

Multiple Sclerosis Limited

ABN 66 004 942 287

Annual Report

30 June 2013

Multiple Sclerosis Limited

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Multiple Sclerosis Limited

Directors' report

For the year ended 30 June 2013

The directors present their report together with the financial report of Multiple Sclerosis Limited ("the Company" or "MSL") for the financial year ended 30 June 2013 and the auditor's report thereon.

1 Directors

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

Name, qualifications and independence status	Experience and special responsibilities
Ms Christina Isabelle Gillies Independent Non-Executive Director Chair	Appointed - 9 September 1991 Extensive experience in mergers, acquisitions, organisational change and information technology. Appointed Chair - 22 November 2006. Resident Melbourne
Mr Robert James Hunter McEniry MBA, MAICD Independent Non-Executive Director	Appointed - 23 May 1998 Extensive marketing and management experience. Member Audit and Risk Committee. Resident Melbourne
Mr Paul Anthony Murnane B.Ec, MBA, F Fin, FAICD Independent Non-Executive Director	Appointed - 6 December 2005; Retired - 8 January 2013 Extensive experience in financial services, consulting and general management. Member Audit and Risk Committee. Resident Sydney
Ms Carolyn Ellen White Graduate Diploma in Business Management Independent Non-Executive Director	Appointed - 2 June 2009; Retired - 5 February 2013 Extensive experience in financial services, business banking and community support. Resident Melbourne
Mr Garry Ross Whatley BBus (Accounting and Information Technology), MBA, GAICD Independent Non-Executive Director	Appointed - 4 August 2009 Extensive experience in information technology, telecommunications and consulting services in the corporate and government sectors. Resident Sydney
Mr William Peter Day LLB (Hons), M Administration, FCPA, FCA (Aust & UK), FAICD Independent Non-Executive Director	Appointed - 4 December 2007 Extensive professional accounting and management experience. Chairman of Audit and Risk Committee from 26 February 2008. Resident Melbourne
Mr Ian James Pennell AM Independent Non-Executive Director	Appointed - 3 July 2008 Extensive experience in management including the not for profit Member ACT Regional Advisory Board. Resident Canberra
Ms Lisa Pettigrew BA (Hons - Economics) Independent Non-Executive Director	Appointed - 16 March 2010; Retired - 31 May 2013 Extensive experience in health and human services. Advisor to senior government & health officials. Resident Sydney
Major General Ian Gordon AO Retd, BSc Independent Non-Executive Director	Appointed - 24 October 2011 Extensive experience in personnel management and project management. Chairman ACT Regional Advisory Board Resident Canberra

Multiple Sclerosis Limited

Directors' report

For the year ended 30 June 2013

1 Directors (continued)

Name, qualifications and independence status

Ms Jennifer Hill-Ling
LLB, FAICD
Independent Non-Executive Director

Ms Sophie Langshaw
Bachelor of Commerce, CA, MAICD
Independent Non-Executive Director

Experience and special responsibilities

Appointed - 24 April 2012; Retired - 6 February 2013
Extensive experience in corporate and commercial law.
Resident Sydney

Appointed - 14 December 2012
Extensive experience in financial accounting and risk management.
Member Audit and Risk Committee
Resident Sydney

Directors' meetings

Director	Board Meetings		Audit Committee Meetings	
	Held*	Attended*	Held*	Attended
Ms Christina Isabelle Gillies	20	18		
Mr Robert James Hunter McEniry	20	18	6	3
Mr Paul Anthony Murnane	8	8	3	2
Ms Carolyn Ellen White	11	10		
Mr Garry Ross Whatley	20	17		
Mr William Peter Day	20	19	6	6
Mr Ian James Pennell AM	20	20		
Ms Lisa Pettigrew	19	12		
Major General Ian Gordon AO	20	20		
Ms Jennifer Hill-Ling	11	9		
Ms Sophie Langshaw	13	12	6	6

* Meetings Director was eligible to attend.

