson. Mr Jack Hanson was appointed company secretary on the 18 December 2013.

4 Principal activities

The Company is a not-for-profit community service organisation incorporated under the provisions of the Corporations Act 2001 as a company limited by guarantee and is registered with the ACNC. The principal activities of the Group are to:

- Provide services for people with MS and other related neurological conditions;
- Provide information and support to people living with MS, families, carers, volunteers, health professionals and research;
- Promote community awareness;
- Advocate on behalf of people living with MS including their families and carers;
- Raise funds to support the provision of services and research;

Through its subsidiary - Australian Home Care Services ("AHCS") and its controlled entities:

- Provide clients with responsive, appropriate in-home care and acute specialist nursing services in a professional manner;
- Provide personal care and independent living and practical assistance around the home, respite and overnight care; and
- Provide cleaning and laundry services, predominantly to not-for-profit organisations.

5 Operating and financial review

	Consolidated	
	2014	**2013**
	$	**$**
Total revenue and other income from operations	130,095,753	125,788,058
Surplus/(Deficit) from operations	2,519,228	(1,855,251)
Net financing income	407,682	112,718
Net surplus/(deficit) for the year	2,926,910	(1,742,533)

MSL

This year's performance is a reflection of better than expected results from the MS walk/run and MS Gong ride, contributing to the increase in MS events. Furthermore, the Company has also commenced employment services program in New South Wales which has assisted in the increase in revenue. The operational savings resulting from the impact of the organisational restructuring have been realised in the current year, contributing to the net operating surplus in 2014.

MSL's operating surplus for the year was $1,412,912, excluding distribution income from its controlled entities (2013: deficit of $1,408,563).

AHCS

The operating surplus for AHCS, comprising Australian Home Care Services Unit Trust and its controlled entity, for the year was $1,513,998 (2013: deficit of $333,970). Solid performances from both the Community Care division and Nationwide Aged Care Cleaning divisions were offset by ongoing investment expenditure in Healthcare At Home Australia Pty Ltd, which is a start-up business operating in acute specialist nursing.

6 Likely developments

The focus of MSL in the coming year is underpinned by the following strategic priorities:

- Deepen and validate our understanding of the needs of clients, families & carers to create better experiences for people affected by MS;
- Consolidate and examine the relevance of services to all areas including rural and regional areas;
- Leverage our knowledge of MS to advance opportunities, service improvements & service availability;
- Improve fundraising effectiveness to support service delivery and research; and
- Continue to build a capable and sustainable organisation that delivers responsive and effective services to people affected by MS.

There are no material likely developments in respect of the Company's subsidiary, AHCS.

Significant reforms are taking place in the disability and aged care sectors, the most significant of these being the National Disability Insurance Scheme. It is anticipated that current state based Government funding may change from block funding to individualised funding, which has the potential to impact the quantum of the Group's funding and the operational capacity of the Group.

7 Environmental regulation

The Group's operations are not subject to any significant environmental regulations under either Commonwealth or State Legislations. However, the Board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breaches of those environmental requirements as they apply to the Group.

8 Dividends

The Company's memorandum specifically prohibits the payments of dividends or bonuses to members.

9 Significant change in the state of affairs

In the opinion of the directors, there were no other significant changes in the state of affairs of the Group that occurred during the financial year under review.

10 Indemnification and insurance of officers and auditors

Indemnification

The Company has not, during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the Company or of a related party:

i) indemnified or made any relevant agreements for indemnifying against a liability incurred as an officer or auditor, including costs and expenses in successfully defending legal proceedings; or
ii) paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer or auditor for the costs or expenses to defend legal proceedings.

Since the end of the previous financial year the Company has maintained insurance policies in respect of directors' and officers' liability for both current and former Directors and Officers.

In Victoria, the Company has cover through Victorian Managed Insurance Authority (VMIA) for various insurance policies including Directors' and Officers' liability and Entity Liability, hence no premium payments are required.

Multiple Sclerosis Limited and its controlled entities

Directors' report

For the year ended 30 June 2014

11 Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and usual nature likely, in the opinion of the directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

12 Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 41 and forms part of the directors' report for financial year ended 30 June 2014.

This report is made with a resolution of the directors:

Mr William Peter Day
Director

Dated at Melbourne this 24th day of September 2014.

Multiple Sclerosis Limited and its controlled entities
Consolidated statement of surplus or deficit and other comprehensive income
For the year ended 30 June 2014

In AUD	Note	Consolidated 2014	Consolidated 2013
Revenue			
Fundraising			
Donation campaigns		2,433,714	2,697,850
Bequests		1,528,767	821,525
Art Union		854,141	852,830
Events		9,235,124	8,784,131
Community fundraising		547,256	629,415
Readathon		267,364	309,694
Retail - sale of goods		1,721,601	1,547,895
Other fundraising income		53,812	269,114
Rendering of services - MSL			
Residential and respite care			
Government funding		6,632,329	6,751,699
Fees from residents		187,406	205,233
Other income		55,031	(14,277)
Community teams			
Government funding		4,837,519	4,705,951
Other income		161,886	69,206
Immunotherapy		237,253	314,243
Disability Day programs		788,906	806,608
Employment services		2,984,653	2,284,091
Other client services income		1,264,350	1,074,291
Corporate services			
Management fees		69,936	133,554
Rental income		56,623	135,844
Other corporate services income		8,552	3,079
Rendering of services - AHCS			
Homecare and acute nursing income		49,890,455	51,594,198
Cleaning and laundry income		45,742,335	41,114,339
Other income		536,740	697,545
Total revenue and other income from operating activities		130,095,753	125,788,058
Expenditure			
(a) Expenditure incurred by Multiple Sclerosis Limited:			
Fundraising expenses		7,832,185	7,924,608
Residential care expenses		7,718,905	7,920,714
Community care expenses		5,943,272	7,043,899
Immunotherapy expenses		349,960	676,772
Disability Day programs expenses		956,590	993,676
Employment services expenses		3,060,264	2,190,719
Other client services expenses		3,952,402	4,181,220
Retail expenses		1,498,282	1,343,292
Corporate expenses		811,671	847,418
Other expenses		818,641	855,888
(b) Expenditure incurred by AHCS			
Homecare and acute nursing direct expenses		35,026,012	38,648,218
Cleaning and laundry direct expenses		36,878,051	32,253,718
Corporate and regional overhead expenses		22,730,291	21,776,862
Total expenditure		127,576,525	126,657,004
Share of losses of equity accounted investee		-	(986,305)
Surplus/(deficit) from operations		**2,519,228**	**(1,855,251)**
Finance income		445,271	236,409
Finance expense		(37,589)	(123,691)
Net finance income		407,682	112,718
Tax expense	3(l)/9	-	-
Total surplus/(deficit) for the year		**2,926,910**	**(1,742,533)**
Other comprehensive income			
Items that may be reclassified subsequently to surplus or deficit:			
Available-for-sale financial assets - net change in fair value		376,580	472,012
Available-for-sale financial assets - reclassified to surplus or deficit		(210,510)	(1,500)
Total other comprehensive income		166,070	470,512
Total comprehensive income/(loss) for the year		**3,092,980**	**(1,272,021)**

The notes on pages 12 to 39 are an integral part of these consolidated financial statements.

