

**Multiple Sclerosis Limited**

ABN 66 004 942 287

Special Purpose Annual Report

30 June 2015

# Multiple Sclerosis Limited

## **Contents**

Directors' report	2
Statement of surplus or deficit and other comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11
Directors' declaration	28
Auditor's independence declaration	29
Independent auditor's report	30

# Multiple Sclerosis Limited

## Directors' report

### For the year ended 30 June 2015

The directors present their report together with the special purpose financial report of Multiple Sclerosis Limited ("the Company" or "MSL") for the financial year ended 30 June 2015 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:

<b>Name, qualifications and independence status</b>	<b>Experience and special responsibilities</b>
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. Member of Audit and Risk Committee. Chair of Nominations and Remuneration Committee Resident Melbourne
Ms Christina Isabelle Gillies Independent Non-Executive Director	Appointed - 9 September 1991 Extensive experience in mergers, acquisitions, organisational change and information technology. Appointed Chair from 22 November 2006 to 18 December 2013. Member of ICT Governance Committee Resident Melbourne
Mr Robert James Hunter McEniry MBA, MAICD Independent Non-Executive Director	Appointed - 23 May 1998 Extensive marketing and management experience. Member of Audit and Risk Committee. Resident Melbourne
Mr Garry Ross Whatley BBus (Accounting and Information Technology), MBA, GAICD Independent Non-Executive Director Deputy Chair	Appointed - 4 August 2009 Extensive experience in information technology, telecommunications and consulting services in the corporate and government sectors. Appointed Deputy Chair on 19 December 2013. Chair of ICT Governance Committee Member of Nominations and Remuneration 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 and Remuneration Committee Member of ACT Regional Advisory Board. Resident Canberra
Major General Ian Gordon AO Retd, BSc Independent Non-Executive Director	Appointed - 24 October 2011 Extensive experience in personnel management and project management. Chairman ACT Regional Advisory Board. Resident Canberra
Ms Sophie Eliza Jane Langshaw Bachelor of Commerce, CA, MAICD Independent Non-Executive Director	Appointed - 14 December 2012 Extensive experience in financial accounting and risk management. Appointed Chair of Audit and Risk Committee on 19 December 2013. Resident Sydney
Ms Karen Hayes FAICD Independent Non-Executive Director	Appointed - 18 December 2013 Extensive experience in management including the not for profit sector. Resident Melbourne
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

# Multiple Sclerosis Limited

## Directors' report

For the year ended 30 June 2015

### 1 Directors (continued)

Name, qualifications and independence status	Experience and special responsibilities
Mr Scott McCorkell Independent Non-Executive Director	Appointed - 18 December 2013 Extensive experience in management, marketing and branding. Member of ICT Governance Committee. Resident Sydney
Mr Don Ferguson Masters Degree (Counselling) and Bachelor of Education (BEd) Independent Non-Executive Director	Appointed - 18 December 2013 Extensive experience in the health and not for profit sector. Member Audit and Risk Committee. Resident Sydney

Directors' meetings Director	Board Meetings		Audit Committee Meetings	
	Held*	Attended	Held*	Attended
Mr William Peter Day	12	11	2	2
Ms Christina Isabelle Gillies	12	10		
Mr Robert James Hunter McEniry	12	8	4	4
Mr Garry Ross Whatley	12	12		
Mr Ian James Pennell AM	12	11		
Major General Ian Gordon AO	12	12		
Ms Sophie Eliza Jane Langshaw**	10	8	4	3
Ms Karen Hayes**	6	2		
Ms Denise Cosgrove	12	10		
Mr Scott McCorkell	12	6		
Mr Don Ferguson	12	9	4	3

\* 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.

### 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:

- Ms Sophie Langshaw (Chair) - Independent Non Executive Director
- Mr William Peter Day – independent Non Executive Director
- Mr Robert McEniry – Independent Non Executive Director
- Mr Don Ferguson - Independent Non Executive Director
- Ms Shanna Souter - Independent Committee Member

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

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

- Ms Robyn Hunter - Chief Executive Officer; B. Applied Science (Physio), MBA, GAICD
- Mr Jack Hanson - General Manger - Commercial Development; BAgSci (Hons), MBA, MEc, GIA(Cert), AdvDipPM

# Multiple Sclerosis Limited

## Directors' report

For the year ended 30 June 2015

### 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 4 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 *Australian Charities and Not-for-profits Commission Act 2012 and Australian Charities and Not-for-profits Commission Regulation 2013 (ACNC)* and other regulatory requirements.
- Monitor the actual financial performance against budget approved by the Board and review revised forecasts for the year.

