

## DIRECTORS' REPORT

Your Directors submit their report and the financial statements of the consolidated entity of The Multiple Sclerosis Society of South Australia and Northern Territory Inc and the MS Society of SA & NT Foundation (MS Society) for the year ended 30 June 2015.

### DIRECTORS

The names of the members of the Board of Directors who serve in a voluntary capacity and are not remunerated, in office during the year and to the date of this report are:

Mr A N Abbott (Honorary President)

Mr A G Scott (Honorary Vice President & Treasurer)

Ms P Lockyer

Associate Professor M Slee

Ms C Umapathysivam (appointed October 2014)

Ms C Hahn (appointed, November 2014)

### DIRECTORS' BENEFITS

No Director has received or become entitled to receive, during or since the financial year, a benefit as a result of a contract made by the MS Society with a Director, a firm of which a Director is a member or an entity in which a Director has a substantial financial interest, except as noted in the financial statements at Note 12.

### PRINCIPAL ACTIVITIES

The principal activities of the MS Society are the provision of member services, education, information and the allocation of funds for research into the cause and subsequent cure for multiple sclerosis.

The MS Society also operates a Disability Employment Service that provides employment related services to people with a disability funded through the Department of Employment (DoE). This service is operated by the Employment Services Department under the brand name, Multiple Solutions. Multiple Solutions has grown into a large operation, with the aim of attracting funding to support a range of people in need including people living with MS.

The MS Society established a charitable trust, in June 2003, named the MS Society of SA and NT Foundation for the purpose of expanding specific MS Society activities. The MS Society of SA and NT Foundation was wound up during the year, with all net assets of the Foundation being distributed to the MS Society.

### SIGNIFICANT CHANGES

There were no significant changes in the nature of the activities of the MS Society during the year.

### OPERATING RESULTS

The operating profit for the financial year as a result of the MS Society's activities amounted to \$1,848 (2014 loss of \$1,315,325).

### FUTURE DEVELOPMENTS

There are no significant future developments identified by the MS Society

#### AFTER BALANCE DATE EVENTS

There were no significant events subsequent to year end.

#### ENVIRONMENTAL ISSUES

The MS Society's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or a state or territory.

#### INDEMNIFYING OFFICERS OR AUDITORS

The MS Society paid for the insurance premiums of Directors and Officers Liability Insurance policy indemnifying Directors and Officers. No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an auditor of the MS Society.

#### PROCEEDINGS ON BEHALF OF THE ENTITY

No person has applied for leave of a Court to bring proceedings on behalf of the MS Society or intervene in any proceedings to which the entity is a party for the purpose of taking responsibility on behalf of the entity for all or any part of those proceedings.

The MS Society was not a party to any such proceedings during the year.

#### BENEFITS PAYABLE TO DIRECTORS AND / OR OFFICERS

During the financial year:

- (i) no officer of the MS Society;
- (ii) no firm in which an officer was a member; and
- (iii) no body corporate in which an officer has a substantial interest;

has received or become entitled to receive a benefit as a result of a contract between the officer, firm, or body corporate and the MS Society and no officer has received either directly or indirectly from the MS Society any payment or other benefit of a pecuniary value, except as noted in the financial statements at Note 12.

This report is signed for and behalf of the Directors in accordance with a resolution of the Board of Directors.



**A N Abbott**  
Director



**A G Scott**  
Director



EdwardsMarshall

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SUBDIVISION 60-40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012  
TO THE BOARD MEMBERS OF THE MULTIPLE SCLEROSIS SOCIETY OF SOUTH AUSTRALIA AND NORTHERN  
TERRITORY INCORPORATED**

In accordance with section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the board members of the Multiple Sclerosis Society of South Australia and Northern Territory Incorporated.

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2015 there have been no contraventions of the auditor independence requirements as set out in any applicable code of professional conduct in relation to the audit.