Multiple Sclerosis Limited and its controlled entities

Consolidated statement of financial position

As at 30 June 2014

In AUD	***Note***	**Consolidated 2014**	**2013**
Assets			
Cash and cash equivalents	*14*	5,453,183	2,403,894
Other financial assets	*14*	1,005,724	-
Trade and other receivables	*12*	8,599,789	9,346,414
Total current assets		15,058,696	11,750,308
Property, plant and equipment	*10*	16,454,824	17,350,056
Intangible assets	*11*	14,783,645	16,139,855
Available-for-sale financial assets	*13*	3,952,900	3,467,803
Total non-current assets		35,191,369	36,957,714
Total assets		50,250,065	48,708,022
Liabilities			
Bank overdraft	*14*	-	1,904,764
Trade and other payables	*18*	5,147,893	5,376,171
Employee benefits	*16*	15,019,124	13,104,060
Deferred income and funds in advance	*17*	6,489,948	7,500,436
Loans and borrowings	*15*	116,416	220,330
Provisions	*19*	157,817	217,174
Total current liabilities		26,931,198	28,322,935
Employee benefits	*16*	1,103,544	1,155,319
Loans and borrowings	*15*	184,043	291,468
Total non-current liabilities		1,287,587	1,446,787
Total liabilities		28,218,785	29,769,722
Net assets		22,031,280	18,938,300
Members' funds			
Accumulated surplus		21,156,472	18,229,562
Fair value reserve	*21(b)*	803,030	636,960
Bequest reserve	*21(b)*	71,778	71,778
Total members' funds		22,031,280	18,938,300

The notes on pages 12 to 39 are an integral part of these consolidated financial statements.

Multiple Sclerosis Limited and its controlled entities

Consolidated statement of changes in equity

For the year ended 30 June 2014

In AUD	**Accumulated surplus**	**Fair value reserve**	**Bequest reserve**	**Total**
Consolidated				
Balance at 30 June 2012	19,972,095	166,448	71,778	20,210,321
Total comprehensive income for the year				
Net deficit for the year	(1,742,533)	-	-	(1,742,533)
Other comprehensive income	-	470,512	-	470,512
Total comprehensive (loss)/income for the year	(1,742,533)	470,512	-	(1,272,021)
Balance at 30 June 2013	18,229,562	636,960	71,778	18,938,300
Balance at 1 July 2013	18,229,562	636,960	71,778	18,938,300
Total comprehensive income for the year				
Net surplus for the year	2,926,910	-	-	2,926,910
Other comprehensive income	-	166,070	-	166,070
Total comprehensive income for the year	2,926,910	166,070	-	3,092,980
Balance at 30 June 2014	21,156,472	803,030	71,778	22,031,280

The notes on pages 12 to 39 are an integral part of these consolidated financial statements.

Multiple Sclerosis Limited and its controlled entities

Consolidated statement of cash flows

For the year ended 30 June 2014

In AUD	*Note*	Consolidated 2014	Consolidated 2013
Cash flows from operating activities			
Cash receipts in the course of operations		142,917,006	138,437,002
Cash payments in the course of operations		(135,919,778)	(135,711,169)
Cash received from operations		6,997,228	2,725,833
Interest and distribution income		234,761	236,409
Interest paid on bank overdraft		(2,938)	(44,426)
Cash received from equity accounted investee		-	56,752
Net cash flows from operating activities	*23*	7,229,051	2,974,568
Cash flows from investing activities			
Investment in other financial assets		(1,005,724)	-
Proceeds from sale of property, plant and equipment		41,793	76,860
Proceeds from sale of available-for-sale financial assets		81,916	1,102,202
Reinvestment in available-for-sale financial assets		(74,124)	(59,218)
Payments for acquisition of available-for-sale assets		(116,303)	(132,001)
Payments for acquisitions of intangible assets		(3,625)	(78,948)
Proceeds from escrow account		-	469,428
Tranche payments on acquisition of business in prior year		-	(607,405)
Payments for acquisitions of property, plant and equipment	*10*	(952,941)	(757,789)
Equity subscription in equity accounted investee during the year		-	(750,000)
Cash inflow from business combination	*31*	-	97,396
Net cash flows used in investing activities		(2,029,008)	(639,475)
Cash flows from financing activities			
Payment of hire purchase liabilities		(245,990)	(303,748)
Net cash flows used in financing activities		(245,990)	(303,748)
Net increase in cash and cash equivalents		4,954,053	2,031,345
Cash and cash equivalents at beginning of the year		499,130	(1,532,215)
Cash and cash equivalents at end of the year	*14*	5,453,183	499,130

The notes on pages 12 to 39 are an integral part of these consolidated financial statements.

Notes to the financial statements
For the year ended 30 June 2014

1 Reporting entity

Multiple Sclerosis Limited (the 'Company') is a not-for-profit company domiciled in Australia. The address of the Company's registered office is The Nerve Centre 54 Railway Road, Blackburn, VIC 3130. The consolidated financial statements of the Company as at and for the year ended 30 June 2014 comprise the Company and its subsidiaries (together referred to as the 'Group' or 'consolidated entity').

2 Basis of preparation

(a) Statement of compliance

In the opinion of the directors, the Company is not publicly accountable. The consolidated financial statements are Tier 2 general purpose financial statements, which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements adopted by the Australian Accounting Standards Board ('AASB'), the Australian Charities and Not-for-profits Commission Act 2012 and the Australian Charities and Not-for-profits Commission Regulation 2013.

The financial statements were approved by the Board of Directors on 24 September 2014.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for available-for-sale financial assets, which are measured at fair value.

The methods used to measure fair values are discussed further in note 4.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Group's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 and in any future periods affected.