Directors' emoluments

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

2 Audit and Risk Committee

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

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

- Mr William Peter Day – Independent Non Executive Director
- Mr Robert McEniry – Independent Non Executive Director
- Ms Sophie Langshaw - Independent Non Executive Director

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

- Ms Robyn Hunter - Chief Executive Officer; B. Applied Science (Physio), MBA, GAICD
- Ms Christine Challis - Chief Operating Officer (Acting); B. Applied Science (Physio), MBA
- Mr Neil Harbottle - General Manager - Finance and Administration (Acting); B. Business, CA

Multiple Sclerosis Limited

Directors' report

For the year ended 30 June 2013

2 Audit and Risk Committee (continued)

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

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

- Reviewing the annual financial reports and other financial reports that are distributed externally.
- Recommending to the Board approval of statutory financial reports.
- Monitor the corporate risk management processes.
- Monitor the establishment of an appropriate internal control framework.
- Monitor the policies & procedures to ensure compliance with the Corporations Act 2001 and other regulatory requirements.
- Monitor the actual financial performance against budget approved by the Board and review revised forecasts for the year.

(iv) *Risk management*

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

3 Company particulars

Multiple Sclerosis Limited is incorporated in Victoria. The registered office address is:

The Nerve Centre
54 Railway Road
Blackburn VIC 3130

The Company Secretary is Mr Michael Miers, FCPA . Mr Michael Miers was appointed company secretary on the 24 April 2013.

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. The principal activities of the Company are to:

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

5 Operating and financial review

	2013	2012
	\$	\$
Total revenue and income from operations	32,597,577	32,167,689
Deficit from operations	(1,599,315)	(689,451)
Net financing income	190,752	298,046
Net deficit for the year	(1,408,563)	(391,405)

Multiple Sclerosis Limited

Directors' report

For the year ended 30 June 2013

5 Operating and financial review (continued)

This year's performance is a reflection of lower than expected results from the MS Gong Ride and the Melbourne Summer Cycle, which was partially attributable to an increase in competition for event fundraising income. This shortfall was somewhat offset by better than expected Walk Run results. Also contributing to the below expectation result was a shortfall in bequest income and additional one-off costs for software development.

6 Likely developments

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

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

7 Environmental regulation

The Company's operations are not subject to any significant environmental regulations under either Commonwealth or State Legislations. However, the Board believes that the Company 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 Company.

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 Company that occurred during the financial year under review.

10 Indemnification and insurance of officers and auditors

Indemnification

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

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

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

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

Multiple Sclerosis Limited

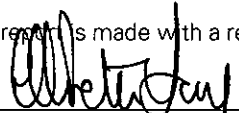
Directors' report

For the year ended 30 June 2013

11 Events subsequent to reporting date

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

This report is made with a resolution of the directors:



Mr William Peter Day
Director

Dated at Melbourne on 23 of September 2013.

Multiple Sclerosis Limited
Statement of surplus or deficit and other comprehensive income
For the year ended 30 June 2013

In AUD	Company	
	2013	2012
Revenue		
Fundraising		
Donation campaigns	2,697,850	2,138,461
Bequests	821,525	1,386,476
Art Union	852,830	1,139,458
Events	8,784,131	8,898,596
Community fundraising	629,415	587,595
Readathon	309,694	268,106
Other fundraising income	269,114	72,359
Rendering of services		
Residential and respite care		
Government funding	6,751,699	6,582,045
Fees from residents	205,233	216,380
Other income	(14,277)	3,187
Community teams		
Government funding	4,705,951	4,574,877
Other income	69,206	86,043
Immunotherapy	314,243	433,293
Disability Day programs	806,674	844,300
Employment services	2,284,091	1,517,548
Other client services income	1,074,291	1,169,401
Corporate services		
Management fees	150,168	236,608
Retail - sale of goods	1,547,895	1,325,009
Rental income	135,844	137,422
Other corporate services income	3,079	49,765
Other income	198,921	500,760
Total revenue and other income from operating activities	32,597,577	32,167,689
Expenditure		
Fundraising expenses	7,924,608	6,718,256
Residential care expenses	8,134,005	7,547,582
Community care expenses	7,050,217	6,916,750
Immunotherapy expenses	676,772	843,573
Disability Day programs expenses	993,676	1,016,493
Employment services expenses	2,190,719	1,421,128
Other client services expenses	4,182,298	4,222,072
Retail expenses	1,343,292	1,138,300
Corporate expenses	847,418	1,386,436
Other expenses	853,887	1,646,550
Total expenditure	34,196,892	32,857,140
Deficit from operations	(1,599,315)	(689,451)
Finance income	191,077	302,739
Finance expense	(325)	(4,693)
Net finance income	190,752	298,046
Total deficit for the year	(1,408,563)	(391,405)
Other comprehensive income		
Items that may be reclassified subsequently to surplus or deficit:		
Available-for-sale financial assets	470,512	(139,388)
Total comprehensive loss for the year	(938,051)	(530,793)

The notes on pages 11 to 26 are an integral part of these financial statements.