Noel Clifford  
Partner

Edwards Marshall  
Chartered Accountants

Adelaide  
South Australia

21 September 2015

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Level 3  
153 Flinders Street  
Adelaide SA 5000  
GPO Box 2163  
Adelaide SA 5001  
p +61 8 8139 1111  
f +61 8 8139 1101  
w [edwardsmarshall.com.au](http://edwardsmarshall.com.au)

**INCOME AND EXPENDITURE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

	<b>Note</b>	<b>2015</b>	<b>2014</b>
<b>Revenue</b>	2	6,910,355	7,694,182
Employee benefit expense		(4,334,299)	(5,984,678)
Depreciation & Amortisation Expense		(184,925)	(193,929)
Fundraising Activity Expenses		(758,607)	(1,270,222)
Client Support Costs		(382,121)	(348,390)
MS Australia Contributions		(36,849)	(12,833)
Operating Lease Expense		(566,515)	(668,942)
Other Expenses		(645,191)	(530,513)
<b>Profit / (Loss) from Operations</b>		<b>1,848</b>	<b>(1,315,325)</b>
Forgiveness / write back of MS Foundation Loan	1A	2,269,533	-
<b>Profit / (Loss) attributable to Members</b>		<b>2,271,381</b>	<b>(1,315,325)</b>

To be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

**ASSETS**

	<b>Note</b>	<b>2015</b>	<b>2014</b>
<b>Current Assets</b>			
Cash Equivalents	4	914,890	216,427
Trade and Other Receivables	5	309,040	305,464
Other Assets	6	75,701	48,430
<b>Total Current Assets</b>		<b>1,299,631</b>	<b>570,321</b>
<b>Non-Current Assets</b>			
Property, Plant & Equipment	7	259,347	454,988
<b>Total Non-Current Assets</b>		<b>259,347</b>	<b>454,988</b>
<b>Total Assets</b>		<b>1,558,978</b>	<b>1,025,309</b>
<b>Current Liabilities</b>			
Trade and Other Payables	8	456,607	3,008,018
Loans Payable	9	14,154	274,343
Provisions	10	380,581	468,060
<b>Total Current Liabilities</b>		<b>851,342</b>	<b>3,750,421</b>
<b>Non-Current Liabilities</b>			
Loans Payable	9	1,193,860	80,639
Provisions	10	96,136	47,990
<b>Total Non-Current Liabilities</b>		<b>1,289,996</b>	<b>128,629</b>
<b>Total Liabilities</b>		<b>2,141,338</b>	<b>3,879,050</b>
<b>Net Assets (Liabilities)</b>		<b>(582,360)</b>	<b>(2,853,741)</b>
<b>Equity</b>			
Accumulated Losses		(582,360)	(2,853,741)
<b>Total Equity</b>		<b>(582,360)</b>	<b>(2,853,741)</b>

To be read in conjunction with the accompanying notes

**COMPARATIVE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015**

	<b>Accumulated Losses</b>
	\$
<b>Balance at 30 June 2013</b>	<u><b>(1,538,416)</b></u>
Loss for the year attributable to Members	<u>(1,315,325)</u>
<b>Balance at 30 June 2014</b>	<u><b>(2,853,741)</b></u>
Profit for the year attributable to Members	<u>2,271,381</u>
<b>Balance at 30 June 2015</b>	<u><b>(582,360)</b></u>

To be read in conjunction with the accompanying notes

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015**

	<b>Notes</b>	<b>2015</b>	<b>2014</b>
<b>Cash Flows from Operating Activities</b>			
Receipts from fundraising activities		2,236,248	2,203,494
Receipts from employment services		3,986,825	3,797,878
Operating grant receipts		278,797	325,528
Other Receipts in the course of the operation		598,751	955,705
Dividends received		-	-
Interest received		11,990	4,717
Donations/Bequests received		252,794	284,403
Recoveries		-	388,705
Cash Payments in the course of operations		(7,462,571)	(8,634,639)
Interest paid		(54,417)	(3,216)
<b>Net Cash used in operating activities</b>	<b>13</b>	<b>(151,583)</b>	<b>(677,425)</b>
<b>Cash Flows from Investing Activities</b>			
Payments for property, plant and equipment		(28,933)	(110,727)
Proceeds from sale of property, plant and equipment		25,947	-
<b>Net cash flows provided by (used in) investing activities</b>		<b>(2,986)</b>	<b>110,727</b>
<b>Cash Flow from Financing Activities</b>			
Loan advances/(paid) from finance companies (net)		(46,968)	3,182
Loan advances from related parties		900,000	757,107
<b>Net cash flows provided by in financing activities</b>		<b>853,032</b>	<b>760,289</b>
<b>Net increase/(decrease) in cash held</b>		<b>698,463</b>	<b>(27,863)</b>
<b>Cash at beginning of the financial year</b>		<b>216,427</b>	<b>244,290</b>
<b>Cash at end of year</b>	<b>13</b>	<b>914,890</b>	<b>216,427</b>