Key estimates and assumptions have been made on the following item:
• determination of the recoverable value of goodwill (refer to note 11).

(e) Going concern

The Group's financial statements are prepared on a going concern basis which contemplates the continuity of normal operations and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Group has recorded a net operating surplus of $2,926,910 for the year ended 30 June 2014 (2013: net deficit of $1,742,533) and as at that date, the Group had net current assets deficiency of $11,872,502 (2013: $16,572,627) and net assets of $22,031,280 (2013: $18,938,300).
The Directors are satisfied the basis of preparation is appropriate as a result of the following factors:

- the Groups's result has moved into surplus in the 2014 financial year, where an operating surplus is budgeted in the 2015 financial year; and
- there is an availability of highly liquid investments which can be realised to fund operational expenditures if required.

In addition, the net current asset deficiency at 30 June 2014 is primarily due to the classification of employee benefits and deferred income liabilities, given they are contractually oblidged to be settled within 12 months of balance date; sufficient and recurring funding has been secured for the 2015 financial year enabling the Group to meet its short term financial obligations.

2 Basis of preparation (continued)

(f) Change in accounting policies

Except for the changes below, the Group has consistently applied the accounting policies set out in Note 3 to all periods presented in these financial statements.

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2013.

i. AASB 13 Fair Value Measurement
ii. AASB 119 Employee Benefits (2011)
iii. AASB 10 Consolidated Financial Statements (2011)

The nature and effects of the changes are explained below.

(i) AASB 13 Fair Value Measurement

AASB 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other AASBs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other AASBs, including AASB 7. As a result, the Group has included additional disclosures, where appropriate, in this regard.

In accordance with the transitional provisions of AASB 13, the Group has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurement and disclosure of the Group's assets and liabilities.

(ii) AASB 119 Employee Benefits (2011)

The revised accounting standard AASB 119 changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. Notwithstanding the above, the change had no significant impact on the measurement of the Group's employee benefits.

(iii) AASB 10 Consolidated Financial Statements (2011)

As a result of AASB 10 (2011), the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. AASB 10 (2011) introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. Based on the new accounting policy, there is no change in the control conclusion in respect of the Group's investments in subsidiaries and method of consolidation.

3 Significant accounting policies

Except for the changes highlighted in 2(f), the accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group.

Certain comparative amounts have been reclassified to conform with the current year's presentation.

(a) Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of a business so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in surplus or deficit.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration are recognised in surplus or deficit.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has right to, variable return from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(iii) Investments in associates and jointly controlled entities (equity accounted investees)

Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in jointly controlled entities are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The present value of equity subscriptions payable in respect of the called capital of jointly controlled entities are recorded in their investment cost. The cost of investment includes transaction costs.

The financial statements include the Group's share of the profit and loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

3 Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iii) Investments in jointly controlled entities (equity accounted investees) (continued)

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(iv) Transactions eliminated on consolidation
Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Financial instruments

(i) Non derivative financial assets
The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: loans and receivables and available-for-sale financial assets.

Loans and receivable, including other financial assets
Loans and receivables, including other financial assets comprising fixed interest term deposits, are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses (see note 3(f)(i)).

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Cash balances and call deposits with original maturity of more than 3 months are classified as other financial assets.

3 Significant accounting policies (continued)

(b) Financial instruments (continued)

(i) Non derivative financial assets (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3(f)(i)), and foreign currency differences on available for sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the cumulative gain or loss in equity is reclassified to surplus or deficit.

Available-for-sale financial assets comprise equity securities and debt securities.

(ii) Non-derivative financial liabilities

The Group initially recognises its financial liabilities on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Other financial liabilities comprise bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3 Significant accounting policies (continued)

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment at 1 July 2004, the date of transition to AASBs, was determined by reference to its fair value at that date.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and gains are recognised net within "other income" in surplus or deficit.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in surplus or deficit as incurred.

(iii) Depreciation

Depreciation is recognised in surplus or deficit on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

• buildings	27 to 50 years
• plant and equipment	2 to 13 years
• motor vehicles	4 to 7 years
• leasehold improvements	lower of 25 years or leased period

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(d) Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see note 3(a)(i).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity-accounted investee as a whole.

3 Significant accounting policies (continued)

(d) Intangible assets (continued)

(ii) Software development

Software development involve the cost of developing the Group's new ERP systems (CIBIS/TechnologyOne) whereas IT outsourcing and infrastructure are the costs incurred by the Group to acquire the business system and for setting up the infrastructure to support the IT cloud environment. Development expenditure is capitalised only if development costs can be measured reliably, the project is technically and commercially feasible, economic benefits are probable and the Group intends to and has sufficient resources to complete the development to use the assets.

The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are attributable to preparing the asset for its intended use. Other development expenditure is recognised in surplus or deficit as incurred.

Capitalised software development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) *Investment in property equity interest*

Investment in property equity interest represents the right to provide client accommodation of one room in a Support Accommodation property. This investment is classified as an indefinite life intangible asset held at cost less impairment.

(iv) Licences

The intellectual property rights licences are measured at fair value at initial recognition. Licences are measured at cost less accumulated amortisation and impairment losses subsequent to initial measurement.

(v) Other intangible assets

Other intangible assets that are acquired by the Group are measured at cost less accumulated amortisation and accumulated impairment losses.

(vi) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in surplus or deficit as incurred.

(vii) Amortisation

Amortisation is recognised in surplus or deficit on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative period are as follow:

	2014	**2013**
• IT outsourcing	3-5 years	3-5 years
• Customer contracts	1.5 - 10 years	1.5 - 10 years
• CIBIS/TecnologyOne	5 - 7 years	5 - 7 years
• Licences	5 years	5 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3 Significant accounting policies (continued)

(e) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Payments made under operating leases are recognised in surplus or deficit on a straight-line basis over the term of the lease.

(f) Impairment

(i) Non-derivative financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on a individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in surplus or deficit. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to surplus or deficit.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in surplus or deficit. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

Application of Accounting Standard AASB139 to available-for-sale financial assets

In accordance with AASB139 - Financial instruments: Recognition and measurement, subject to other evidence to the contrary and judgement, an available-for-sale financial asset is impaired if it has been below its accounting cost for a prolonged time, or by significant amount. The Group used the criteria of 9 months or approximately 20% as its criteria for assessing impairment, which is undertaken on an individual portfolio basis.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated each year at the same time.

