Multiple Sclerosis Limited
and its controlled entities

ABN 66 004 942 287

Annual Report

30 June 2018

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Directors' report

For the year ended 30 June 2018

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 2018 and the auditor's report thereon.

1 Directors

The following persons were directors of the Company during or since the end of the financial year.

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	Appointed - 4 December 2007 Extensive professional accounting and management experience Appointed Chair on 18 December 2013 Chair of Nominations, Remuneration & Governance Committee Resident Melbourne
Ms Christina Isabelle Gillies Independent Non-Executive Director	Appointed - 9 September 2001 Extensive experience in mergers, acquisitions, organisational change and information technology Board Chair from 22 November 2006 to 18 December 2013 Member of the ICT Governance Committee Resident Melbourne
Mr Robert James Hunter McEniry MBA, MAICD Independent Non-Executive Director	Appointed - 23 May 1998; Resigned 31 March 2018 Extensive marketing and management experience Member of the Audit & 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 Chair of the ICT Governance Committee Member of Nominations, Remuneration & Governance Committee 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 of Nominations, Remuneration & Governance Committee Member of ACT Regional Advisory Board Resident Canberra
Mr Ian Gordon AO Major General Retd, BSc Independent Non-Executive Director	Appointed - 24 October 2011; Resigned - 25 April 2018 Granted leave of absence from 27 June 2017 Extensive experience in personnel management and project management Resident Canberra
Ms Sophie Langshaw Bachelor of Commerce, CA, MAICD Independent Non-Executive Director	Appointed - 14 December 2012 Extensive experience in financial accounting and risk management Chair of the Audit & Risk Committee Resident Sydney
Ms Karen Hayes FAICD Independent Non-Executive Director	Appointed - 18 December 2013 Extensive experience in management including the not for profit sector Resident Melbourne

Directors' report

For the year ended 30 June 2018

1 Directors (continued)

Name, qualifications and independence status	Experience and special responsibilities
Ms Denise Cosgrove Bachelor of Arts (French), Post Grad Diploma (HRM) Independent Non-Executive Director	Appointed - 18 December 2013 Extensive experience in human resources development, management, strategy, planning and communications Resident Melbourne
Mr Scott Mccorkell Independent Non-Executive Director	Appointed - 18 December 2013 Extensive experience in management, marketing and branding Member of the ICT Governance Committee Resident Sydney
Mr Don Ferguson Masters Degree (Counselling) and Bachelor of Education (BEd) Independent Non-Executive Director	Appointed - 18 December 2013; Resigned - 31 December 2017 Extensive experience in the health and not for profit sector Resident Sydney
Mr Desmond Graham Dip Ap Sc (Nursing), Adv Cert MHN and MSc Independent Non-Executive Director	Appointed - 24 June 2016 Extensive experience in health and not for profit sector Resident Hobart
Ms Sharlene Brown Bachelor of Laws (LLB), Post grad in Legal Practice, AICD, Certificated Member of the Governance Institute of Australia Independent Non-Executive Director	Appointed - 24 June 2016 Extensive experience in legal and not for profit sector Chair Transition Project Steering Committee Member of the Audit & Risk Committee Resident Hobart
Mr Ron Brent LLB (ANU), Bec (ANU) Independent Non-Executive Director	Appointed - 28 June 2017 Extensive Board and regulatory experience Member of the Audit & Risk Committee Chair of ACT Regional Advisory Board Resident Canberra

Directors' meetings

Director	Board meetings		Audit Committee meetings	
	Held*	Attended	Held*	Attended
Mr William Peter Day	13	13		
Ms Christina Isabelle Gillies	13	11		
Mr Robert James Hunter McEniry	10	5	4	3
Mr Garry Ross Whatley	13	13		
Mr Ian James Pennell AM**	12	12		
Mr Ian Gordon AO**	-	-		
Ms Sophie Langshaw	13	13	6	5
Ms Karen Hayes	13	10		
Ms Denise Cosgrove	13	6		
Mr Scott Mccorkell	13	8		
Mr Don Ferguson	5	4		
Mr Desmond Graham	13	11		
Ms Sharlene Brown	13	13	1	1
Mr Ron Brent	13	11	6	5

* Meetings director was eligible to attend

** Approved leave of absence

Directors' emoluments

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

Directors' report

For the year ended 30 June 2018

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 Company.

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

Ms Sophie Langshaw (Chair)
Mr Robert James Hunter McEniry (to 31 March 2018)
Mr David Nowell
Mr Ron Brent
Ms Sharlene Brown (from 20 June 2018)
Mr Mathew Cleeve (from 17 July 2018)

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

Ms Robyn Hunter - Chief Executive Officer; B. Applied Science (Physio), MBA, GAICD (to 17 April 2018)
Ms Sarah Covington - Interim CFO (to 14 July 2017)
Mr Ian Hobbs - Chief Financial Officer BA (Acc) CA (from 10 July 2017)
Mr Kevin Shim - Finance Manager CPA GAICD (from 17 April 2018)

(c) The external auditors are invited to Audit and Risk Committee meetings at the discretion of the Committee. The Committee met 6 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.

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

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

(e) 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

Ms Kim Farrugia was appointed Company Secretary on 25 January 2017 and continues to act as Company Secretary.
Mr Ian Hobbs was apppointed a joint Company Secretary on 20 July 2018.

Directors' report

For the year ended 30 June 2018

4 Principal activities

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

(a) Provide services for people with MS and other related neurological conditions;

(b) Provide information and support to people living with MS, families, carers, volunteers, health professionals and research;

(c) Promote community awareness;

(d) Advocate on behalf of people living with MS including their families and carers; and

(e) Raise funds to support the provision of services and research.

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

(a) Provide clients with responsive and appropriate in-home care service;

(b) Provide personal care and independent living and practical assistance around the home, respite and overnight care;

(c) Provide cleaning and laundry services; and

(d) Provide in-home health care services.