To be read in conjunction with the accompanying notes.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### GENERAL

The financial statements are special purpose financial statements prepared in order to satisfy the financial reporting requirements of the Society's Constitution, the Associations Incorporation Act (1985) SA, the Australian Charities and Not-For-Profits Commission Act 2012 and compliance with mandatory Australian Accounting Standards. The Board has determined that the MS Society is not a reporting entity.

The financial statements have been prepared on an accruals basis and are based on historic costs and do not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following significant accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of these financial statements.

#### A. MS FOUNDATION

During the year ended 30 June 2015, the operations of the MS Foundation ceased and the Foundation itself was wound up. The remaining net assets of the Foundation were transferred to the MS Society. As part of this transfer, the loan payable by the MS Society to the MS Foundation was forgiven. This resulted in the significant profit contribution of \$2,269,533.

The financial statements presented to members for the year ended 30 June 2015, are solely the financial statements of the MS Society.

#### B. PLANT AND EQUIPMENT

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

##### Plant and equipment

Leasehold improvements and plant and equipment are carried at cost less any accumulated depreciation.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the MS Society and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income and expenditure statement during the financial period in which they are incurred.

##### Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over the useful lives of the assets to the MS Society commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are:

	2015	2014
Plant & Equipment	9 – 40%	9 – 40%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income and expenditure statement. When revalued assets are sold, amounts included in the revaluation relating to that asset are transferred to retained earnings.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

#### C. INCOME TAX

The MS Society is exempt from income tax under the current provisions of the Income Tax Assessment Act, and accordingly, no expense has been charged or liability included in the financial statements with respect to income tax.

#### D. LEASES

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

#### E. IMPAIRMENT OF ASSETS

At each reporting date, the MS Society reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value-in-use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the MS Society estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### F. EMPLOYEE BENEFITS

Provision is made for the MS Society's liability for employees' annual leave benefits arising from services rendered by employees to balance date. Employee benefits have been measured at the amounts expected to be paid when the liability is settled, including related on-costs.

Provision is made for long service leave entitlements estimated to be payable to employees on the basis of statutory and contractual requirements. Long service leave entitlements are recognised after five years of employment and a provision is made for 100% of this cost. Vested entitlements (employees with more than 7 years' service), are classified as current liabilities.

Contributions are made by the MS Society to an employee defined contribution superannuation fund and are charged as expenses when incurred.

#### G. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

#### H. FINANCIAL ASSETS

Investments in financial assets are initially recognised at cost, which includes transaction costs, and are subsequently measured at fair value, which is equivalent to their market bid price at the end of the reporting period. Movements in fair value are recognised through an equity reserve.

#### I. REVENUE AND OTHER INCOME

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST).

Interest revenue is recognised on receipt taking into account the interest rates applicable to the financial assets.

Revenue from fundraising activities other than lotteries is recognised on receipt. At the end of each financial year, an accrual is made for monies owed in respect to outstanding lottery ticket payments.

Revenue based grants are credited to revenue in the same period in which the expenditure to which they relate is charged or on receipt if non-specific.

Funding of Disability Employment Services received from DoE is credited to revenue upon receipt. The service fee portion of this funding can be received in advance of services being rendered to some clients, however there is no obligation for the Society to pay back service fees and therefore they are recognised as revenue upon receipt. At the end of each financial year, an accrual is made for services rendered and claimed but not yet paid by DoE.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

#### J. GOODS AND SERVICES TAX

Revenues, 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 an item of the expenses in the Income and Expenditure Statement.