Multiple Sclerosis Limited

Statement of financial position

As at 30 June 2013

<i>In AUD</i>	Note	Company	
		2013	2012
Assets			
Cash and cash equivalents	12	1,812,161	631,571
Trade and other receivables	9	1,247,874	779,277
Total current assets		<u>3,060,035</u>	<u>1,410,848</u>
Investments in controlled entities	10	4,000,006	4,000,006
Property, plant and equipment	7	15,361,224	15,869,473
Intangible assets	8	947,663	1,266,149
Available-for-sale financial assets	11	3,467,809	3,908,280
Trade and other receivables	9	1,601,850	1,601,850
Total non-current assets		<u>25,378,552</u>	<u>26,645,758</u>
Total assets		<u>28,438,587</u>	<u>28,056,606</u>
Liabilities			
Employee benefits	13	2,958,975	2,991,963
Deferred income and funds in advance	14	2,789,640	1,843,827
Trade and other payables	15	1,933,993	1,457,037
Total current liabilities		<u>7,682,608</u>	<u>6,292,827</u>
Employee benefits	13	378,712	448,461
Total non-current liabilities		<u>378,712</u>	<u>448,461</u>
Total liabilities		<u>8,061,320</u>	<u>6,741,288</u>
Net assets		<u>20,377,267</u>	<u>21,315,318</u>
Members' funds			
Accumulated surplus		19,668,529	21,077,092
Fair value reserve		636,960	166,448
Bequest reserve		71,778	71,778
Total members' funds		<u>20,377,267</u>	<u>21,315,318</u>

The notes on pages 11 to 26 are an integral part of these financial statements.

Multiple Sclerosis Limited

Statement of changes in equity For the year ended 30 June 2013

In AUD

	Accumulated surplus	Fair value reserve	Bequest reserve	Total
Company				
Balance at 1 July 2011	21,468,497	305,836	71,778	21,846,111
Total comprehensive income for the year				
Net deficit for the year	(391,405)	-	-	(391,405)
<i>Other comprehensive income</i>				
Change in fair value of available-for-sale financial assets	-	(139,388)	-	(139,388)
Total other comprehensive income	-	(139,388)	-	(139,388)
Total comprehensive loss for the year	(391,405)	(139,388)	-	(530,793)
Balance at 30 June 2012	21,077,092	166,448	71,778	21,315,318
Balance at 1 July 2012	21,077,092	166,448	71,778	21,315,318
Total comprehensive income for the year				
Net deficit for the year	(1,408,563)	-	-	(1,408,563)
<i>Other comprehensive income</i>				
Change in fair value of available-for-sale financial assets	-	470,512	-	470,512
Total other comprehensive income	-	470,512	-	470,512
Total comprehensive loss for the year	(1,408,563)	470,512	-	(938,051)
Balance at 30 June 2013	19,668,529	636,960	71,778	20,377,267

The notes on pages 11 to 26 are an integral part of these financial statements.