5 Operating and financial review

	2018 $	2017 $
Total revenue from continuing operations	61,776,351	73,807,288
Underlying (deficit) / surplus from continuing operations	(1,262,621)	2,751,741
Bequest income	4,255,727	2,642,697
Surplus resulting from merger with MS Tasmainia	-	2,065,114
Impairment of property plant and equipment and intangible assets	(600,428)	-
Nationwide goodwill impairment	(1,467,648)	(4,750,772)
Surplus from continuing operations	925,030	2,708,780
(Deficit) from discontinued operations	(683,063)	(769,594)
Net surplus for the year	241,967	1,939,186

The Group's underlying deficit from continuing operations for the year was $1,262,621 compared to a surplus of $2,751,741 in the prior year. The underlying surplus from continuing operations was significanly impacted by the timing of the MS Dream Home Lottery ("Lottery") which opened on 26 April 2018 but did not close until after the end of the financial year on 19 July 2018. As a result, all of the marketing and administration costs associated with the Lottery that were incurred before 30 June are included as expenses in the 2018 financial year but the majority of ticket sales will be recognised in the 2019 financial year. This is a one off timing event assuming the Lottery operates on a similar timetable in future. Overall, the Lottery was a success and generated a surplus for the Company.

The Company continues to work with the New South Wales Government to refresh or replace its operating facilities in Lidcombe. Construction of a new Group Home to replace the residential accommodation on the Lidcombe site is now underway leading to a reassessment of the value of some assets at Lidcombe and resulting in an impairment of assets that will no longer be used.

During the year, the Company entered into a conditional contract to sell all of the shares in its controlled entity, Australian Home Care Services Pty Ltd (AHCS), as the mechanism to sell the home care business operated by AHCS as Trustee of the Australian Home Care Services Trust (Trust). Accordingly, the results of the two business units have been separated between continuing operations (Nationwide) and discontinued operations (home care).

The home care business reported an operating deficit for the year before losses recognised on the measurement to fair value less costs to sell of $894,176 (2017: deficit $769,594) and the Nationwide business reported operating surplus before impairment of goodwill of $1,164,652 (2017: surplus $520,212).

Following the sale of the home care business, the Nationwide business is being restructured as part of a new controlled entity (Multiple Sclerosis Services Limited).

Directors' report

For the year ended 30 June 2018

6 Likely developments

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

(a) Deepening and validating our understanding of the needs of clients, families and carers to create better experiences for people affected by multiple sclerosis including sponsoring a refreshed needs analysis research project;

(b) Extending the relevance and availability of services to all areas of our jurisdictions, including rural and regional areas, leveraging our investment in technology to improve service reach;

(c) Use our knowledge of MS to build partnership opportunities, service improvements and service availability;

(d) Improve fundraising effectiveness to support service delivery and research; and

(e) Continue to build a capable and sustainable organisation that delivers responsive and effective services to people affected by multiple sclerosis.

Information on likely developments in the operations of Nationwide has not been included in this report because the directors believe it would likely cause unreasonable prejudice to 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 significant changes in the state of affairs of the Group that occurred during the financial year under review other than as noted below:

- During the year, AHCS reviewed the carrying value of its Nationwide business and as a result, recognised an impairment loss of $1,467,648 (see note 13).
- Subsequent to the financial year end, the Company sold the Care Services business (see note 11 below).

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:

(a) 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

(b) 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.

11 Events subsequent to reporting date

Subsequent to year end, the Company completed the MS Dream Home Lottery. The lottery generated a surplus overall and generated widespread publicity regarding multiple sclerosis as a condition and the Company's role in supporting people affected by multiple sclerosis.

Subsequent to year end, the Company restructured the Australian Home Care Unit Trust and sold its investment in Australian Home Care Services Pty Ltd. At the date of this report, the accounting for the restructure and sale has yet to be finalised. The impact of this restructure and sale is disclosed in Note 9 of the financial statements.

Directors' report

For the year ended 30 June 2018

12 Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 36 and forms part of the director's report for the financial year ended 30 June 2018.

This report is made in accordance with a resolution of the directors.

Mr William Peter Day
Director

Dated at Melbourne on the 4th day of October 2018.

Multiple Sclerosis Limited and its controlled entities

Consolidated statement of surplus or deficit and other comprehensive income

For the year ended 30 June 2018

In AUD	Note	Consolidated 2018 $	2017 $
Continuing operations			
Revenue			
Fundraising	6	16,629,318	14,812,918
Rendering of services	6	42,386,422	55,171,926
Corporate services	6	811,901	724,240
Other income	6	600,510	560,793
Total revenue and other income from operating activities		60,428,151	71,269,877
Expenditure			
MSL			
Fundraising expenses		11,752,382	7,754,164
Residential care expenses		5,709,188	7,030,765
Community teams expenses		5,178,154	3,603,162
Disability day program expenses		324,982	946,520
Employment services expenses		3,633,434	3,456,744
Other client services expenses		4,471,534	5,216,428
Retail expenses		1,766,971	1,686,570
Other expenses		2,532,726	824,833
AHCS			
Cleaning and laundry expenses		23,151,274	35,464,660
Nationwide goodwill impairment	14	1,467,648	4,750,772
Corporate and regional overhead expenses		262,501	350,222
Total expenditure from operating activities	6	60,250,794	71,084,840
Surplus from operating activities		177,357	185,037
Net finance income	6	923,695	501,089
Profit / (loss) on sale of property, plant and equipment		424,406	(42,460)
Surplus resulting from merger with MS Tasmania	8	-	2,065,114
Impairment of property, plant and equipment and intangible assets	6A	(600,428)	-
Net surplus before income tax		**925,030**	**2,708,780**
Income tax expense	3(m)	-	-
Net surplus for the year from continuing operations		925,030	2,708,780
Discontinued operations			
(Deficit) from discontinued operations	9	(683,063)	(769,594)
Net surplus for the year		**241,967**	**1,939,186**
Other comprehensive income			
Available-for-sale financial assets - net change in fair value		(56,867)	244,196
Total other comprehensive (deficit) / income		(56,867)	244,196
Total comprehensive income for the year		**185,100**	**2,183,382**

The notes on pages 12 to 34 are an integral part of these financial statements.