Receivables and payables in the Statement of Financial Position 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 Statement of Financial Position.

Cash flows are presented 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.

#### K. COMPARATIVES

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

#### L. ACQUISITION OF ASSETS

The cost method of accounting is used for all acquisitions of assets. Cost is determined as the fair value of the assets given at the date of acquisition plus costs incidental to the acquisition.

#### M. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the association.

#### N. GOING CONCERN

The financial report has been prepared on the going concern basis. However, your attention is drawn to the following matters:

- a) The MS Society reported a profit attributable to members in 2015 of \$2,271,381, after the forgiveness/ write back of the MS Foundation loan of \$2,269,533. In 2014 it reported a loss of \$(1,315,325).
- b) The MS Society's cash assets increased by \$698,463 in 2015. In 2014 they decreased by \$27,863. Net cash used in operating activities in 2015 was \$(151,583) and in 2014 \$(677,425)
- c) The MS Society has a deficiency in net assets of \$(582,360) as of 30 June 2015. In 2014 it had a deficiency in net assets of \$(2,853,741).
- d) The MS Society is dependent on continued funding from the State & Commonwealth Governments, other bodies, donations, bequests and its fundraising activities.
- e) The MS Society in 2014 entered into a new Disability Employment Services Funding Deed ("the Deed") with the Commonwealth Government. This Deed's contract period is five (5) years expiring on 3<sup>rd</sup> March 2018 and provides special funding for disability employment services offered by the MS Society.
- f) The MS Society has entered into Loan Agreements with MS Australia (MSA) and MSWA supported by a Co-operation Agreement between the MS Society, MSA, MSWA, MS Queensland (MSQ) and MS Limited (MSL). Under the agreement \$1,150,000 was advanced to the MS Society in 2015 at 5% interest per annum and repayable 3 years after the first loan advance was received.

The ability of the MS Society to continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report is dependent upon the success of current and future planned developments, continued support of the State & Commonwealth Governments, its sponsors, members and the community, its sister Societies and the return to positive operating cash flows.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$	2014 \$
<b>NOTE 2 - REVENUE</b>		
<b>Revenue from Ordinary Activities</b>		
Revenue from Fundraising Activities	2,293,534	2,558,232
Employment Assistance Funding	3,941,783	3,998,151
Client Services Revenue	116,681	80,856
Department of Community & Social Inclusion Funding	278,797	262,504
Donations & Bequests	252,794	284,403
Recoveries	-	388,705
Professional Fees	-	67,574
Interest	11,990	4,717
Other Revenues from Ordinary Activities	14,776	49,040
<b>Total revenue</b>	<b>6,910,355</b>	<b>7,694,182</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**NOTE 3 - EXPENSES**

The following expenses were charged during the year	2015 \$	2014 \$
Rental Expense on operating lease	566,515	513,686
Depreciation & amortisation expenses	184,925	193,929
Interest Expense	54,417	3,216
Loss on Disposal of Assets	13,702	-
	<b>819,559</b>	<b>710,831</b>

**Auditors Remuneration**

Auditing or reviewing the financial accounts	14,000	12,500
Auditing statutory compliance for Lottery Draws	2,325	3,418
	<b>16,325</b>	<b>15,918</b>

**NOTE 4 - CASH EQUIVALENTS**

**Note**

	2015 \$	2014 \$
Held in accounts in the name of the Society	914,890	216,427
13	<b>914,890</b>	<b>216,427</b>

**NOTE 5 - TRADE AND OTHER RECEIVABLES**

	2015 \$	2014 \$
<b>CURRENT</b>		
Trade Debtors	9,776	4,235
Other Receivables	299,264	301,229
	<b>309,040</b>	<b>305,464</b>

**NOTE 6 - OTHER ASSETS**

	2015 \$	2014 \$
<b>CURRENT</b>		
Prepayments	75,701	48,430
	<b>75,701</b>	<b>48,430</b>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

**NOTE 7 - PROPERTY, PLANT & EQUIPMENT**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Plant & Equipment at cost	776,957	869,880
Accumulated Depreciation	(517,610)	(414,892)
<b>Total property, plant &amp; equipment at net book value</b>	<b>259,347</b>	<b>454,988</b>