(iv) *Risk management*

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

### 3 Company particulars

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

The Nerve Centre  
54 Railway Road  
Blackburn VIC 3130

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

### 4 Principal activities

The Company is a not-for-profit community service organisation incorporated under the provisions of the Corporations Act as a company limited by guarantee and is registered with the ACNC. 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; and
- Raise funds to support the provision of services and research.

### 5 Operating and financial review

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Total revenue and income from operations	34,400,177	34,142,018
Surplus from operations	2,155,207	1,001,919
Net financing income	2,280,103	486,024
Net surplus for the year	4,435,310	1,487,943

# Multiple Sclerosis Limited

## Directors' report

**For the year ended 30 June 2015**

### **5 Operating and financial review (continued)**

In all facets of business, the Company has had a successful year. The net operating surplus for the 30 June 2015 financial year is a result of greater than budgeted bequest income offsetting below target results from the MS Events. Furthermore, we have achieved operating expenditure savings contributing to the strong financial result.

### **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; and
- Continue to build a capable and sustainable organisation that delivers responsive and effective services to people affected by MS.

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

### **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 2015**

### **11 Events subsequent to reporting date**

Subsequent to the end of the financial year, the Company sold the land and buildings located at Footscray, Victoria. The carrying value of the property at balance date was \$1,102,988 and the property was sold for \$4,250,000 on the 14 August 2015. The property has been reclassified in the statement of financial position from property, plant and equipment to non-current assets held for sale.

Other than the matter noted above, there has not arisen in the interval between the end of the financial year and the date of this report any 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.

### **12 Lead auditor's independence declaration**

The lead auditor's independence declaration is set out on page 29 and forms part of the director's report for the financial year ended 30 June 2015.

This report is made with a resolution of the directors:



Mr William Peter Day

Director

Dated at Melbourne on 24<sup>th</sup> of September 2015.



Multiple Sclerosis Limited

Statement of surplus or deficit and other comprehensive income  
For the year ended 30 June 2015

In AUD	Company	
	2015	2014
<b>Revenue</b>		
Fundraising		
Donation campaigns	2,385,735	2,433,714
Bequests	2,203,570	1,528,767
Art Union	847,166	854,141
Events	7,731,538	9,235,124
Community fundraising	408,825	547,256
Readathon	297,930	267,364
Retail - sale of goods	1,852,013	1,721,601
Other fundraising income	33,004	53,812
Rendering of services		
Residential and respite care		
Government funding	7,209,596	6,632,329
Fees from residents	204,359	188,246
Other income	88,258	55,031
Community teams		
Government funding	4,915,583	4,837,519
Other income	220,236	161,886
Immunotherapy	-	237,253
Disability Day programs	698,025	788,906
Employment services	3,510,351	2,984,653
Other client services income	1,458,002	1,264,350
Corporate services		
Management fees	70,716	70,656
Rental income	139,143	142,278
Other corporate services income	19,194	8,552
Other income	106,933	128,580
<b>Total revenue and other income from operating activities</b>	<b>34,400,177</b>	<b>34,142,018</b>
<b>Expenditure</b>		
Fundraising expenses	7,168,051	7,832,185
Residential care expenses	7,920,196	7,913,782
Community care expenses	5,720,257	5,946,322
Immunotherapy expenses	-	349,960
Disability Day programs expenses	948,792	956,590
Employment services expenses	3,458,439	3,060,264
Other client services expenses	3,553,034	3,952,402
Retail expenses	1,912,464	1,498,282
Corporate expenses	347,103	811,671
Other expenses	1,216,634	818,641
<b>Total expenditure</b>	<b>32,244,970</b>	<b>33,140,099</b>
<b>Surplus from operations</b>	<b>2,155,207</b>	<b>1,001,919</b>
Finance income	2,306,745	486,212
Finance expense	(26,642)	(188)
<b>Net finance income</b>	<b>2,280,103</b>	<b>486,024</b>
Net surplus for the year	<b>4,435,310</b>	<b>1,487,943</b>
<b>Other comprehensive income</b>		
Items that may be reclassified subsequently to surplus or deficit:		
Available-for-sale financial assets - net change in fair value	149,686	376,580
Available-for-sale financial assets - reclassified to surplus or deficit	(1,608)	(210,510)
<b>Total other comprehensive income</b>	<b>148,078</b>	<b>166,070</b>
<b>Total comprehensive income for the year</b>	<b>4,583,388</b>	<b>1,654,013</b>