Multiple Sclerosis Limited and its controlled entities

Consolidated statement of financial position

As at 30 June 2018

In AUD	Note	Consolidated 2018 $	2017 $
Assets			
Cash and cash equivalents	10	12,722,303	15,884,051
Other financial assets	10	315,657	7,328,493
Trade and other receivables	11	10,337,874	9,556,455
Assets held for sale - discontinued operations	9	7,150,274	-
Non-current assets held for sale	12	-	1,635,438
Total current assets		30,526,108	34,404,437
Property, plant and equipment	13	25,424,578	16,405,946
Intangible assets	14	86,500	8,038,755
Available for sale financial assets	15	11,376,140	4,852,190
Trade and other receivables	11	-	582,310
Total non-current assets		36,887,218	29,879,201
Total assets		67,413,326	64,283,638
Liabilities			
Bank overdraft	10	865,067	-
Employee benefits	16	5,396,836	12,811,681
Deferred income and funds in advance	18	8,609,940	12,416,475
Trade and other payables	19	6,668,045	5,085,411
Provisions	17	-	161,800
Liabilities held for sale - discontinued operations	9	10,752,443	-
Total current liabilities		32,292,331	30,475,367
Employee benefits	16	227,212	930,175
Deferred income and funds in advance	18	1,795,354	-
Provisions	17	307,489	272,256
Total non-current liabilities		2,330,055	1,202,431
Total liabilities		34,622,386	31,677,798
Net assets		32,790,940	32,605,840
Members' funds			
Accumulated surplus		31,245,846	30,912,440
Available-for-sale financial assets fair value reserve		896,376	953,243
Bequest reserves		648,718	740,157
Total members' funds		32,790,940	32,605,840

The notes on pages 12 to 34 are an integral part of these financial statements.

Consolidated statement of changes in equity

For the year ended 30 June 2018

In AUD	Accumulated surplus $	Fair value reserve $	Bequest reserves $	Total $
Consolidated				
Balance at 1 July 2016	29,641,633	709,047	71,778	30,422,458
Total comprehensive income for the year				
Net surplus for the year	1,939,186	-	-	1,939,186
Other comprehensive income / (deficit)	-	244,196	-	244,196
Total comprehensive income for the year	1,939,186	244,196	-	2,183,382
Transfers from accumulated surplus to bequest reserves	(668,379)	-	668,379	-
Balance at 30 June 2017	30,912,440	953,243	740,157	32,605,840
Balance at 1 July 2017	30,912,440	953,243	740,157	32,605,840
Total comprehensive income for the year				
Net surplus for the year	241,967	-	-	241,967
Other comprehensive income / (deficit)	-	(56,867)	-	(56,867)
Total comprehensive income for the year	241,967	(56,867)	-	185,100
Transfers from bequest reserves to accumulated surplus	91,439	-	(91,439)	-
Balance at 30 June 2018	31,245,846	896,376	648,718	32,790,940

The notes on pages 12 to 34 are an integral part of these financial statements.

Multiple Sclerosis Limited and its controlled entities

Consolidated statement of cash flows

For the year ended 30 June 2018

In AUD	Note	Consolidated 2018 $	2017 $
Cash flows from continuing operating activities			
Cash receipts in the course of operations		70,682,821	83,100,337
Cash payments in the course of operations		(66,064,786)	(75,489,126)
Cash generated in the course of operations		4,618,035	7,611,211
Interest and financial income		890,989	474,937
Interest expense		(99)	(11,336)
Net cash flows from continuing operations		5,508,925	8,074,812
Net cash flows from discontinued operations		598,993	(151,807)
Net cash flows from operating activities	21	6,107,918	7,923,005
Cash flows from investing activities			
Proceeds from other financial assets		7,012,836	-
Payments for other financial assets		-	(4,699,361)
Proceeds from sale of available-for-sale financial assets		-	669,837
Reinvestment in available-for-sale financial assets		(48,012)	(182,366)
Payments for acquisition of available-for-sale financial assets		(6,500,000)	(822,070)
Payments for acquisition of intangible assets		(53,206)	(205,920)
Proceeds from sale of property, plant and equipment		2,328,519	675,090
Payments for acquisition of property, plant and equipment		(12,874,870)	(1,806,736)
Cash received on merger with MS Tasmania	8	-	304,399
Net cash flows (used in) investing activities		(10,134,733)	(6,067,127)
Cash flows from financing activities			
Payment of hire purchase liabilities (including interest)		-	(113,000)
Net cash flows (used in) financing activities		-	(113,000)
Net (decrease) / increase in cash and cash equivalents		(4,026,815)	1,742,878
Cash and cash equivalents at beginning of the year		15,884,051	14,141,173
Cash and cash equivalents at end of the year	10	11,857,236	15,884,051

The notes on pages 12 to 34 are an integral part of these financial statements.

Notes to the financial statements

For the year ended 30 June 2018

1 Reporting entity

Multiple Sclerosis Limited (the "Company") is a not-for-profit company domiciled in Australia and registered with the Australian Charities and Not-for-profits Commission. 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 2018 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"), 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 2 October 2018.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except as otherwise stated when measured at fair value. The methods used to measure fair values are discussed further in note 4.

(c) Functional and presentation currency

The 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 items:
- determination of the recoverable value of goodwill (refer note 14)

3 Significant accounting policies

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.

(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 the 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.

Where 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.

Notes to the financial statements (continued)

For the year ended 30 June 2018

3 Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(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 jointly controlled entities (equity accounted investees)

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 that form part thereof, 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) 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. Significant risks and rewards of ownership are transferred at the point of sale after payment has been made by the customer.

(ii) Services

Revenue from services rendered is recognised in the statement of surplus or deficit in the period in which the service is provided.

(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 and other comprehensive income 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 and other comprehensive income 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.

Notes to the financial statements (continued)

For the year ended 30 June 2018

3 Significant accounting policies (continued)

(b) Revenue (continued)

(v) Services of volunteers

A substantial number of volunteers donate a significant amount of their time to the activities of Multiple Sclerosis Limited. However, as no objective basis exists for recording and assigning fair values to these services, they are not reflected in the financial statements as either revenue or expenses.