Multiple Sclerosis Limited

Statement of cash flows

For the year ended 30 June 2013

<i>In AUD</i>	Note	Company	
		2013	2012
Cash flows from operating activities			
Cash receipts in the course of operations		36,342,003	32,810,062
Cash payments in the course of operations		(35,786,321)	(34,286,198)
Cash used in operations		<u>555,682</u>	<u>(1,476,136)</u>
Interest and financial income		191,077	302,739
Interest expense		(325)	(4,693)
Net cash flows used in operating activities	19	<u>746,434</u>	<u>(1,178,090)</u>
Cash flows from investing activities			
Proceeds from sale of available-for-sale financial assets		1,102,202	1,733,396
Reinvestment in available-for-sale financial assets		(59,218)	(39,935)
Payments for acquisition of available-for-sale assets		(132,001)	(489,079)
Payments for acquisitions of intangible assets		(18,890)	(581,658)
Payments for acquisitions of property, plant and equipment		(457,937)	(407,411)
Net cash flows from/(used in) investing activities		<u>434,156</u>	<u>215,313</u>
Cash flows from financing activities		-	-
Net cash flows used in financing activities		<u>-</u>	<u>-</u>
Net decrease in cash and cash equivalents		1,180,590	(962,777)
Cash and cash equivalents at beginning of the year		631,571	1,594,348
Cash and cash equivalents at end of the year	12	<u>1,812,161</u>	<u>631,571</u>

The notes on pages 11 to 26 are an integral part of these financial statements.

Multiple Sclerosis Limited

Notes to the financial statements

For the year ended 30 June 2013

1 Reporting entity

Multiple Sclerosis Limited (the "Company") is a not-for-profit company domiciled in Australia. The address of the Company's registered office is The Nerve Centre 54 Railway Road, Blackburn, VIC 3130.

The financial report of the Company has been drawn up as a non-statutory special purpose financial report to meet the requirements of the directors of the Company and the needs of the members.

2 Basis of preparation

(a) Statement of compliance

The special purpose financial statements have been prepared in accordance with the requirements of the recognition and measurement aspects of all applicable Australian Accounting Standards ("AASBs") adopted by the Australian Accounting Standards Board ("AASB").

The financial report does not include the disclosure requirements of all AASBs except for the following:

- AASB 101 Presentation of Financial Statements
- AASB 107 Cash Flow Statements
- AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors
- AASB 1031 Materiality
- AASB 1048 Interpretation and Application of Standards
- AASB 1054 Australian Additional Disclosures

The financial statements were approved by the Board of Directors on 23 September 2013.

(b) Basis of measurement

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

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

(c) Functional and presentation currency

The financial statements are presented in Australian dollars, which is the Company'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.

Multiple Sclerosis Limited

Notes to the financial statements (continued)

For the year ended 30 June 2013

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

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

(a) Financial instruments

(i) Non derivative financial assets

The Company 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 Company becomes a party to the contractual provisions of the instrument.

The Company 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 Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company 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 Company has the following non-derivative financial assets: loans and receivables and available-for-sale financial assets.

Loans and receivables

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

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

Available-for-sale financial assets

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

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3(e)(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.

Multiple Sclerosis Limited

Notes to the financial statements (continued)

For the year ended 30 June 2013

3 Significant accounting policies (continued)

(a) Financial instruments (continued)

(ii) Non-derivative financial liabilities

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

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

The Company 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 Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(b) 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 Company 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.

Multiple Sclerosis Limited

Notes to the financial statements (continued)

For the year ended 30 June 2013

3 Significant accounting policies (continued)

(b) Property, plant and equipment (continued)

(iii) Depreciation

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

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

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

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

(c) Intangible assets

(i) Software development

Software development involve the cost to develop the Company's Technology One 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.

(ii) 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.

(iii) 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 period is as follow:

- Technology One 7 years

(d) Leased assets

Leases in terms of which the Company 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.

Multiple Sclerosis Limited

Notes to the financial statements (continued)

For the year ended 30 June 2013

3 Significant accounting policies (continued)

(e) Impairment

(i) Non-derivative financial assets

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

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

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

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

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

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

In accordance with AASB139 - Financial instruments: Recognition and measurement, subject to other evidence to the contrary and judgement, an available-for-sale financial asset is impaired if it has been below its accounting cost for a prolonged time, or by significant amount. The Company 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 Company'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.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing the value in use of other non-financial assets, the Company uses its depreciated replacement cost. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

Multiple Sclerosis Limited

Notes to the financial statements (continued)

For the year ended 30 June 2013

3 Significant accounting policies (continued)

(e) Impairment (continued)

(ii) Non-financial assets (continued)

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

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

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

(iii) Termination benefits

Termination benefits are recognised as an expense when the Company 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 and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Company expects to pay as at reporting date including related on-costs, such as workers' compensation insurance.