The notes on pages 11 to 27 are an integral part of these financial statements.



# Multiple Sclerosis Limited

## Statement of financial position

As at 30 June 2015

<i>In AUD</i>	<b>Note</b>	<b>Company</b>	
		<b>2015</b>	<b>2014</b>
<b>Assets</b>			
Cash and cash equivalents	12	3,704,676	4,075,214
Other financial assets	12	4,673,850	1,005,724
Trade and other receivables	9	1,021,985	992,900
Non-current assets held for sale	22	1,102,988	-
<b>Total current assets</b>		<u>10,503,499</u>	<u>6,073,838</u>
Investments in controlled entities	10	4,000,006	4,000,006
Property, plant and equipment	7	13,235,203	14,538,236
Intangible assets	8	606,163	776,913
Available-for-sale financial assets	11	4,223,249	3,952,900
Trade and other receivables	9	3,629,449	1,676,880
<b>Total non-current assets</b>		<u>25,694,070</u>	<u>24,944,935</u>
<b>Total assets</b>		<u>36,197,569</u>	<u>31,018,773</u>
<b>Liabilities</b>			
Employee benefits	13	2,921,036	3,035,876
Deferred income and funds in advance	14	4,230,445	3,488,161
Trade and other payables	15	2,042,873	2,036,480
<b>Total current liabilities</b>		<u>9,194,354</u>	<u>8,560,517</u>
Employee benefits	13	388,547	426,976
<b>Total non-current liabilities</b>		<u>388,547</u>	<u>426,976</u>
<b>Total liabilities</b>		<u>9,582,901</u>	<u>8,987,493</u>
<b>Net assets</b>		<u>26,614,668</u>	<u>22,031,280</u>
<b>Members' funds</b>			
Accumulated surplus		25,591,782	21,156,472
Fair value reserve		951,108	803,030
Bequest reserve		71,778	71,778
<b>Total members' funds</b>		<u>26,614,668</u>	<u>22,031,280</u>

The notes on pages 11 to 27 are an integral part of these financial statements.

# Multiple Sclerosis Limited

## Statement of changes in equity For the year ended 30 June 2015

*In AUD*

	<b>Accumulated surplus</b>	<b>Fair value reserve</b>	<b>Bequest reserve</b>	<b>Total</b>
<b>Company</b>				
<b>Balance at 1 July 2013</b>	19,668,529	636,960	71,778	20,377,267
<b>Total comprehensive income for the year</b>				
Net surplus for the year	1,487,943	-	-	1,487,943
Other comprehensive income	-	166,070	-	166,070
Total comprehensive income for the year	1,487,943	166,070	-	1,654,013
<b>Balance at 30 June 2014</b>	21,156,472	803,030	71,778	22,031,280
<b>Balance at 1 July 2014</b>	21,156,472	803,030	71,778	22,031,280
<b>Total comprehensive income for the year</b>				
Net surplus for the year	4,435,310	-	-	4,435,310
Other comprehensive income	-	148,078	-	148,078
Total comprehensive income for the year	4,435,310	148,078	-	4,583,388
<b>Balance at 30 June 2015</b>	25,591,782	951,108	71,778	26,614,668

The notes on pages 11 to 27 are an integral part of these financial statements.