(vi) 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, they are recognised at fair value on receipt. 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.

(c) Finance income and expense

Finance income comprises interest income on funds invested, 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 and distribution 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 and finance leases, losses on disposal of available-for-sale financial instruments 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.

(d) 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 high quality Australian corporate 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 Company 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 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.

Notes to the financial statements (continued)

For the year ended 30 June 2018

3 Significant accounting policies (continued)

(e) 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 consolidated 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 (Refer to note 3(i)(i)).

Loan and receivables comprise cash and cash equivalents, 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.

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 (Refer to note 3(i)(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.

Notes to the financial statements (continued)

For the year ended 30 June 2018

3 Significant accounting policies (continued)

(f) 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
• make good assets	8 years (least term)

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

(g) Non current assets held for sale

Non current assets that are expected to be recovered primarily through sale or distribution rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets are measured at lower of their carrying amount and their fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in surplus or deficit. Gains are not recognised in excess of any cumulative impairment loss.

(h) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic are of operations;
- is part of a single co-ordinated plan to dispose or a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

Notes to the financial statements (continued)

For the year ended 30 June 2018

3 Significant accounting policies (continued)

(i) Intangible assets

(i) Goodwill

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

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.

(ii) Software development

Software development involve the cost to develop the Group's ERP system and other related software modules. 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 Company 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 and have a finite useful life, are measured at cost less accumulated amortisation and 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, from the date that they are available for use. The estimated useful life for the current and prior period are as follows:

• IT Outsourcing	3 - 5 years
• Customer Contracts	1.5 - 10 years
• CiBIS / TechnologyOne	5 - 7 years
• Licences	5 years

3 Significant accounting policies (continued)

(j) 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 a 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.

The recoverable amount of an asset or cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. In assessing the value in use of other non-financial assets, the Group uses the estimated future cash flows expected to be generated by the asset or CGU, 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 or CGU.

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 CGU unit exceeds its recoverable amount. Impairment losses are recognised in surplus or deficit. Impairment losses recognised in respect of CGUs 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.

Notes to the financial statements (continued)

For the year ended 30 June 2018

3 Significant accounting policies (continued)

(k) 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.

(l) Leases

(i) 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.

(ii) Leases payments

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.

(iii) Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- the fulfilment of the arrangement is dependent on the use of a specific asset or assets; and
- the arrangement contains a right to use the assets.

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.

(m) Income tax

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

(n) 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 consolidated 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.

Notes to the financial statements (continued)

For the year ended 30 June 2018

3 Significant accounting policies (continued)

(o) 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 2017, and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early.

(i) AASB 9 Financial Instruments

AASB 9, approved in December 2014, replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit Loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2019 with an early adoption permitted. The Company is assessing the potential impact on its financial statements resulting from the application of AASB 9.

(ii) AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

AASB 1058 Income of Not-for-Profit Entities clarifies the income recognition requirements applying to not-for-profit entities in conjunction with AASB 15. It establishes principles applying to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a not-for-profit entity to further its objectives and the receipt of volunteer services. AASB 1058 defers the application date for AASB15 to annual reporting periods periods beginning on or after 1 January 2019 with an early adoption permitted. The Company is assessing the potential impact on its financial statements resulting from the application of AASB 15.

(iii) AASB 16 Leases

AASB 16 removes the lease classification test for lessees and requires all leases (including operating leases) to be brought onto the balance sheet. There is new guidance on when an arrangement would meet the definition of a lease. AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted where AASB 15 Revenue from Contracts with Customers is adopted at the same time. The Group is assessing the potential impact on its financial statements resulting from the application of AASB 16.

4 Determination of fair value

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.

Notes to the financial statements (continued)

For the year ended 30 June 2018

5 Financial Risk Management

Overview

This note provides disclosure on the Group's exposure to financial risks, and the risk management 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 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 and internationally.

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

Other financial risk

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

Credit and trade receivables 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 of 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 AHCS Group. Risk matters of Group significance are jointly reported to the Audit and Risk Committees of both the Company and the subsidiary.

Capital management

The directors' policy is to maintain a strong capital base so as to sustain future development of the business. The board of directors monitors the return on capital.

There were no changes to the Group's approach to capital management from the previous year.

Notes to the financial statements (continued)

For the year ended 30 June 2018

	Note	Consolidated 2018 $	2017 $
6 Revenue and expenses by nature			
Revenue by nature			
Fundraising			
Donation campaigns		2,177,435	2,571,907
Bequests		4,255,727	2,642,697
Raffles & lotteries		1,660,486	936,897
Events		5,966,323	5,904,801
Community fundraising		493,768	368,722
Readathon fundraising		148,916	223,588
Retail - sale of goods		1,923,446	1,856,270
Other fundraising income		3,217	308,036
		16,629,318	14,812,918
Rendering of services - MSL			
Residential and respite care			
Government funding		3,375,949	4,306,268
NDIS Income		3,550,178	2,272,158
Fees from residents		150,655	186,434
Other income		156,986	406,223
Community teams			
Government funding		3,832,644	5,005,686
NDIS Income		1,917,811	772,937
Other income		218,871	613,430
Disability day programs		281,456	700,840
Employment services		3,721,905	3,237,446
Other client services income		2,586,214	2,097,683
Rendering of services - AHCS			
Cleaning and laundry income		22,593,753	35,572,821
		42,386,422	55,171,926
Corporate services			
Management fees		9,341	10,126
Rental income		740,223	123,895
Other corporate services income		62,337	590,219
		811,901	724,240
Other income from operations		600,510	560,793
Total revenue and other income from operating activities		60,428,151	71,269,877
Expenses by nature			
Amortisation and impairment expenses	6A	1,893,216	5,334,104
Depreciation expenses	6A	1,464,939	1,793,760
Employee expenses	7	38,284,834	48,364,110
Rental expenses		2,164,787	1,640,863
MSA Contribution	26	576,910	565,044
MSRA research contribution	26	442,909	316,800
Other expenses		15,423,199	13,070,159
Total expenses from operating activities		60,250,794	71,084,840
Surplus from operating activities		177,357	185,037