**Reconciliations**

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Plant &amp; Equipment</b>		
Carrying amount at beginning of year	454,988	538,190
Additions	28,933	110,727
Disposals	(39,649)	-
Depreciation	(184,925)	(193,929)
<b>Carrying amount at end of year</b>	<b>259,347</b>	<b>454,988</b>
<b>Total carrying amount of property, plant &amp; equipment</b>	<b>259,347</b>	<b>454,988</b>
<b>Profit/(loss) on disposal of property, plant &amp; equipment</b>	<b>(13,702)</b>	<b>-</b>

**NOTE 8 - TRADE AND OTHER PAYABLES**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT</b>		
Trade Creditors	74,960	109,898
Accrued Expenses/Other Payables	381,647	615,093
Loans Payable to MS Foundation	-	2,283,027
<b>456,607</b>	<b>3,008,018</b>	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 9 - LOANS PAYABLE

	2015	2014
	\$	\$
Loans Payable-Current		
Motor Vehicle Finance Leases - Secured	14,154	24,343
MSA Loan - Unsecured	-	250,000
	<b>14,154</b>	<b>274,343</b>
Loans Payable- Non Current		
Motor Vehicle Finance Leases - Secured	43,860	80,639
MS Loans - Unsecured	1,150,000	-
	<b>1,193,860</b>	<b>80,639</b>
Total Loans Payable	<b>1,208,014</b>	<b>354,982</b>

The MS Society entered into commercial financing agreements with Nissan Financial Services in July 2012 for three (3) of its motor vehicle fleet amounting to \$94,084 with a total interest payable of \$22,094. The loan term periods are 5 and the loans are secured over the underlying assets.

The MS Society has entered into Loan Agreements with MS Australia (MSA) and MSWA supported by a Co-operation Agreement between the MS Society, MSA, MSWA, MS Queensland (MSQ) and MS Limited (MSL) under which MSA, MSQ, MSL through MSA and MSWA will lend a total amount of \$850,000 (including the \$250,000 loan already granted by MSA in May 2014) repayable in July 2017 to the MS Society. These funds have already been released to the MS Society in July 2014.

The MS Society has also entered into another Loan Agreements with MS Australia (MSA) and MSWA for an additional amount of \$300,000 repayable in September 2017 to the respective MS Societies. These funds have already been released to the MS Society in September 2014

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 10 - PROVISIONS

	2015	2014
	\$	\$
<b>CURRENT - EMPLOYEE BENEFITS</b>		
Opening balance at beginning of year	468,060	416,192
Additional Provisions raised during year	318,057	699,816
Amounts Used	(405,536)	(647,948)
Balance at End of Year	<b>380,581</b>	<b>468,060</b>
<b>NON CURRENT - EMPLOYEE BENEFITS</b>		
Opening balance at beginning of year	47,990	92,476
Additional Provisions raised during year	48,146	65,542
Amounts Used	-	(110,028)
Balance at End of Year	<b>96,136</b>	<b>47,990</b>
<b>Analysis of Total Provisions</b>		
Current	380,581	468,060
Non-Current	96,136	47,990
Total Provisions	<b>476,717</b>	<b>516,050</b>

Provision for Long term Employee Benefits

A provision has been recognised for employee entitlements relating to long service leave. Long service leave is accrued for employees with five and greater years of service. This is considered reasonable based on historical data. The measurement and recognition criterion relating to employee benefits has been included in Note 1F to this report.