# Multiple Sclerosis Limited

## Statement of cash flows

For the year ended 30 June 2015

<i>In AUD</i>	<b>Note</b>	<b>Company</b>	
		<b>2015</b>	<b>2014</b>
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		38,553,393	38,509,715
Cash payments in the course of operations		(34,778,931)	(34,868,504)
Cash generated in the course of operations		<u>3,774,462</u>	<u>3,641,211</u>
Interest and financial income		354,176	200,672
Interest expense		(34)	(188)
<b>Net cash flows from operating activities</b>	<b>19</b>	<u>4,128,604</u>	<u>3,841,695</u>
<b>Cash flows from investing activities</b>			
Payments for other financial assets		(3,668,126)	(1,005,724)
Proceeds from sale of available-for-sale financial assets		80,411	81,916
Reinvestment in available-for-sale financial assets		(130,214)	(74,124)
Payments for acquisition of available-for-sale assets		(99,075)	(116,303)
Payments for acquisitions of property, plant and equipment		(682,138)	(464,407)
<b>Net cash flows used in investing activities</b>		<u>(4,499,142)</u>	<u>(1,578,642)</u>
<b>Cash flows from financing activities</b>		-	-
<b>Net cash flows used in financing activities</b>		<u>-</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents		(370,538)	2,263,053
Cash and cash equivalents at beginning of the year		<u>4,075,214</u>	<u>1,812,161</u>
<b>Cash and cash equivalents at end of the year</b>	<b>12</b>	<u>3,704,676</u>	<u>4,075,214</u>

The notes on pages 11 to 27 are an integral part of these financial statements.

# Multiple Sclerosis Limited

## Notes to the financial statements

For the year ended 30 June 2015

### 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 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; and
- Raise funds to support the provision of services and research

In the opinion of the Directors, the Company is not publicly accountable. The financial report of the Company has been drawn up as a special purpose financial report to meet the requirements of the Australian Charities and Not-for-profits Commission Act 2012, 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 Australian Charities and Not-for-profits Commission Act 2012 and the Australian Charities and Not-for-profits Commission Regulation 2013.

The special purpose financial statements include only the disclosure requirements of the following AASBs and those disclosures considered necessary by the directors to meet the needs of members:

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

The financial statements were approved by the Board of Directors on 24 September 2015.

#### (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.

# Multiple Sclerosis Limited

## Notes to the financial statements

For the year ended 30 June 2015

### (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.

#### (i) Change in employee benefit discount rate

During the reporting period the Company changed the discount rate used in its AUD denominated employee benefit liability calculation from the Australian government bond rate to the high quality corporate bond rate and applied this change as a change in accounting estimate.

The Company decreased the carrying amounts of annual leave and long-service leave entitlements in the current year upon application of this change in estimate. These changes impact the 'employee benefits' liability disclosed in the Company's statement of financial position.

### (e) 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 Directors are satisfied the basis of preparation is appropriate as a result of the following factors:

- the Company is generating an operating surplus in the 2015 financial year, and is forecasting an operating surplus in the 2016 financial year;
- the availability of highly liquid investments which may be realised if required; and
- the Company has moved into a net current asset surplus at 30 June 2015 of \$1,309,145 (2014: net current asset deficiency of \$2,486,679).

# Multiple Sclerosis Limited

## Notes to the financial statements (continued)

For the year ended 30 June 2015

### 3 Significant accounting policies

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

#### (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 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(e)(i)).

##### *Investment in controlled entities*

Investments in controlled entities are recorded at the lower of cost or their recoverable amount.

##### *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. 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(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 2015

### 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 2015

### 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) 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 Company'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.

#### (d) 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

# Multiple Sclerosis Limited

## Notes to the financial statements (continued)

For the year ended 30 June 2015

### 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 an 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.

# Multiple Sclerosis Limited

## Notes to the financial statements (continued)

For the year ended 30 June 2015

### 3 Significant accounting policies (continued)

#### (e) Impairment (continued)

##### (iii) Non-financial assets (continued)

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

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

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

#### (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 high quality corporate 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 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.

# Multiple Sclerosis Limited

## Notes to the financial statements (continued)

For the year ended 30 June 2015

### 3 Significant accounting policies (continued)

#### (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.

#### (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. 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. 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) 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 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 2015

### 3 Significant accounting policies (continued)

#### (i) Leases

##### (i) 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.

##### (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 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 assets.