Notes to the financial statements (continued)

For the year ended 30 June 2018

		Note	Consolidated 2018 $	2017 $
6	**Revenue and expenses by nature (continued)**			
	Financial income:			
	Interest income		363,651	280,189
	Available-for-sale financial assets - distribution income		527,338	194,748
	Available-for-sale financial assets - profit on disposal		32,805	39,820
			923,794	514,757
	Financial expense:			
	Interest expense on bank overdraft		(99)	(11,336)
	Interest expense on hire purchase agreements		-	(2,332)
			(99)	(13,668)
	Net financing income		923,695	501,089
6A	**Amortisation and impairment expenses**			
	Amortisation expense - continuing operations		179,085	349,562
	Amortisation expense - discontinued operations		170,546	233,770
	Impairment expense - property plant and equipment		761,336	-
	Impairment expense - intangible assets		1,553,223	4,750,772
	Total amortisation and impairment expense		2,664,190	5,334,104
	Disclosed as:			
	Amortisation and impairment expense - operating activities	6	1,893,216	5,334,104
	Impairment of property, plant and equipment and intangible assets - other activities		600,428	-
	Amortisation expense - discontinued operations	9	170,546	233,770
			2,664,190	5,567,874
	Depreciation expense			
	Depreciation - continuing operations		1,464,939	1,793,760
	Depreciation - discontinued operations		313,621	384,017
	Total depreciation expense		1,778,560	2,177,777
7	**Employee expenses**			
	Wages and salaries and other employee expenses		35,483,723	44,827,293
	Contribution to defined contribution superannuation funds		3,028,515	3,931,505
	Movement in liability for annual leave		(72,709)	(141,576)
	Movement in liability for long service leave		(154,695)	(253,112)
		6	38,284,834	48,364,110

Notes to the financial statements (continued)

For the year ended 30 June 2018

8 Merger with The Multiple Sclerosis Society of Tasmania

On 1 July 2016, the Company entered into a Merger Deed with The Multiple Sclerosis Society of Tasmania ("MS Tas") which provided for the transfer of all assets and liabilities of MS Tas to be transferred to the Company effective from 1 July 2016 and for the Company to provide all services previously provided by MS Tas from that date. The fair value of net assets on merger are as follows:

Assets acquired		
Cash and cash equivalents	-	304,399
Trade and other receivables	-	24,951
Property, plant and equipment	-	1,848,304
Available-for-sale financial assets	-	9,458
Total assets	-	2,187,112
Liabilities assumed		
Trade and other payables	-	(66,378)
Employee benefits	-	(26,217)
Deferred income and funds in advance	-	(29,403)
Total liabilities	-	(121,998)
Net surplus on merger with MS Tasmania	-	2,065,114

9 Discontinued operations

During the year, the Company entered into a conditional contract to sell all of its shares in its controlled entity, Australian Home Care Services Pty Ltd (AHCS), as the mechanism to sell the home care business operated by AHCS as Trustee of the Australian Home Care Services Trust (Trust). Conditions precendent to the sale were not satisfied as at 30 June 2018 but were satisfied early in the new financial year ending 30 June 2019. Accordingly the home care business is considered a discontinued operation for reporting purposes as at 30 June 2018. An analysis of the financial impact of the discontinued operation is as follows:

		Consolidated	
	Note	**2018**	**2017**
		$	$
Revenue from discontinued operations		47,506,967	46,180,426
Amortisation expense from discontinued operations		(170,546)	(233,770)
Depreciation expense from discontinued operations		(313,621)	(384,017)
Other expenses from discontinued operations		(47,705,863)	(46,332,233)
Pre-tax surplus / (deficit) from discontinued operations		(683,063)	(769,594)
Income tax applicable to discontinued operations		-	-
Net surplus / (deficit) after tax of discontinued operations		(683,063)	(769,594)
Assets held for sale - discontinued operations			
Property, plant and equipment (net)		1,047,667	
Goodwill	14	5,921,149	-
IT Outsourcing and Infrastructure	14	181,458	-
		7,150,274	-
Liabilities held for sale - discontinued operations			
Employee entitlements - annual leave		3,467,781	-
Employee entitlements - long service leave		2,838,078	-
Deferred income and income in advance		3,648,695	-
Provision for costs of sale		797,889	-
		10,752,443	-

Notes to the financial statements (continued)

For the year ended 30 June 2018

10 Cash and cash equivalents, including other financial assets

Cash and cash equivalents			
Cash on hand		7,630	7,260
Bank balances		12,714,673	15,876,791
Bank overdrafts used for cash management purposes		(865,067)	-
Cash and cash equivalents in the consolidated statement of cash flows		11,857,236	15,884,051
Disclosed as:			
Cash and cash equivalents in the consolidated statement of financial position		12,722,303	15,884,051
Bank overdrafts in the consolidated statement of financial position		(865,067)	-
		11,857,236	15,884,051
Other financial assets			
Fixed interest term deposits - current		315,657	7,328,493
		315,657	7,328,493

11 Trade and other receivables

Current			
Trade receivables		6,386,270	6,101,709
Other receivables		1,544,562	-
Receivables due from related parties	26	-	90,855
Prepayments		1,470,126	489,322
Accrued income		826,209	2,072,583
Other receivables		110,707	801,986
		10,337,874	9,556,455
Non current			
Prepayments		-	582,310
		-	582,310

Trade receivables are shown net of an allowance for impairment losses of $315,857 (2017: $45,158) for the Group.

12 Non-current assets held for sale

Non-current assets held for sale	-	1,635,438

During the prior year, the Company agreed to sell a number of properties in Tasmania (Sandy Bay and St Helens). Contracts were exchanged but settlement had not occurred by the end of the financial year. Accordingly, the properties were presented as a non-current assets held for sale. These contracts were settled in the current financial year and derecognised by the Company.