3 Significant accounting policies (continued)

(f) Impairment (continued)

(ii) Non-financial assets (continued)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use for goodwill, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In assessing the value in use of other non-financial assets, the Group uses its depreciated replacement cost. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in surplus or deficit. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an expense in surplus or deficit when they are due.

(ii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations.

(iii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(iv) Short-term benefits

Liabilities for employee benefits for wages, salaries and annual leave represent present obligations resulting from employees' services provided to reporting date are based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers' compensation insurance.

3 Significant accounting policies (continued)

(h) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Provisions for restructuring are recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced providing future operating losses are not provided for.

(i) Revenue

(i) Goods sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

(ii) Services

Revenue from services rendered is recognised in the consolidated statement of surplus or deficit in the period in which the service is provided. Revenue from rendering of services - Australian Home Care Services as disclosed in note 6 comprises in-home care, personal care, cleaning, nursing and laundry services.

(iii) Revenue from government grants

Government revenue is derived from services and programs performed on behalf of the State, Commonwealth and Local Governments. These are recognised in the period in which the services are provided, having regard to the stage of completion of activities and targets within each program as specified in the funding and service contracts. Any funding received for services which have not been performed and for which there is a refund obligation is recorded as deferred income or funding in advance in the consolidated statement of financial position.

Grants that compensate the Group for expenses incurred are recognised as revenue in the statement of surplus or deficit on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset is recognised in the statement of surplus or deficit as other income when the conditions attached to such grants are substantially satisfied.

(iv) Non-government funds

Non-government revenue is derived from donations, fundraising activities, client fees, philanthropic trusts and foundations and various other sources. These are recognised as revenue when received, unless any specific obligations attached to the funds received have yet to be performed, which are then recorded as deferred income in the consolidated statement of financial position.

3 Significant accounting policies (continued)

(i) Revenue (continued)

(v) Bequests

Bequests are outside the normal operations of the Group. Bequests revenue can be either cash or non-cash in nature. Where bequests receipts are non-cash in nature, a surplus or deficit on realisation of such assets may arise. These are recognised as revenue when received, unless any specific obligations attached to the funds received have yet to be performed, which are then recorded as deferred income in the consolidated statement of financial position.

Bequests received are recognised as revenue in the determination of the Group's statutory results upon control of the bequest assets being transferred to the Group. Bequests received during the year, which are restrictive in nature, are transferred to the bequests reserve account at year-end as determined by the Board.

(j) Lease payments

(i) Leases

Payments made under operating leases are recognised in surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(ii) Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

(k) Finance income and expense

Finance income comprises interest income on funds invested, unwinding of the discount on receivables, dividend and distribution income and gains on the disposal of available-for-sale financial assets. Interest income is recognised as it accrues in surplus or deficit using the effective interest method. Dividend income is recognised in surplus or deficit on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, losses on disposal of available-for-sale and impairment losses recognised on financial assets (other than trade receivables). All borrowing costs are recognised in surplus or deficit using the effective interest method.

3 Significant accounting policies (continued)

(l) Income tax

The Group is an exempt body for income tax purposes and accordingly no provision for income tax is made.

(m) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

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.

(n) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2013 have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Group, except for except for AASB 9: Financial Instruments, which becomes mandatory for the Group's 2018 financial statements and could change the classification and measurement of financial assets. The Group does not plan to adopt this standard early and the extent of the impact has not been determined.

4 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(ii) Available-for-sale financial assets and other instruments

The fair value of available for sale financial assets and other instruments are determined as follows:

- Listed – by reference to their quoted bid price at reporting date,
- Unlisted – by reference to declared fund manager valuations at the reporting date, which are typically determined by reference to recent transaction values or commonly accepted valuation methodologies.

(iii) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

5 Financial risk management

Overview

This note provides disclosure on the Group's exposure to financial risks, and the risk management approach applied to manage these risks.

Risk management approach to investments

The Group has a proportion of its total assets in investments and managed funds that trade in the financial markets, which include the equities, currencies, commodities and fixed interest markets. Taking positions in these markets expose the Group's investments and managed funds to price fluctuations due to changes in credit, liquidity, currency, interest rate, political and economic conditions, locally in Australia and internationally.

The Group has established an investment committee to manage risk and philosophy on investments. To date, the Group has taken the conservative approach of retaining existing investments in equities and managed fund whilst investing surplus cash in capital secured interest bearing deposits. The Board and the Audit and Risk Committee regularly monitor the returns obtained on interest bearing deposits, investment in equities and the fund manager.

Other financial risk

The Group may be exposed to other financial risks arising out of their operations. These are summarised as follows:

- **Credit and trade receivable risks**

A significant part of the Group's operations is providing welfare and community service programs on behalf of the State, Local and Commonwealth Governments and therefore credit risk on trade and other amounts receivable is not considered significant as these typically comprise amounts owing from government bodies.

- **Liquidity risk**

The Group's financial obligations are adequately covered by cash and liquid investments. Sufficient liquidity is provided to meet operational and capital expenditure needs, and these are factored into cash flow forecasts and are constantly reviewed and updated.

Other risk management initiatives

The Group's operating environments are constantly evolving and becoming more complex to manage. The Board recognises these complexities, and continues to work in close collaboration with the Audit and Risk Committee.

The purpose of this Committee is to provide advice to the Board on matters relating to the financial performance and integrity of the Group, and risk management issues as they apply to the Group's Strategic Plan. The Group has updated its risk management system.

The Company's subsidiary, Australian Home Care Services, has established its own Audit and Risk Committee which oversees risk management issues pertaining to the operations of AHCS Group. Risk matters of Group significance are jointly reported to the Audit and Risk Committees of both the Company and the subsidiary.