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 and distribution 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 2015

### 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 2014 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 2019 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.

##### (i) AASB 9 Financial Instruments (2014)

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2014, 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.

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 2018. 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

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 15 is effective for annual reporting periods beginning on or after 1 January 2018. The Company is assessing the potential impact on its financial statements resulting from the application of AASB 15.

### 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 2015

### 5 Income and expenditure by nature

<i>In AUD</i>	<i>Note</i>	<b>Company</b>	
		<b>2015</b>	<b>2014</b>
Revenue from services provided		32,441,231	32,291,837
Revenue from sale of goods		1,852,013	1,721,601
Other income		106,933	128,580
Consultant fees		(661,805)	(1,036,175)
Depreciation and amortisation		(1,055,576)	(1,113,725)
Employee expenses	6	(19,405,337)	(18,824,501)
Electricity & gas		(287,414)	(335,264)
IT services		(739,214)	(738,409)
Rental expenses	16	(1,199,049)	(1,237,958)
MSA contribution		(530,800)	(515,340)
Impairment of loan to related parties		(250,000)	-
Research expenses		(315,000)	(315,000)
Impairment of property, plant and equipment		-	(344,420)
Other expenses		(7,800,775)	(8,679,307)
Surplus from operating activities		<u>2,155,207</u>	<u>1,001,919</u>
Financial income:			
Available-for-sale financial assets - interest income		176,684	96,629
Available-for-sale financial assets - distribution income		177,492	104,043
Available-for-sale finance assets - reclassified from other comprehensive income		-	210,510
Investment in controlled entities - distribution income		1,952,569	75,030
Financial expense:			
Available-for-sale financial assets - loss on disposal		(26,608)	-
Other		(34)	(188)
Net financing income		<u>2,280,103</u>	<u>486,024</u>
Surplus for the year before tax		4,435,310	1,487,943
Income tax expense		-	-
Surplus for the year		<u>4,435,310</u>	<u>1,487,943</u>

### 6 Employee expenses

<i>In AUD</i>		<b>Company</b>	
		<b>2015</b>	<b>2014</b>
Wages and salaries and other employee expenses		17,925,880	17,326,448
Contribution to defined contribution superannuation funds		1,493,611	1,448,381
Movement in liability for annual leave		(65,901)	25,264
Movement in liability for long service leave		51,747	24,408
	5	<u>19,405,337</u>	<u>18,824,501</u>



# Multiple Sclerosis Limited

## Notes to the financial statements (continued)

For the year ended 30 June 2015

### 7 Property, plant and equipment

*In AUD*

	<b>Company</b>	
	<b>2015</b>	<b>2014</b>
<b>Land and buildings</b>		
At cost	16,373,447	17,587,572
Accumulated depreciation and impairment	(4,511,842)	(4,317,796)
Carrying amount	<u>11,861,605</u>	<u>13,269,776</u>
<b>Plant and equipment</b>		
At cost	6,055,435	5,724,919
Accumulated depreciation	(5,005,813)	(4,592,682)
Carrying amount	<u>1,049,622</u>	<u>1,132,237</u>
<b>Motor vehicles</b>		
At cost	289,574	289,574
Accumulated depreciation	(234,176)	(205,848)
Carrying amount	<u>55,398</u>	<u>83,726</u>
<b>Capital work in progress</b>		
At cost	268,578	52,497
Accumulated depreciation	-	-
Carrying amount	<u>268,578</u>	<u>52,497</u>
<b>Total carrying amounts</b>	<u>13,235,203</u>	<u>14,538,236</u>

### 8 Intangible assets

*In AUD*

	<b>Company</b>	
	<b>2015</b>	<b>2014</b>
<b>Technology One - Software</b>		
At cost	1,195,421	1,195,421
Accumulated amortisation	(589,258)	(418,508)
Carrying amount	<u>606,163</u>	<u>776,913</u>
<b>Total carrying amounts</b>	<u>606,163</u>	<u>776,913</u>

Multiple Sclerosis Limited

Notes to the financial statements (continued)

For the year ended 30 June 2015

**9 Trade and other receivables**

<i>In AUD</i>	<b>Company</b>	
	<b>2015</b>	<b>2014</b>
<b>Current</b>		
Trade receivables	119,087	94,778
Receivables due from related entities	42,056	73,811
Prepayments	300,186	243,806
Accrued income	560,656	580,505
	<u>1,021,985</u>	<u>992,900</u>
<b>Non current</b>		
Loan - controlled entity	1,300,000	1,300,000
Receivables due from controlled entity	2,329,449	376,880
	<u>3,629,449</u>	<u>1,676,880</u>

Trade receivables are shown net of a provision for doubtful debts amounting to \$30,626 (2014: \$15,570).