Notes to the financial statements (continued)

For the year ended 30 June 2018

	Note	Consolidated 2018 $	Consolidated 2017 $
13 Property, plant and equipment			
Land and buildings			
At cost		28,219,186	17,613,331
Accumulated depreciation and impairment		(5,766,969)	(5,349,110)
Carrying amount		22,452,217	12,264,221
Plant and equipment			
At cost		7,769,226	11,327,664
Accumulated depreciation		(5,840,473)	(7,728,751)
Carrying amount		1,928,753	3,598,913
Motor Vehicles			
At cost		328,217	653,536
Accumulated depreciation		(282,393)	(512,255)
Carrying amount		45,824	141,281
Make good			
At cost		220,632	220,632
Accumulated depreciation		(10,624)	(7,958)
Carrying amount		210,008	212,674
Capital work in progress			
At cost		787,776	188,857
Carrying amount		787,776	188,857
Total carrying amounts		25,424,578	16,405,946

Notes to the financial statements (continued)

For the year ended 30 June 2018

13 Property, plant and equipment (continued)

Movement in carrying values	Land and Buildings	Plant and Equipment	Motor Vehicles	Make Good	Work in progress	Total
	$	$	$	$		$
Balance at 1 July 2016	12,202,147	4,230,340	176,139	209,957	457,704	17,276,287
Additions - general	412,372	1,202,999	2,510	5,382	188,857	1,812,120
Additions - MS Tas merger (1)	1,813,190	1,495	33,619	-	-	1,848,304
Disposals	(82,749)	(167,249)	(9,848)	-	(457,704)	(717,550)
Depreciation	(445,301)	(1,668,672)	(61,139)	(2,665)	-	(2,177,777)
Transfers (2)	(1,635,438)	-	-	-	-	(1,635,438)
Balance at 30 June 2017	12,264,221	3,598,913	141,281	212,674	188,857	16,405,946
Balance at 1 July 2017	12,264,221	3,598,913	141,281	212,674	188,857	16,405,946
Additions - general	11,242,526	870,251	-	-	762,093	12,874,870
Disposals	(83,471)	(22,030)	-	-	(163,174)	(268,675)
Depreciation	(456,206)	(1,224,231)	(95,457)	(2,666)	-	(1,778,560)
Impairment	(514,853)	(246,483)	-			(761,336)
Transfers (3)	-	(1,047,667)				(1,047,667)
Balance at 30 June 2018	22,452,217	1,928,753	45,824	210,008	787,776	25,424,578

(1) Refer to note 8
(2) Transfer to non-current assets held for sale (refer note 11)
(3) Transfer to assets held for sale - discontinued operations (refer note 9)

	Note	Consolidated 2018	Consolidated 2017
		$	$
14 Intangible assets			
ERP Software			
At cost		350,128	1,314,690
Accumulated amortisation		(350,128)	(1,050,030)
Carrying amount		-	264,660
Goodwill			
At cost		-	12,561,443
Accumulated amortisation		-	(5,172,646)
Carrying amount		-	7,388,797
Contracts and licences			
At cost		-	721,075
Accumulated amortisation		-	(697,660)
Carrying amount		-	23,415
Property equity interest			
At cost		86,500	86,500
Accumulated amortisation		-	-
Carrying amount		86,500	86,500
IT outsourcing and infrastructure			
At cost		-	1,567,258
Accumulated amortisation		-	(1,291,875)
Carrying amount		-	275,383
Total carrying amounts		86,500	8,038,755

Notes to the financial statements (continued)

For the year ended 30 June 2018

14 Intangible assets (continued)

Movement in carrying values

	ERP Software	Goodwill	Contracts and licences	Property equity interest	IT outsourcing and infrastructure	Total
	$	$	$	$	$	$
Balance at 1 July 2016	717,170	12,139,569	210,795	86,500	246,676	13,400,710
Additions	-	-	-	-	205,919	205,919
Amortisation	(452,510)	-	(187,380)	-	(177,212)	(817,102)
Impairment	-	(4,750,772)	-	-	-	(4,750,772)
Balance at 30 June 2017	264,660	7,388,797	23,415	86,500	275,383	8,038,755
Balance at 1 July 2017	264,660	7,388,797	23,415	86,500	275,383	8,038,755
Additions	-	-	-	-	53,206	53,206
Amortisation	(179,085)	-	(23,415)	-	(147,131)	(349,631)
Impairment	(85,575)	(1,467,648)	-	-	-	(1,553,223)
Transfers (see below)	-	(5,921,149)	-	-	(181,458)	(6,102,607)
Balance at 30 June 2018	-	-	-	86,500	-	86,500

Goodwill arose on the acquisition of Care Services Victorian and New South Wales operations, the Nationwide business and Healthcare At Home Australia Pty Ltd. An impairment was recognised in relation to the Nationwide goodwill and the Care Services godwill has been reclassified as an asst held for sale - discontinued operations (see note 9).

The customer contracts arose 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 2011 financial year. In addition, the 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/TechnologyOne) and development and software costs of the Group incurred to enhance the IT infrastructure (IT outsourcing and infrastructure). IT outsourcing and infrastructure costs were reclassified to assets held for sale - discontinued oeprations as at 30 June 2018 (see note 9).

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 CGUs comprise the Victorian and NSW Homecare ("Care Services") operations, the Nationwide Health and Aged Care Services ("Nationwide") operations and their associated intangible assets balances allocated as follows:

	2018	2017
	$	$
Care Services operations	-	6,024,635
Nationwide operations	-	1,553,861
	-	7,578,496

(a) Care Services operations

2018: The fair less costs to sell calculation is based on the value of the business set out in the sale contract entered into during the year.

2017: The value in use calculations used cashflow projections based on actual current operating results and the business plan for the 2018 financial year. Terminal cash flows were extrapolated using a 2% growth rate which is consistent with the long term average growth rate for the home care nursing and attendant care industry. A pre-tax discount rate of 15% was used to discount the projected cash flows. The cash flow projections are most sensitive to changes in volume of carer hours in respect of income earned, hourly rates and the anticipated change in salary costs.

The fair value less cost to sell derived by the contracted sale value of this CGU is in excess of the carrying value of goodwill and associated assets. No impairment has been recognised in respect of the Care Services goodwill.