NOTE 11 – CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments

	2015	2014
	\$	\$
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Payable — minimum lease payments		
Not later than 12 months	470,150	387,970
Between 12 months and 5 years	620,486	733,668
<b>Total lease Liability</b>	<b>1,090,636</b>	<b>1,121,638</b>

The property leases are non-cancellable leases with rent payable monthly in advance. The leases allow for subletting of all lease areas, subject to lessor approval. The rental provisions within the leasing agreements provide for the following:

	Modbury	Brighton	Woodville	Mawson Lakes	Enfield	Morphett Vale	Christies Beach	Launceston	Salisbury	Torrensville	Mawson Lakes Unit	Darwin
Lease Term	3 Years	3 Years	5 Years	5 Years	5 Years	5 Years	2 Years	3 Years	3 Years	3 Years	1 Year	2 Years
Rental increases	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI		N/A
Right of renewal	Available	Available	Available	Available	Available	Available	Available	Available	Available	Available	Available	Available
Lease ends	30/09/17	30/06/18	09/12/17	30/05/16	31/07/18	14/03/18	31/07/15	31/12/15	28/02/16	30/06/18	27/07/16	09/09/14

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 11 – CAPITAL AND LEASING COMMITMENTS (CONT.)

#### (a) Operating Lease Commitments (cont.)

The lease for the Darwin site expired on 9<sup>th</sup> September 2014 and is currently occupied on a monthly lease basis until vacated.

The lease for the Christies Beach site expired on the 31<sup>st</sup> July 2015 and is under renegotiation.

#### (b) Capital Expenditure Commitments

As at 30 June 2015 the MS Society had no capital commitments.

### NOTE 12 - RELATED PARTY TRANSACTIONS

No director has entered into any contract with the MS Society since the end of the previous financial year except for the purchase of professional legal services amounting to \$6,394 (2014 \$18,060) from Piper Alderman, a business of which Mr Anthony Abbott was formerly a partner and is now an employee. Mr Abbott was excluded from all discussions and decisions in this regard.

### NOTE 13 – CASH FLOW INFORMATION

#### (i) RECONCILIATION OF CASH

For the purpose of the statements of cash flows, cash includes cash on hand, cash at bank and bank overdraft. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

	Note	2015 \$	2014 \$
<b>Cash at bank</b>			
Held in accounts in the name of the Society			
Cash at bank		843,080	144,060
Lottery bank accounts		67	2,063
Term deposit		68,062	66,222
Cash on hand		3,681	4,082
Total Cash	4	<b>914,890</b>	<b>216,427</b>

#### (ii) FINANCE FACILITIES

As at June 30, 2015, a 6-month rolling term deposit account amounting to \$68,062 was held with Westpac Banking Corporation.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**NOTE 13 – CASH FLOW INFORMATION (cont.)**

**(iii) RECONCILIATION OF PROFIT / (LOSS) ATTRIBUTABLE TO MEMBERS TO NET CASH USED IN OPERATING ACTIVITIES**

	2015	2014
	\$	\$
<b>Profit / (Loss) attributable to members</b>	<b>2,271,381</b>	<b>(1,315,325)</b>
<b>Add/(less) items classified as investing/financing</b>		
Loss on sale of non-current assets	13,702	-
<b>Add (less) non-cash items</b>		
Depreciation	184,925	193,929
MS Foundation Loans forgiven - principal	(2,283,027)	-
<b>Change in assets and liabilities during the financial period:</b>		
(Increase)/Decrease in trade and other receivables	(3,576)	202,841
(Increase)/Decrease in other assets	(27,271)	15,154
Increase/(Decrease) in creditors and other payables	(268,384)	218,594
Increase/(Decrease) in provisions	(39,333)	7,382
<b>Net cash (used in) operating activities</b>	<b>(151,583)</b>	<b>(677,425)</b>

**NOTE 14 - CONTINGENT LIABILITIES**

The MS Society is a member of the national organisation, Multiple Sclerosis Australia. The MS Society's Directors consider that Multiple Sclerosis Australia plays a vital role in promoting the national presence and administering research funding and accordingly are committed to its continuance. While the MS Society has not given any guarantee over the operations, assets or liabilities of the national entity, the MS Society's Directors may in the future decide that the MS Society is to provide additional funding to support the operations of Multiple Sclerosis Australia. During the year ended 30 June 2015, the MS Society contributed \$36,849 (\$12,833 in 2014) to Multiple Sclerosis Australia being its share of national administration costs.