6 Income and expenditure by nature

In AUD	*Note*	Consolidated 2014	2013
Revenue - Multiple Sclerosis		33,926,223	32,381,975
Other income		536,740	697,544
Rendering of services - Australian Home Care Services		95,632,790	92,708,538
Share of losses of equity accounted investee		-	(986,305)
Employee expenses	7	(104,995,615)	(104,960,037)
Research expense		(315,000)	(340,185)
MSA contribution		(515,340)	(515,340)
Operating lease costs	20	(2,702,872)	(2,621,868)
Depreciation and amortisation expense		(2,387,235)	(2,132,305)
Other expenses		(16,660,463)	(16,087,268)
Surplus/(deficit) from operating activities		2,519,228	(1,855,251)
Financial income	8	445,271	236,409
Financial expense	8	(37,589)	(123,691)
Net financing income	8	407,682	112,718
Surplus/(deficit) before tax		2,926,910	(1,742,533)
Income tax expense	9	-	-
Surplus/(deficit) for the year		2,926,910	(1,742,533)

7 Carers and employee expenses

In AUD	Consolidated 2014	2013
Wages and salaries and other employee expenses	96,395,083	96,590,777
Contribution to defined contribution superannuation funds	7,579,743	7,431,737
Movement in liability for annual leave	557,138	416,371
Movement in liability for long service leave	463,651	521,152
	104,995,615	104,960,037

Notes to the financial statements (continued)

For the year ended 30 June 2014

8 Net financing income

Recognised in surplus or deficit

In AUD	Consolidated 2014	Consolidated 2013
Interest income on available-for sale financial assets and bank deposits	130,718	111,840
Distribution income on available-for-sale financial assets	104,043	123,069
Gain on disposal of available-for-sale financial assets	210,510	1,500
Finance income	445,271	236,409
Interest expense on payable to Nationwide Vendor	-	(23,504)
Interest expense on bank overdraft	(2,938)	(44,426)
Interest expense on hire purchase agreements	(34,651)	(55,761)
Finance expense	(37,589)	(123,691)
Net finance income recognised in profit or loss	407,682	112,718

9 Income tax expense

In AUD	Consolidated 2014	Consolidated 2013
Surplus/(deficit) before tax	2,926,910	(1,742,533)
Income tax credit/(expense) using the domestic corporation tax rate of 30% (2013: 30%)	(878,073)	522,760
Exempt income not subject to income tax	878,073	(522,760)
	-	-

10 Property, plant and equipment

In AUD	*Note*	Consolidated Land and buildings	Plant and equipment	Motor vehicles*	Capital work in progress	Total
Cost or deemed cost						
Balance at 1 July 2012		17,905,453	6,725,712	1,056,628	63,760	25,751,553
Additions		101,632	645,300	-	10,857	757,789
Additions through business combinations	*31*	-	74,757	-	-	74,757
Disposals		-	(47,832)	(148,500)	-	(196,332)
Transfers from WIP		-	-	-	(15,100)	(15,100)
Balance at 30 June 2013		18,007,085	7,397,937	908,128	59,517	26,372,667
Balance at 30 June 2013		18,007,085	7,397,937	908,128	59,517	26,372,667
Additions		227,561	718,360	7,020	-	952,941
Disposals		-	(163,142)	(31,500)	-	(194,642)
Transfers from WIP		-	-	7,020	(7,020)	-
Balance at 30 June 2014		18,234,646	7,953,155	890,668	52,497	27,130,966
Depreciation and impairment losses						
Balance at 1 July 2012		3,148,092	4,358,849	319,715	-	7,826,656
Depreciation for the year		400,092	706,965	182,441	-	1,289,498
Disposals		-	(28,039)	(65,504)	-	(93,543)
Balance at 30 June 2013		3,548,184	5,037,775	436,652	-	9,022,611
Balance at 1 July 2013		3,548,184	5,037,775	436,652	-	9,022,611
Depreciation for the year		444,696	798,564	206,014	-	1,449,274
Disposals		-	(121,781)	(18,382)	-	(140,163)
Impairment loss		344,420	-	-	-	344,420
Balance at 30 June 2014		4,337,300	5,714,558	624,284	-	10,676,142
Carrying amounts						
At 1 July 2012		14,757,361	2,366,863	736,913	63,760	17,924,897
At 30 June 2013		14,458,901	2,360,162	471,476	59,517	17,350,056
At 1 July 2013		14,458,901	2,360,162	471,476	59,517	17,350,056
At 30 June 2014		13,897,346	2,238,597	266,384	52,497	16,454,824

* AHCS motor vehicles held under hire purchase agreements - refer to note 15.

An impairment loss of $344,420 was recognised at 30 June 2014 in respect of a property held by the Group as a result of an independent valuation performed in May 2014.

11 Intangible assets

In AUD	*Note*	Consolidated 2014	Consolidated 2013
Goodwill			
Balance at 1 July		12,561,443	12,139,569
Acquisition through business combination	*31*	-	421,874
Impairment of goodwill		(421,874)	-
Balance at 30 June		12,139,569	12,561,443
Customer contracts and licences			
Balance at 1 July		401,110	304,816
Acquisitions through business combinations	*31*	-	152,574
Acquisitions		3,625	-
Amortisation		(83,491)	(56,280)
Balance at 30 June		321,244	401,110
Property equity interest			
Balance at 1 July		86,500	86,500
Balance at 30 June		86,500	86,500
Software development - CIBIS/Technology One			
Balance at 1 July		2,512,494	3,039,986
Acquisitions		-	18,890
Transfer from capital work in progress		-	49,916
Amortisation		(597,522)	(596,298)
Balance at 30 June		1,914,972	2,512,494
Software development - IT Outsourcing and infrastructure			
Balance at 1 July		578,308	636,670
Acquisitions		-	60,058
Acquisitions through business combination	*31*	-	71,809
Amortisation		(256,948)	(190,229)
Balance at 30 June		321,360	578,308
Capital work in progress			
Balance at 1 July		-	217,766
Transfer to software development		-	(49,916)
Capital work in progress written off		-	(167,850)
Balance at 30 June		-	-
Total intangible assets			
Balance at 1 July		16,139,855	16,425,307
Acquisition through business combination	*31*	-	646,257
Impairment of goodwill		(421,874)	-
Acquisitions		3,625	78,948
Amortisation		(937,961)	(842,807)
Capital work in progress written off		-	(167,850)
Balance at 30 June		14,783,645	16,139,855

11 Intangible assets (continued)

Goodwill arose in the Australian Home Care Services Unit Trust controlled entity on the acquisition of the Community Care Victorian and New South Wales operations, the Nationwide business and Healthcare At Home Australia Pty Ltd.

The customer contracts arose in the Australian Home Care Services Unit Trust controlled entity on the acquisition of Bytham Pty Ltd (trading as Goldfields Attendant Care Services) on 23 November 2007 and acquisition of the Nationwide business during the financial year ended 30 June 2011. In addition, licences comprise licences held by Healthcare At Home Australia Pty Ltd.

The property equity interest relates to the Group's right to provide client accommodation of one room in a Supported Accommodation property. The property equity interest was acquired in November 2006.

The software intangibles include ERP systems (CiBiS/Technology One) and development and software costs of the Group incurred to enhance the IT infrastructure (IT outsourcing and software).