Notes to the financial statements (continued)

For the year ended 30 June 2018

14 Intangible assets (continued)

(b) Nationwide operations

2018: The value in use calculation is based on the terms of a Restructure Deed entered into as part of the sale of the Care Services operations. Under the Restructure Deed, the recoverable amount for the goodwill associated with the nationwide operations is nil and therefore an impairment write down expense of $1,467,648 was recognised in surplus or deficit.

2017: The value in use calculations use cashflow projections based on actual current operating results and the business plan for the 2018 financial year. Terminal cash flows were extrapolated using a 2.5% growth rate which is consistent with the long term average growth rate for the Nationwide CGU. A pre-tax discount rate of 13% was used to discount the projected cash flows. The cash flow projections are most sensitive to projected increases in revenue and gross margins earned. The discounted cash flows determined for this CGU were lower than the carrying value of goodwill and associated assets. On this basis, an impairment write down expense of $4,750,772 was recognised in surplus or deficit.

	Note	Consolidated 2018 $	2017 $
15 Available-for-sale financial assets			
Non current			
Equity and debt securities at fair value		11,376,140	4,852,190
		11,376,140	4,852,190
16 Employee benefits			
Current			
Salaries and incentives		1,496,515	2,571,244
Liability for annual leave		2,394,729	6,093,095
Liability for long service leave		1,505,592	4,147,342
		5,396,836	12,811,681
Non current			
Liability for long service leave		227,212	930,175
		227,212	930,175

17 Provisions	Legal $	Redundancies $	Make good $	Total $
Balance at 1 July 2016	100,000	29,400	266,874	396,274
Provisions made during the year	20,848	96,900	5,382	123,130
Provisions used during the year	(55,948)	(29,400)	-	(85,348)
Balance at 30 June 2017	64,900	96,900	272,256	434,056
Current	64,900	96,900	-	161,800
Non-current	-	-	272,256	272,256
	64,900	96,900	272,256	434,056
Balance at 1 July 2017	64,900	96,900	272,256	434,056
Provisions made during the year	-	-	35,233	35,233
Provisions used during the year	(64,900)	(96,900)	-	(161,800)
Balance at 30 June 2018	-	-	307,489	307,489
Non-current	-	-	307,489	307,489
	-	-	307,489	307,489

In 2015, a provision for make good was recognised for the Group's leased premises to reinstate them to their original condition in addition to provision for make good for its existing premises.

In 2017, a provision for redundancies was recognised as a result of a restructure in the Group's Nationwide operations.

In 2017, the Group recognised a provision for legal costs and legal undertakings in response to a client injury.

In 2018, the provisions for legal and redundancies were fully paid.

Notes to the financial statements (continued)

For the year ended 30 June 2018

	Note	Consolidated 2018 $	2017 $
18 Deferred income and funds in advance			
Current			
Government funding received in advance		2,524,014	9,907,863
Government capital grants received in advance		92,534	576,428
Other income received in advance		5,993,392	1,932,184
		8,609,940	12,416,475
Non current			
Government funding received in advance		1,795,354	-
		1,795,354	-

Deferred income and funds in advance consist of deferred government grants or funding received for specific purposes, the services for which have yet to be provided at balance date.

The non current deferred income represents funds expended on the development of disability accommodation at 2 Tallawalla Street, Beverly Hills which is fully funded by the NSW Government. The funding agreement requires the Company to use the property for its intended purpose for a period of 40 years from completion. The NSW Governement retains an equity interest in the property until the 40 year period is concluded.

19 Trade and other payables			
Current			
Trade payables		2,035,050	2,616,840
Payables to related entities	26	156,243	82,173
Other trade payables and accrued expenses		4,476,752	2,386,398
		6,668,045	5,085,411

20 Financing facilities

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

Bank line of credit - secured	4,225,250	4,225,250
Facilities used at reporting date		
Bank overdraft	865,067	-
Bank guarantees	762,897	519,643
	1,627,964	519,643
Facilities not used at reporting date		
Total facilities - secured	2,597,286	3,705,607

Financing arrangements

(a) The line of credit of the consolidated entity is secured over the Company's property at 54 Railway Road, Blackburn and by a fixed and floating charge over the entire assets of the Australian Home Care Services Unit Trust.

(b) Interest on any drawn line of credit is charged at prevailing market rates.

(c) The line of credit is available by commercial bills, bank overdraft and bank guarantees.

(d) The line of credit expires on 31 January 2019 and is subject to covenant reporting requirements including security arrangements and guarantees and indemnities provided by Multiple Sclerosis Limited.

Notes to the financial statements (continued)

For the year ended 30 June 2018

	Note	Consolidated 2018 $	2017 $
21 Reconciliation of cash flows from operating activities			
Cash flows from operating activities			
Surplus for the year		241,967	1,939,186
Adjustments for:			
Depreciation expense		1,778,560	2,411,547
Amortisation and impairment expenses		2,664,190	5,334,104
Provision for restructuring and redundancy	17	-	96,900
Provision for legal expenses	17	-	20,848
(Gain) / loss on sale of property, plant and equipment		(424,406)	42,460
Interest expense for leases	6	-	2,332
Surplus on merger with MS Tas	8	-	(2,065,114)
(Gain) on sale of available-for-sale financial assets		(32,805)	(39,820)
Operating result before changes in working capital and provisions		4,227,506	7,742,443
Changes in trade and other receivables		(199,109)	(658,651)
Changes in trade and other payables		2,380,523	(81,502)
Changes in provisions		(126,567)	(85,348)
Changes in employee benefits		(1,811,949)	(684,158)
Changes in deferred income		1,637,514	1,690,221
Net cash from operating activities		6,107,918	7,923,005
22 Auditors' remuneration			
Audit Services			
Auditors of the Company and controlled entities			
KPMG Australia:			
Audit and review of financial reports		165,000	162,143
		165,000	162,143
Other Services			
Auditors of the Company and controlled entities			
KPMG Australia:			
Assistance with compilation of financial statements		-	5,570
Agreed upon procedures and other assurance services		24,619	31,546
		24,619	37,116
Total auditor remuneration		189,619	199,259
23 Commitments			
Operating Leases			
Non-cancellable operating lease rentals are payable as follows			
Less than one year		1,321,857	2,492,564
Between one and five years		2,933,189	4,668,420
More than five years		-	746,249
		4,255,046	7,907,233

The Group leases shop and office premises, motor vehicles and equipment under operating leases expiring from one month to eight years. Leases generally provide the Group 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.