(g) Provisions

A provision is recognised if, as a result of a past event, the Company 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.

Multiple Sclerosis Limited

Notes to the financial statements (continued)

For the year ended 30 June 2013

3 Significant accounting policies (continued)

(h) Revenue

(i) Goods sold

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

(ii) Services

Revenue from services rendered is recognised in the statement of surplus or deficit in the period in which the service is provided. Revenue from rendering of services comprises residential and respite care and client services.

(iii) Revenue from government grants

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

Grants that compensate the Company 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 Company 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 statement of financial position.

(v) Bequests

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

Bequests received are recognised as revenue in the determination of the Company's statutory results upon control of the bequest assets being transferred to the Company. 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.

Multiple Sclerosis Limited

Notes to the financial statements (continued)

For the year ended 30 June 2013

3 Significant accounting policies (continued)

(i) Lease payments

(i) Leases

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

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

(ii) Determining whether an arrangement contains a lease

At inception of an arrangement, the Company 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 asset(s).

At inception or upon reassessment of the arrangement, the Company 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 Company 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 Company's incremental borrowing rate.

(j) 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 income is recognised in surplus or deficit on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance costs comprise losses on disposal of available-for-sale and impairment losses recognised on financial assets (other than trade receivables).

(k) Income tax

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

(l) Goods and services tax

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

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

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

Multiple Sclerosis Limited

Notes to the financial statements (continued)

For the year ended 30 June 2013

3 Significant accounting policies (continued)

(m) 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 2012 have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except for AASB 9: Financial Instruments, which becomes mandatory for the Company's 2016 financial statements and could change the classification and measurement of financial assets. The Company does not plan to adopt this standard early and the extent of the impact has not been determined.

(n) Going concern

The Company's financial statements are prepared on a going concern basis which contemplates the continuity of normal operations and the realisation of assets and settlement of liabilities in the ordinary course of business. The Company recorded a net current asset deficiency at 30 June 2013 of \$4,622,573 (2012: \$4,881,979).

The Directors are satisfied the basis of preparation is appropriate as a result of the following factors:

- operational initiatives have been initiated and executed in recent months within the MSL operations, which will reduce expenditures and are expected to move the Company's result into surplus in the 2014 financial year; and
- the availability of highly liquid investments which may be realised if required.

4 Determination of fair values

A number of the Company'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.

Multiple Sclerosis Limited

Notes to the financial statements (continued)

For the year ended 30 June 2013

5 Income and expenditure by nature

<i>In AUD</i>	<i>Note</i>	Company	
		2013	2012
Revenue		32,398,656	31,666,929
Other income		198,921	500,760
Consultant fees		(569,527)	(616,647)
Art Union management fees		(279,624)	-
Software development expense		(434,834)	-
Depreciation and amortisation		(1,113,827)	(1,068,051)
Employee expenses	6	(20,245,332)	(20,392,567)
Electricity & gas		(333,592)	(343,761)
IT services		(853,431)	(832,125)
Rental expense	16	(1,236,678)	(1,104,200)
Research expenses		(340,185)	(519,156)
Other expenses		(8,789,862)	(7,980,633)
Deficit from operating activities		<u>(1,599,315)</u>	<u>(689,451)</u>
Financial income:			
Interest income - Available-for-sale investments		66,508	121,908
Distribution income - Available-for-sale investments		123,069	178,851
Gain on disposal of Available-for-sale investments		1,500	1,980
Financial expense		(325)	(4,693)
Net financing income		<u>190,752</u>	<u>298,046</u>
Deficit for the year before tax		(1,408,563)	(391,405)
Income tax expense		-	-
Deficit for the year		<u>(1,408,563)</u>	<u>(391,405)</u>

6 Employee expenses

<i>In AUD</i>		Company	
		2013	2012
Wages and salaries and other employee expenses		18,700,463	18,484,400
Contribution to defined contribution superannuation		1,571,329	1,526,436
Movement in liability for annual leave		(113,738)	56,832
Movement in liability for long service leave		87,278	324,899
	5	<u>20,245,332</u>	<u>20,392,567</u>

Multiple Sclerosis Limited

Notes to the financial statements (continued)