Impairment testing

The carrying value of intangible assets, including goodwill, is tested annually for impairment by comparing the carrying value to the recoverable amount of each cash-generating unit using value in use calculations. Cash-generating units ("CGU") have been determined based on the geographic location of clients and internal management reporting used to measure performance. The cash-generating units comprise the Victorian and NSW Homecare ("Community care") operations, the Nationwide Health and Aged Care Services ("Nationwide") operations, Healthcare At Home operations. The CGU intangible asset balances, inclusive of goodwill assets, are allocated as follows:

		2014	**2013**
• Community care operations	(i)	$7,616,339	$8,278,538
• Nationwide operations	(ii)	$6,248,702	$6,267,397
• Healthcare At Home operations	(iii)	$141,691	$646,257

The Company's (MSL) intangible assets at 30 June 2014 were $776,913 (2013: $947,663).

(i) Community care operations

The calculations use cashflows projections based on actual current operating results and the business plan for the 2014 financial year. Terminal cash flows are extrapolated using a 2 per cent growth rate (2013: 2 per cent), which is consistent with the expected long-term average growth rate for the home care nursing and attendant care industry. A pre-tax discount rate of 20 per cent (2013: 20 per cent) has been used in discounting the projected cashflows. The cash flow projections are most sensitive to changes in the volume of carer hours in respect of income earned, hourly rates and the anticipated change in salary costs. The carrying value of the Community care CGU included its proportional share of software costs in respect of CiBiS and IT outsourcing development costs.

(ii) Nationwide operations

The value in use calculation prepared for the Nationwide operations was based on the same composition of value in use calculations, using its own cash flow projections and an equivalent discount rate applied of 15 percent (2013: 20 percent). The cashflow projections are most sensitive to projected increases in revenue and gross margins to be earned.

Despite the adoption of conservative assumptions the discounted cash flows determined for each cash generating unit are in excess of the carrying value of goodwill and associated assets and therefore a reasonably possible change in key assumptions would not cause the aggregate of the cash-generating units carrying amounts to exceed the aggregate of their recoverable amounts.

(iii) Healthcare At Home operations

An impairment loss of $421,874 was recognised in relation to Healthcare At Home CGU during the financial year as the estimated recoverable amount of the CGU exceeded its carrying amount.

12 Trade and other receivables

In AUD	*Note*	Consolidated 2014	2013
Current			
Trade receivables		6,332,285	7,146,902
Receivables due from related entities	25	73,012	388,969
Trade receivables - accrued income		1,281,320	896,703
Prepayments		560,120	643,040
Other receivables		353,052	270,800
		8,599,789	9,346,414

Trade receivables are shown net of an allowance for impairment losses of $268,387 (2013: $252,103) for the Group.

13 Available-for-sale financial assets

In AUD	Consolidated 2014	2013
Non current		
Equity and debt securities at fair value	3,952,900	3,467,803
	3,952,900	3,467,803

14 Cash and cash equivalents, including other financial assets

In AUD	Consolidated 2014	2013
Cash and cash equivalents		
Cash on hand	12,800	12,050
Bank balances	5,440,383	2,391,844
Cash and cash equivalents	5,453,183	2,403,894
Bank overdraft	-	(1,904,764)
Cash and cash equivalents in the statement of cash flows	5,453,183	499,130
Other financial assets		
Fixed interest term deposits	1,005,724	-
	1,005,724	-

15 Loans and borrowings

In AUD	Consolidated 2014	2013
Current		
Hire purchase liability	116,416	220,330
Non-current		
Hire purchase liability	184,043	291,468

15 Loans and borrowings (continued)

Hire purchase liabilities

Hire purchase liabilities of the Group are payable as follows:

	Future minimum lease payments 2014	Interest 2014	Present value of minimum lease payments 2014	Future minimum lease payments 2013	Interest 2013	Present value of minimum lease payments 2013
Less than one year	138,165	(21,749)	116,416	257,262	(36,932)	220,330
Between one and five years	200,979	(16,936)	184,043	328,509	(37,041)	291,468
	339,144	(38,685)	300,459	585,771	(73,973)	511,798

The effective interest rate charged on hire purchase agreements is 9.5% (2013: 11.6%). The hire purchase agreements mature between 2014 and 2017.

Financing facilities

The financing facilities provided by Westpac comprise transactional service arrangements and the working capital line of credit.

In AUD	Consolidated 2014	Consolidated 2013
Financing facilities		
Line of credit - secured	4,225,250	4,250,000
Facilities utilised at reporting date		
Bank overdraft	-	1,904,764
Bank guarantees	329,589	177,085
	329,589	2,081,849
Facilities not utilised at reporting date		
Line of credit - secured	3,895,661	2,168,151

Financing arrangements:

- The line of credit of the consolidated entity is secured over the Company's property at 54 Railway Road, Blackburn and a fixed and floating charge over the assets of the Australian Home Care Services Unit Trust.
- Interest on any drawn line of credit is charged at prevailing market rates.
- The line of credit is available by commercial bills, bank overdraft and bank guarantees.
- The line of credit expires on 30 November 2015 and is subject to covenant reporting requirements, including security arrangements and guarantees and indemnities provided by Multiple Sclerosis Limited.
- The face value of the bank overdraft utilised in prior year equates to its fair value.

15 Loans and borrowings (continued)

Financing arrangements (continued)

The carrying amount of pledged property of the Company is as follows:

In AUD	Consolidated 2014	Consolidated 2013
Freehold land	764,400	764,400
Building	3,615,518	3,603,534
Plant and equipment	953,074	749,305
Total pledged	5,332,992	5,117,239

Additional pledged assets owned by the controlled entity, AHCS are $24,952,202 (2013: $25,890,149).

16 Employee benefits

In AUD	Consolidated 2014	Consolidated 2013
Current		
Salaries and incentives	3,199,295	2,356,795
Liability for annual leave	7,194,740	6,637,602
Liability for long service leave	4,625,089	4,109,663
	15,019,124	13,104,060
Non-current		
Liability for long service leave	1,103,544	1,155,319
	1,103,544	1,155,319
	16,122,668	14,259,379

17 Deferred income and funds in advance

In AUD	Consolidated 2014	Consolidated 2013
Government funding received in advance	3,738,498	5,027,831
Government capital grants received in advance	514,808	511,774
Other income received in advance	2,236,642	1,960,831
	6,489,948	7,500,436

Deferred income and funds in advance consist of deferred government grants and income for specific purposes, the services for which have not yet been provided at balance date. In addition, at 30 June 2014, the Group has recorded a $454,545 (2013: $454,545) deferred income capital grant in respect of refurbishment and fit-out works for the HealthOne service planned at the Studdy Centre on the Lidcombe site.