Notes to the financial statements (continued)

For the year ended 30 June 2018

24 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 2018 the number of members was 334 (2017: 473).

b) Reserves

Bequest reserve - research and other

The bequest reserves relate to the remaining undistributed balance of revenue received from contributions of assets resulting from bequests outside the normal operations of the Company. Where the bequest is subject to a condition that the funds be spent on research, the bequest is transferred to the Bequest reserve - research. All other conditional bequests are transferred to the Bequest reserve - other.

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.

25 Key management personnel disclosures

Key management compensation

Key management personnel includes the chief executive officers and other members of the executive teams of both the Company and its controlled entity. During the 2018 financial year there were 10 key management roles (2017: 11 key management roles).

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

	Consolidated	
	2018	**2017**
	$	$
Short-term employee benefits	2,329,935	2,516,487
	2,329,935	2,516,487

26 Related party transactions and balances

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.

Multiple Sclerosis Australia (MSA)

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 of MSA are expended on behalf of the State Societies and MSA is also funded by contributions from the State Societies.

Transactions with related parties

Multiple Sclerosis Limited is a member of Multiple Sclerosis Australia. During the year, national subscription fees of $576,910 (2017: $565,044) were paid to Multiple Sclerosis Australia. In addition, research funding of $442,909 (2017: 316,800) was provided to Multiple Sclerosis Research Australia.

	2018	**2017**
	$	$
Assets and liabilities with related parties		
Net receivable from Multiple Sclerosis Australia	-	38,921
Net (payable) to Multiple Sclerosis Research Australia	(156,243)	(30,239)
Net amount (owing) / recievable	(156,243)	8,682

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

Notes to the financial statements (continued)

For the year ended 30 June 2018

27 Group entities

	Country of incorporation	Ownership Interest 2018	Ownership Interest 2017
Parent entity			
Multiple Sclerosis Limited	Australia		
Significant subsidiaries and their controlled entity			
Ablecare Attendant Care Pty Ltd (Dormant)	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 (dormant)	Australia	100%	100%

	2018 $	2017 $
The Company's investments in controlled entities comprise the following:		
Ablecare Attendant Care Pty Ltd (Dormant)	2	2
Australian Home Care Services Pty Ltd	2	2
Australian Home Care Services Unit Trust	4,841,857	10,000,002
	4,841,861	10,000,006

28 Parent entity disclosures

	2018 $	2017 $
Results of the parent entity		
Surplus for the year	246,526	6,939,340
Other comprehensive income	(56,867)	244,196
Total comprehensive income for the year	189,659	7,183,536
Financial position of the parent entity at year end		
Current assets	22,399,770	25,575,316
Total assets	57,773,015	54,236,371
Current liabilities	15,700,264	14,088,463
Total liabilities	17,684,475	14,337,490
Total equity of the parent entity at year end		
Accumulated surplus	38,543,446	38,205,481
Fair value reserve	896,376	953,243
Bequest Reserves	648,718	740,157
Total Equity	40,088,540	39,898,881

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

29 Contingencies

The Company's property located at 54 Railway Road, Blackburn was partially funded by the State Government of Victoria. 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 Victorian Government 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 Company sell the Blackburn property, it would make an application to the Victorian Government to transfer the deed of charge to an alternative property asset.

The directors are of the opinion that a provision is not required in respect of the above because MSL continues to satisfy the relevant conditions.

Notes to the financial statements (continued)

For the year ended 30 June 2018

30 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 fundraising activities.

31 Subsequent events

Subsequent to year end, the Company completed the MS Dream Home Lottery. The lottery generated a surplus overall and generated widespread publicity regarding multiple sclerosis as a condition and the Company's role in supporting people affected by multiple sclerosis.

On 30 July 2018, the Company completed a restructure of the ACHS Unit Trust and disposed of all of the shares in its controlled entity. As a result, the Group no longer operates the Australian Home Care Services business from that date. At the date of this report, the accounting for the restructure and sale has yet to be finalised.

Directors' declaration

For the year ended 30 June 2018

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

(a) the Company is not publicly accountable;

(b) the consolidated financial statements and notes that are set out on pages 8 to 34 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 2018 and of its performance, as represented by the results of its operations 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 2018.

This statement is made in accordance with a resolution of the Board of Multiple Sclerosis Limited and is signed for and on behalf of the Board by:

Mr William Peter Day
Director

Dated at Melbourne on the 4th day of October 2018.

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 Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of Multiple Sclerosis Limited for the financial year ended 30 June 2018 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.

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Antoni Cinanni
Partner

4 October 2018

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Independent Auditor's Report

To the members of Multiple Sclerosis Limited

Opinion

We have audited the ***Financial Report***, of the Multiple Sclerosis Limited (the Company)

In our opinion, the accompanying ***Financial Report*** of the Group is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

i. giving a true and fair view of the Group's financial position as at 30 June 2018, and of its financial performance and its cash flows for the year ended on that date; and

ii. complying with *Australian Accounting Standards - Reduced Disclosure Requirements* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013.*

The ***Financial Report*** comprises:

i. Consolidated statement of financial position as at 30 June 2018;

ii. 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 then ended.

iii. Notes including a summary of significant accounting policies.

iv. Directors' declaration of the Group.

The Group consists of the Company and the entity it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards.* We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *ACNC Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

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Other information

Other Information is financial and non-financial information in Multiple Sclerosis Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosures Requirements and the ACNC.

ii. Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

iii. Assessing the Group's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

i. to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and

ii. to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

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

We also:

i. Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

ii. Obtain an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered Group's internal control.

iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

iv. Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the registered Group to cease to continue as a going concern.

v. Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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Antoni Cinanni
Partner

Melbourne

4 October 2018