**NOTE 15 – EVENTS AFTER THE REPORTING PERIOD**

- (a) The financial report was authorised for issue on **21<sup>st</sup> of September 2015** by the Board of Directors.
- (b) There have been no significant events that have occurred subsequent to 30 June 2015.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**NOTE 16 – ASSOCIATION DETAILS**

The registered office and principal place of business of the MS Society is:

The Multiple Sclerosis Society of South Australia & Northern Territory Incorporated  
Module 6E, Endeavour House, Technology Park  
11-15 Fourth Avenue  
MAWSON LAKES, SA 5095

**NOTE 17 - SEGMENT REPORTING**

The MS Society operates predominantly in one business segment and two geographical segments, being the disability support sector providing services to people with MS throughout South Australia and the Northern Territory.

## STATEMENT BY BOARD OF DIRECTORS

The Directors have determined that the MS Society is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The Directors declare that, in their opinion:

- a) There are reasonable grounds to believe the registered entity is able to pay all of its debts, as and when they become due and payable; and
- b) The attached financial statements and notes thereto satisfy the requirement of Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:
  - i) giving a true and fair view of the financial position and performance of the registered entity in accordance with the accounting policies described in Note 1 to the financial statements; and
  - ii) comply with the Australian Accounting Standards

Signed in accordance with a resolution of the Directors pursuant to regulation 60-15 *Australian Charities and Not-for-profits Commission Regulation 2013*.

On behalf of the directors



**A N Abbott**

Director



**A G Scott**

Director

Dated at Adelaide this 21<sup>st</sup> day of September 2015.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MULTIPLE SCLEROSIS SOCIETY OF SOUTH AUSTRALIA AND NORTHERN TERRITORY INCORPORATED****Report on the Financial Report**

We have audited the accompanying financial report, being a special purpose financial report, of The Multiple Sclerosis Society of South Australia and Northern Territory Incorporated ('the Society'), which comprises the statement of financial position as at 30 June 2015, income and expenditure statement, statement of changes in equity, statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies, other explanatory information, and the declaration by the board of directors for The Society and Multiple Sclerosis Society of South Australia and Northern Territory Incorporated.

***Board Members' Responsibility for the Financial Report***

The board members of the Multiple Sclerosis Society of South Australia and Northern Territory Incorporated are responsible for the preparation of the financial report, and have determined that the basis of preparation described in Note 1, is appropriate to meet the requirements of the *Associations Incorporation Act, 1985* and the *Australian Charities and Not-for-profits Commission Act 2012* and is appropriate to meet the needs of the members. The board members' responsibility also includes such internal control as the board members determine is necessary to enable the preparation and fair presentation 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 have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing the procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstance, 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 accounting policies used and the reasonableness of accounting estimates made by the board members, as well as evaluating the overall presentation of the financial report.

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 Australian professional ethical pronouncements.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MULTIPLE SCLEROSIS SOCIETY OF SOUTH AUSTRALIA AND NORTHERN TERRITORY INCORPORATED**

**Opinion**

In our opinion, the financial of The Multiple Sclerosis Society of South Australia and Northern Territory Incorporate is prepared in accordance with the *Associations Incorporations Act 1985* and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- i) giving a true and fair view of the Society's financial position as at 30 June 2015 and of its performance and cash flows for the year ended on that date;
- ii) complying with Australian Accounting Standards to the extent described in Note 1 and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

We have received all of the information and explanations required from the Society.

**Emphasis of Matter**

Without modifying our opinion, we draw attention to Note 1(n) in the financial report which indicates that the Society has a deficiency in net assets of \$(582,360) as of 30 June 2015. In 2014 it had a deficiency in net assets of \$(2,853,741). These conditions along with other matters as set forth in Note 1(n), indicate the existence of a material uncertainty that may cast significant doubt about the Society's ability to continue as a going concern and therefore the Society may be unable to realise its assets and discharge its liabilities in the normal course of business.

No adjustments have been made to the value of the Society's assets and liabilities reported in the financial statements.

**Basis of Accounting and Restriction on Distribution**

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the Multiple Sclerosis Society of South Australia and Northern Territory Incorporated to meet the requirements of the *Associations Incorporation Act, 1985* and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose.

Edwards Marshall  
Chartered Accountants

Noel Clifford  
Partner

Adelaide  
South Australia

21 September 2015