18 Trade and other payables

In AUD		Consolidated 2014	Consolidated 2013
Current			
Trade payables		2,165,432	1,935,130
Payables to related entities	*25*	4,887	106,016
Other trade payables and accrued expenses		2,977,574	3,335,025
		5,147,893	5,376,171

19 Provisions

In AUD	Consolidated 2014	Consolidated 2013
(a) Provision for restructuring		
Balance at 1 July	217,174	629,569
Provisions used during the year	(127,882)	(86,003)
Provisions written back during the year	(89,292)	(326,392)
Balance at 30 June	-	217,174
(b) Provison for make good		
Balance at 1 July	-	-
Provisions made during the year	157,817	-
Provisions used during the year	-	-
Provisions written back during the year	-	-
	157,817	-

During the 2014 financial year, the Australian Home Care Services Unit Trust controlled entity has recognised a provision for make good to reinstate the current leased premises to their original condition.

During the 2013 financial year, the Australian Home Care Services Unit Trust controlled entity committed to a plan to reduce overheads within its Community Care business. The plan was not fully implemented during 2014 as expected which resulted in $89,292 being reversed against the provision.

20 Commitments

a) Operating leases

Non-cancellable operating lease rentals are payable as follows:

In AUD	Consolidated 2014	Consolidated 2013
Less than one year	1,832,979	2,055,805
Between one and five years	1,308,229	1,149,300
More than five years	-	-
	3,141,208	3,205,105

The Group leases shop and office premises, motor vehicles and equipment under operating leases expiring from two months to five years. Leases generally provide the consolidated entity with a right of renewal at which time all terms are renegotiated. Lease payment comprise a base amount plus an incremental contingent rental. Contingent rentals are based on movements in the Consumer Price Index.

During the year ended 30 June 2014, $2,702,872 (2013: $2,621,868) was recognised by the Group as an expense in the consolidated statement of surplus or deficit and other comprehensive income in respect of operating leases.

20 Commitments (continued)

b) Financial commitments

i) Multiple Sclerosis Australia (MSA)

Multiple Sclerosis Australia (MSA), a related company operates solely for the benefit of its members, the State Multiple Sclerosis Societies (the State Societies).

As a result all surplus funds spent are expended on behalf of the State Societies and MSA is also funded by contributions by the State Societies.

ii) Australian Home Care Services Unit Trust

The Company has confirmed that it has no present intention to call in or cancel its term loan receivable of $1,300,000 (2013: $1,300,000) at 30 June 2014 and bank guarantees provided on behalf of the Trust during the period of 12 months from the date of approval of the 2014 annual financial statements of the Australian Home Care Services Unit Trust.

21 Members' guarantee and reserves

a) 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 $20 towards meeting any outstanding obligations of the Company.

At 30 June 2014 the number of members was 609 (2013: 376).

b) Reserves

Bequest reserves

The bequest reserve relates to the remaining undistributed balance of revenue received from contributions of assets outside the normal operations of the Group.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investment is derecognised or impaired.

22 Contingencies

The Group's property located at 54 Railway Road, Blackburn was partially funded by the State Government of Victoria ("the Department"). The contribution is secured by a Property Deed of Charge over the property. In the event that the building is no longer used for social or public benefit, the Department is entitled to a refund equivalent to 17% of the market value of the property on any day or, if the property is sold, 17% of the sale price. Should the Group sell the Blackburn property, it would make an application to the Department to transfer the deed of charge to an alternative property asset.

The directors are of the opinion that provisions are not required in respect of the above mentioned matter as it is unlikely that MSL is in breach of the conditions of use or that the property will be sold or disposed of.

Notes to the financial statements (continued)

For the year ended 30 June 2014

23 Reconciliation of cash flows from operating activities

In AUD	*Note*	Consolidated 2014	2013
Cash flows from operating activities			
Surplus/(deficit) for the year		2,926,910	(1,742,533)
Adjustments for:			
Depreciation and amortisation expense	*10, 11*	2,387,235	2,132,305
Impairment loss of property, plant and equipment	*10*	344,420	-
Property, plant and equipment written off		-	15,100
Impairment of goodwill	*11*	421,874	-
Intangible assets written off		-	167,850
Write-back of provision for restructuring	*19*	(89,292)	(326,392)
Provision for make-good	*19*	157,817	-
Net loss on disposal of property, plant and equipment		12,686	25,929
Non-cash gain on disposal of available-for-sale financial assets	*8*	(210,510)	-
Interest expense on payable to Nationwide Vendor	*8*	-	23,504
Interest expense for hire purchase agreements	*8*	34,651	55,761
Share of losses of equity accounted investee		-	986,305
Operating result before changes in working capital		5,985,791	1,337,829
Change in trade and other receivables		646,424	(446,855)
Change in trade and other payables		275,755	(101,760)
Change in employee benefits		1,459,451	1,455,429
Change in deferred income		(1,010,488)	815,928
Change in provisions		(127,882)	(86,003)
Net cash from operating activities		7,229,051	2,974,568

24 Key management personnel disclosures

Key management compensation

The key management personnel compensation included in 'carers and employee expenses' (see note 7), are as follows:

In AUD	Consolidated 2014	2013
Short-term employee benefits	3,252,277	4,117,068
	3,252,277	4,117,068

25 Non key management personnel disclosures

Identity of related parties

The Group has a related party relationship with the entities listed below and the Company transacts with its subsidiary, Australian Home Care Services Unit Trust.

Transactions with related parties

During the year, payments for community team and respite care were paid to its subsidiary, Australian Home Care Services Unit Trust, by the Company amounting to $197,927 (2013: $238,719). In addition, the Company receives reimbursement from its subsidiary and pays for services and rental of premises set at normal market rates. These transactions were on normal commercial terms and conditions.

During the year, national subscription fees of $566,874 (2013: $566,874) were paid to Multiple Sclerosis Australia. Multiple Sclerosis Australia is the national body representing the state and territory MS Societies, which conducts national research, sponsorships and certain fundraising activities. Multiple Sclerosis Ltd is a member of Multiple Sclerosis Australia. In addition, research funding of $346,500 (2013: $346,500) was provided and accrued to Multiple Sclerosis Research Australia Limited.