Loan to controlled entity is unsecured, non-interest bearing and has been classified as non-current in view that the Company does not intend to call upon the loan within 12 months from balance date.

**10 Investments in controlled entities**

<i>In AUD</i>	<b>Company</b>	
	<b>2015</b>	<b>2014</b>
Investments in controlled entities, at cost	4,000,006	4,000,006
	<u>4,000,006</u>	<u>4,000,006</u>

**11 Available-for-sale financial assets**

<i>In AUD</i>	<b>Company</b>	
	<b>2015</b>	<b>2014</b>
<b>Non current</b>		
Equity and debt securities at fair value	4,223,249	3,952,900
	<u>4,223,249</u>	<u>3,952,900</u>

**12 Cash and cash equivalents, including other financial assets**

<i>Cash and cash equivalents</i>	<b>Company</b>	
	<b>2015</b>	<b>2014</b>
Cash on hand	7,050	8,400
Bank balances	3,697,626	4,066,814
Cash and cash equivalents in the statement of cash flows	<u>3,704,676</u>	<u>4,075,214</u>
 <i>Other financial assets</i>		
Fixed interest term deposits	4,673,850	1,005,724
	<u>4,673,850</u>	<u>1,005,724</u>

# Multiple Sclerosis Limited

## Notes to the financial statements (continued)

For the year ended 30 June 2015

### 13 Employee benefits

<i>In AUD</i>	Company	
	2015	2014
<b>Current</b>		
Salaries and incentives	462,540	601,655
Liability for annual leave	1,202,609	1,268,510
Liability for long service leave	1,255,887	1,165,711
	<u>2,921,036</u>	<u>3,035,876</u>
<b>Non-current</b>		
Liability for long service leave	388,547	426,976
	<u>388,547</u>	<u>426,976</u>
	<u>3,309,583</u>	<u>3,462,852</u>

### 14 Deferred income and funds in advance

<i>In AUD</i>	Company	
	2015	2014
Government funding received in advance	818,953	736,711
Government capital grants received in advance	526,065	514,808
Other income received in advance	2,885,427	2,236,642
	<u>4,230,445</u>	<u>3,488,161</u>

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

### 15 Trade and other payables

<i>In AUD</i>	Company	
	2015	2014
<b>Current</b>		
Trade payables	747,473	785,467
Payables to related entities	77,521	48,370
Other trade payables and accrued expenses	1,217,879	1,202,643
	<u>2,042,873</u>	<u>2,036,480</u>

# Multiple Sclerosis Limited

## Notes to the financial statements (continued)

For the year ended 30 June 2015

### 16 Commitments

#### a) Operating leases

Non-cancellable operating lease rentals are payable as follows:

<i>In AUD</i>	Company	
	2015	2014
Less than one year	932,381	887,754
Between one and five years	840,626	747,822
More than five years	-	-
	<u>1,773,007</u>	<u>1,635,576</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 2015, \$1,199,049 (2014: \$1,237,958) was recognised by the Company as an expense in the statement of surplus or deficit and other comprehensive income in respect of operating leases.

#### b) Financial commitments

##### i) Multiple Sclerosis Australia (MSA)

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

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

##### ii) Australian Home Care Services Unit Trust

The Company has confirmed that it has no present intention to call in or cancel its term loan receivable of \$1,300,000 (2014: \$1,300,000) and amount receivable of \$2,329,449 (2014: \$376,880) at 30 June 2015 and bank guarantees provided on behalf of the Trust during the period of 12 months from the date of approval of the 2015 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 2015 the number of members was 407 (2014: 609).