For the year ended 30 June 2013

7 Property, plant and equipment

In AUD

Land and buildings

	Company	
	2013	2012
At cost	17,360,011	17,258,379
Accumulated depreciation	(3,548,184)	(3,148,092)
Carrying amount	<u>13,811,827</u>	<u>14,110,287</u>

Plant and equipment

At cost	5,489,507	5,160,520
Accumulated depreciation	(4,117,065)	(3,622,180)
Carrying amount	<u>1,372,442</u>	<u>1,538,340</u>

Motor vehicles

At cost	289,574	289,574
Accumulated depreciation	(172,136)	(132,488)
Carrying amount	<u>117,438</u>	<u>157,086</u>

Capital work in progress

At cost	59,517	63,760
Accumulated depreciation	-	-
Carrying amount	<u>59,517</u>	<u>63,760</u>

Total carrying amounts

<u>15,361,224</u>	<u>15,869,473</u>
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8 Intangible assets

In AUD

Technology One

	Company	
	2013	2012
At cost	1,195,421	1,126,615
Accumulated amortisation	(247,758)	(78,232)
Carrying amount	<u>947,663</u>	<u>1,048,383</u>

Capital work in progress

At cost	-	217,766
Accumulated depreciation	-	-
Carrying amount	<u>-</u>	<u>217,766</u>

Total carrying amounts

<u>947,663</u>	<u>1,266,149</u>
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Multiple Sclerosis Limited

Notes to the financial statements (continued)

For the year ended 30 June 2013

9 Trade and other receivables

In AUD

Current

	Company	
	2013	2012
Trade receivables	254,499	241,862
Receivables due from related entities	396,954	32,421
Prepayments	357,488	230,908
Other receivables	238,933	274,087
	<u>1,247,874</u>	<u>779,277</u>

Non current

Loan to related entity	1,300,000	1,300,000
Receivables due from related entity	301,850	301,850
	<u>1,601,850</u>	<u>1,601,850</u>

10 Investments in controlled entities

In AUD

	Company	
	2013	2012
Investments in controlled entities	4,000,006	4,000,006
	<u>4,000,006</u>	<u>4,000,006</u>

11 Available-for-sale financial assets

In AUD

Non current

	Company	
	2013	2012
Equity and debt securities at at fair value	3,467,809	3,908,280
	<u>3,467,809</u>	<u>3,908,280</u>

12 Cash and cash equivalents

	Company	
	2013	2012
Cash on hand	7,750	8,660
Bank balances	1,804,411	622,911
Cash and cash equivalents in the statement of cash flows	<u>1,812,161</u>	<u>631,571</u>

Multiple Sclerosis Limited

Notes to the financial statements (continued)

For the year ended 30 June 2013

13 Employee benefits

<i>In AUD</i>	Company	
	2013	2012
Current		
Salaries and incentives	526,162	602,439
Liability for annual leave	1,243,246	1,356,984
Liability for long service leave	1,189,567	1,032,540
	<u>2,958,975</u>	<u>2,991,963</u>
Non-current		
Liability for long service leave	378,712	448,461
	<u>378,712</u>	<u>448,461</u>
	<u>3,337,687</u>	<u>3,440,424</u>

14 Deferred income and funds in advance

<i>In AUD</i>	Company	
	2013	2012
Government funding received in advance	317,035	213,706
Government capital grants received in advance	511,774	520,725
Other income received in advance	1,960,831	1,109,396
	<u>2,789,640</u>	<u>1,843,827</u>

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

15 Trade and other payables

<i>In AUD</i>	Company	
	2013	2012
Current		
Trade payables	583,363	583,959
Payables to related entities	124,714	17,791
Other trade payables and accrued expenses	1,225,916	855,287
	<u>1,933,993</u>	<u>1,457,037</u>

Multiple Sclerosis Limited

Notes to the financial statements (continued)

For the year ended 30 June 2013

16 Commitments

a) Operating leases

Non-cancellable operating lease rentals are payable as follows:

<i>In AUD</i>	Company	
	2013	2012
Less than one year	931,023	1,184,853
Between one and five years	516,961	909,813
More than five years	-	-
	<u>1,447,984</u>	<u>2,094,666</u>