Assets and liabilities with related parties

	Consolidated	
In AUD	**2014**	**2013**
Net receivable from Multiple Sclerosis Australia (MSA)	56,394	324,706
Net receivable/(payable to) from Multiple Sclerosis Research Australia (MSRA)	11,731	(16,743)
Net receivables owing	68,125	307,963

All above amounts are non interest bearing and are expected to be paid within twelve months from the balance sheet date.

26 Economic dependency

The Group is dependent upon funding from the State and Federal Governments and the costs associated with service levels that exceed the Government funding is largely funded from fund raising activities.

27 Group entities

Parent entity	**Country of incorporation**	**Ownership interest**	
Multiple Sclerosis Limited	Australia	**2014**	**2013**
Significant subsidiaries and their controlled entity			
Ablecare Attendant Care Pty Ltd	Australia	100%	100%
Australian Home Care Services Pty Ltd	Australia	100%	100%
Australian Home Care Services Unit Trust	Australia	100%	100%
- Healthcare At Home Australia Pty Ltd	Australia	100%	100%

The Company's investments in controlled entities comprise the following:

	2014	**2013**
Ablecare Attendant Care Pty Ltd	2	2
Australian Home Care Services Pty Ltd	2	2
Australian Home Care Services Unit Trust	4,000,002	4,000,002
	4,000,006	4,000,006

28 Auditors' remuneration

	Consolidated	
In AUD	**2014**	**2013**
Audit services		
Auditors of the Company		
KPMG Australia:		
Audit and review of financial reports		
- Multiple Sclerosis Limited	68,340	68,340
- Australian Home Care Services including Nationwide	103,400	97,400
- Healthcare At Home Australia Pty Ltd	12,600	13,370
	184,340	179,110
Other services		
Auditors of the Company		
KPMG Australia:		
Assistance with compilation of financial statements	22,740	22,740
Agreed upon procedures	13,200	13,460
Assistance with compilation of taxation	5,000	15,000
Business performance assessment review	-	35,000
Other assurance services	10,315	6,780
	51,255	92,980

29 Subsequent events

Subsequent to the end of the financial year, the Company has granted funds totalling $250,000 to Multiple Sclerosis Australia. These grant funds will be used to provide financial assistance to Multiple Sclerosis Society of South Australia and Northern Territory Incorporated.

Other than the matter noted above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and usual nature likely, in the opinion of the directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

30 Parent entity disclosures

	Company	
In AUD	**2014**	**2013**
Results of the parent entity		
Surplus/(Deficit) for the year	1,487,943	(1,408,563)
Other comprehensive income	166,070	470,512
Total comprehensive income for the year	1,654,013	(938,051)
Financial position of the parent entity at year end		
Current assets	6,073,838	3,060,035
Total assets	31,018,773	28,438,587
Current liabilities	8,560,517	7,682,608
Total liabilities	8,987,493	8,061,320
Total equity of the parent entity at year end		
Accumulated surplus	21,156,472	19,668,529
Fair value reserve	803,030	636,960
Bequest reserve	71,778	71,778
Total equity	22,031,280	20,377,267

Investments in controlled entities are recorded in the Company's statement of financial position at their acquisition cost.

31 Business combinations - 2013 financial year

Australian Home Care Services Pty Ltd, trustee of Australian Home Care Unit Trust controlled entity ("the Trust") entered into a Joint Venture agreement with HAH Holdings (Europe) BV on the 8 April 2011 and established Healthcare At Home Australia Pty Ltd. At 30 June 2012, the Trust had 65% ownership, which was increased to 68% during the 2013 financial year. On 29 June 2013, the Trust acquired the remaining 32% share of Healthcare At Home Australia Pty Ltd. On this date, Healthcare at Home Australia Pty Ltd became the Trust's subsidiary.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date in the 2013 financial year:

In AUD	**Fair value of assets and liabilities**
Cash and cash equivalents	97,396
Trade and other receivables	73,286
Property, plant and equipment	74,757
Intangibles	224,383
Trade and other payables	(685,198)
Employee liabilities	(11,100)
Net identifiable assets and liabilities acquired	(226,476)
Fair value of pre-existing equity interest held at acquisition date	195,398
	421,874
Net consideration paid	-
Goodwill acquired on acquisition	421,874
Net consideration paid	-
Cash and cash equivalents acquired	97,396
Net cash inflow from business combination	97,396

Multiple Sclerosis Limited and its controlled entities

Directors' declaration

In the opinion of the directors of Multiple Sclerosis Limited (the Company):

(a) the Company is not publicly accountable;

(a) the consolidated financial statements and notes that are set out on pages 8 to 39 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:

(i) giving a true and fair view of the financial position of the Group as at 30 June 2014 and of its performance for the financial year ended on that date; and

(ii) complying with the Australian Accounting Standards - Reduced Disclosure Regime and the Australian Charities and Not-for-profits Commission Regulation 2013; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given declarations on the integrity of the annual financial statements, risk management and internal control environment from management for the financial year ended 30 June 2014.

Signed in accordance with a resolution of directors.

Mr William Peter Day
Director

Dated at Melbourne this 24th day of September 2014.

KPMG

Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To: the directors of Multiple Sclerosis Limited

I declare that, to the best of my knowledge and belief, in relation to our audit for the financial year ended 30 June 2014, there have been:

(i) no contraventions of 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) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Tony Batsakis
Partner

Melbourne

24 September 2014

Independent auditor's report to the members of Multiple Sclerosis Limited

Report on the financial report

We have audited the accompanying financial report of Multiple Sclerosis Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2014, and consolidated statement of surplus or deficit and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 31 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

This audit report has been prepared for the members of the Company in pursuant to the *Australian Charities and Not-for-profits Commission Act 2012* and the *Australian Charities and Not-for-profits Commission Regulation 2013 (ACNC)*.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosures Requirements and the ACNC. The directors' responsibility also includes such internal control as the directors determine necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing 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 financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of 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 Group's 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 Group'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.

KPMG

Independent auditor's report to the members of Multiple Sclerosis Limited (continued)

We performed the procedures to assess whether in all material respects the financial report gives a true and fair view in accordance with the Australian Accounting Standards – Reduced Disclosure Requirements and the ACNC, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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

Independence

In conducting our audit, we have complied with the independence requirements of the A*ustralian Charities and Not-for-profits Commission Act 2012.*

Auditor's opinion

In our opinion, the financial report of the Group is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards - Reduced Disclosures Requirements and *the Australian Charities and Not-for-profits Commission Regulation 2013.*

KPMG

KPMG

Tony Batsakis
Partner

Melbourne

24 September 2014