#### 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 2015

### 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. Should the Company sell the Blackburn property, it would make an application to the Department to transfer the deed of charge to an alternative property asset.

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

### 19 Reconciliation of cash flows from operating activities

<i>In AUD</i>	Company	
	2015	2014
<b>Cash flows from operating activities</b>		
Surplus for the year	4,435,310	1,487,943
Adjustments for:		
Depreciation expense	884,826	942,975
Amortisation expense	170,750	170,750
Impairment of property, plant and equipment	-	344,420
Gain on sale of property, plant and equipment	(2,645)	-
Loss/(Gain) on disposal of available-for-sale financial assets	1,608	(210,510)
Write-off of available-for-sale financial assets	25,000	-
Distribution income from investment in controlled entities	(1,952,569)	(75,030)
<b>Operating result before changes in working capital and provisions</b>	<b>3,562,280</b>	<b>2,660,548</b>
Changes in trade and other receivables	(29,085)	254,974
Changes in trade and other payables	6,394	102,487
Changes in employee benefits	(153,269)	125,165
Changes in deferred income	742,284	698,521
<b>Net cash from operating activities</b>	<b>4,128,604</b>	<b>3,841,695</b>

### 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.

# Multiple Sclerosis Limited

## Notes to the financial statements (continued)

For the year ended 30 June 2015

### 21 Auditors' remuneration

<i>In AUD</i>	Company	
	2015	2014
<b>Audit services</b>		
Auditors of the Company		
<i>KPMG Australia:</i>		
Audit and review of financial reports	70,250	68,340
	<u>70,250</u>	<u>68,340</u>
<b>Other services</b>		
Auditors of the Company		
<i>KPMG Australia:</i>		
Assistance with compilation of financial statements	17,980	17,490
Agreed upon procedures	13,200	13,200
	<u>31,180</u>	<u>30,690</u>

### 22 Non-current assets held for sale

In June 2015, management committed to a plan to sell its land and buildings located at Footscray, Victoria. Accordingly, the property is presented as assets held for sale. The carrying amount of the property is \$1,102,988. Efforts to sell the property have started in June 2015 and the sale occurred subsequent to year end, see note 23.

### 23 Subsequent events

Subsequent to the end of the financial year, the Company sold the land and buildings located at Footscray, Victoria. The carrying value of the property at balance date was \$1,102,988 and the property was sold for \$4,250,000 on the 14 August 2015. The property has been reclassified in the statement of financial position from property, plant and equipment to non-current assets held for sale.

Other than the matter noted above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of 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

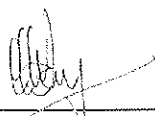
### Directors' declaration

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

- (a) the Company is not publicly accountable;
- (b) the financial statements and notes that are set out on pages 7 to 27 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 Company as at 30 June 2015 and of its performance, as represented by the results of its operations for the financial year ended on that date in accordance with the statement of compliance and basis of preparation described in Note 2; and
  - (ii) complying with the Australian Accounting Standards (including the Australian Accounting Interpretations) to the extent described in Note 1 to 4, 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 2015.

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:



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Mr William Peter Day  
*Director*

Dated at Melbourne on 24<sup>th</sup> of September 2015.





**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 for the financial year ended 30 June 2015 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

**KPMG**  
KPMG

Antoni Cinanni  
Partner  
Melbourne

24 September 2015



## 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 2015, 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 23 comprising a summary of significant accounting policies and other explanatory notes and the Director's declaration of the Company.

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

#### *Directors' responsibility for the financial report*

The directors of the Company are responsible for the preparation of the special purpose financial report that gives a true and fair view in accordance with the ACNC and have determined that the basis of preparation described in notes 1 to 4 to the financial report is appropriate to meet the requirements of the ACNC 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial report, being a special purpose 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 the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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.

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

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



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

### *Independence*

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

### *Auditor's opinion*

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

- (a) giving a true and fair view of the Company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 2 and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

### **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 for the purpose of fulfilling the director's financial reporting responsibilities under the ACNC. As a result, the financial report may not be suitable for another purpose.

KPMG  
KPMG



Antoni Cinanni  
Partner

Melbourne  
24 September 2015