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

During the year ended 30 June 2013, \$1,236,678 (2012: \$1,104,200) was recognised by the Company as an expense in the statement of comprehensive income in respect of operating leases.

b) Financial commitments

i) Multiple Sclerosis Australia (MSA)

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

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

ii) Australian Home Care Services Unit Trust

The Company has confirmed that it will provide sufficient financial support, to the extent that the Company's banking facilities and other liquid investments permit, and that it has no present intention to call in or cancel its loan receivable of \$1,300,000 (2012: \$1,300,000) at 30 June 2013 and bank guarantees provided on behalf of the Trust during the period of 12 months from the date of approval of the 2013 annual financial statements of the Australian Home Care Services Unit Trust.

17 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 2013 the number of members was 376 (2012: 392).

b) Reserves

Bequest reserves

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

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.

Multiple Sclerosis Limited

Notes to the financial statements (continued)

For the year ended 30 June 2013

18 Contingencies

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

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

19 Reconciliation of cash flows from operating activities

<i>In AUD</i>	Company	
	2013	2012
Cash flows from operating activities		
Deficit for the year	(1,408,563)	(391,405)
Adjustments for:		
Depreciation expense	944,301	989,819
Amortisation expense	169,526	78,232
Capital WIP written off	167,850	-
Plant and equipment written off	15,100	-
(Gain)/loss on sale of property plant and equipment	6,785	-
Operating result before changes in working capital and provisions	(105,001)	676,646
Change in trade and other receivables	(468,597)	279,507
Change in trade and other payables	476,956	(278,674)
Change in employee benefits	(102,737)	439,320
Change in deferred income	945,813	(2,294,889)
Net cash from/(used in) operating activities	746,434	(1,178,090)

20 Economic dependency

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

21 Auditors' remuneration

<i>In AUD</i>	Company	
	2013	2012
Audit services		
Auditors of the Company		
<i>KPMG Australia:</i>		
Audit and review of financial reports	68,340	67,000
	68,340	67,000
Other services		
Auditors of the Company		
<i>KPMG Australia:</i>		
Assistance with compilation of financial statements	17,490	17,150
Agreed upon procedures	13,460	15,905
IT assurance	-	25,000
Business performance assesment review	35,000	-
	65,950	58,055

Multiple Sclerosis Limited

Notes to the financial statements (continued)

For the year ended 30 June 2013

22 Subsequent events

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

Multiple Sclerosis Limited

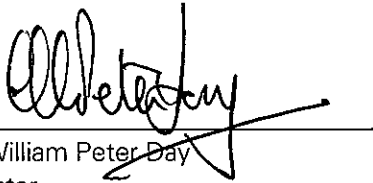
Directors' declaration

In the opinion of the directors of Multiple Sclerosis Limited :

- (a) the financial statements and notes that are set out on pages 7 to 26, are drawn up, in accordance with the the basis of accounting described in notes 1 to 4, and other mandatory reporting requirements, so as to present fairly the financial position of the Company as at 30 June 2013 and its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date; and
- (b) 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 2013.

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



Mr William Peter Day
Director

Dated at Melbourne on 23 of September 2013.



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

Report on the financial report

We have audited the accompanying financial report, being a special purpose financial report, of Multiple Sclerosis Limited (the Company), which comprises the statement of financial position as at 30 June 2013, the statement of surplus or deficit and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 22 comprising a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies used and described in notes 1 to 4 to the financial report are appropriate to meet the requirements of the directors and to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine necessary to enable the preparation of a financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. These procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors as well as evaluating the overall presentation of the financial report.

These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the basis of accounting described in notes 1 to 4 of the financial statements so as to present a view which is consistent with our understanding of the Company's financial position, and of its performance and cash flows.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Accounting Professional and Ethical Standards Board.



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

Auditor's opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of Multiple Sclerosis Limited as at 30 June 2013 and its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in notes 1 to 4 to the financial statements.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 of the financial report, which describes the basis of accounting. The financial report has been prepared to assist Multiple Sclerosis Limited to meet the requirements of the directors and the needs of the members. As a result, the financial report may not be suitable for another purpose.

KPMG

Tony Batsakis
Partner

Dated at Melbourne on 23 of September 2013.