MEDECINS SANS FRONTIERES SOUTHERN AFRICA NPC
(REGISTRATION NUMBER 2007/008324/08)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

INDEX

The reports and statements set out below comprise the annual financial statements presented to the members:

LEVEL OF ASSURANCE

These financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.

PREPARER

These financial statements were prepared by Yousuf Sujee CA (SA) of Mueni Managment Consulting Proprietary Limited under the supervision of Zanele Dhludhlu - Finance Director, Medecins Sans Frontieres Southern Africa NPC.

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to December 31, 2019 and, in light of this review and the current financial position, they are satisfied that the company has or had access to, adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 3 to 5.

The annual financial statements set out on pages 9 - 30, which have been prepared on the going concern basis, were approved by the board of directors and signed on its behalf by:

Authorised Director

17-04-2019

Date

Independent auditor's report

To the Members of Medecins Sans Frontieres Southern Africa NPC

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Medecins Sans Frontieres Southern Africa NPC (the Company) as at 31 December 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Medecins Sans Frontieres Southern Africa NPC's financial statements set out on pages 9 to 28 comprise:

- the statement of financial position as at 31 December 2018;
- the statement of surplus or deficit for the year then ended;
- the statement of changes in reserves for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the *Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B).

Other information

The directors are responsible for the other information. The other information comprises the information included in the Medecins Sans Frontieres Southern Africa NPC financial statements, which includes the Directors' Report as required by the Companies Act of South Africa. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate,

to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: Raj Dhanlall
Registered Auditor

Waterfall City, Johannesburg
17 April 2019

DIRECTORS' REPORT

The directors have pleasure in submitting their report for the year ended December 31, 2018.

1. Incorporation

The company was incorporated on March 14, 2007 in South Africa and obtained its certificate to commence business on the same day. It thus has no authorised or issued share capital.

2. Nature of business

Medecins Sans Frontieres Southern Africa is a humanitarian organisation, which provides emergency medical aid to populations in danger due to epidemics, armed conflicts and other natural and man-made disasters.

There have been no material changes to the nature of the company's business from the prior year.

3. Review of financial results and activities

The annual financial statements have been prepared in accordance and in compliance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. The accounting policies have been applied consistently compared to the prior year except for the details in Note 2 - New Standards and Interpretations.

Full details of the financial position, results of operations and cash flows of the company are set out in these financial statements.

4. Authorised and issued share capital

The company is incorporated under section 36 of the Companies Act No. 71 of 2008 and thus has no authorised or issued share capital.

5. Addresses

Postal	P O Box 61624 Marshalltown Johannesburg Gauteng 2107
Registered office	7th Floor 70 Fox Street Marshalltown Johannesburg Gauteng 2107

DIRECTORS' REPORT

6. Directorate

The directors in office at the date of this report are as follows:

Directors	Nationality	Changes
M.K. Dalwai	South African	Resigned: 11/05/2018
A.M. Musonda	Zambian	
P. Makurira	Zimbabwean	Resigned: 11/05/2018
W.T. Taderera	Zimbabwean	
K.M. Chu	American	
S.F.P. Rens	Belgian	Resigned: 11/05/2018
M.M. Abrahams	South African	Resigned: 19/01/2018
A.S. Kruger	South African	
M.F.J.M. Fumo	Mozambican	Resigned: 11/05/2018
N.C. Moea	Basotho	
C. Takawira	Zimbabwean	
S. Mire	Swedish	Appointed: 28/07/2018
H. Glette	Norwegian	Appointed: 28/07/2018
B.B. Zamadenga	Malawian	Appointed: 28/07/2018
P. Jaravaza Nee Kuvheya	Zimbabwean	Appointed: 28/07/2018

7. Directors' interests in contracts

No directors' had interests in contracts that require disclosure.

8. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report which would require additional disclosure.

9. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the company.

10. Auditors

PricewaterhouseCoopers Inc. has expressed their willingness to continue in office as auditors in accordance with Section 90 of the Companies Act of South Africa.

11. Secretary

The company secretary is Andries Stefan Kruger.

Postal and residential address	264 Albertina Sisulu Street Johannesburg Gauteng

12. Accounting policies

The annual financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the previous period, except for the adoption of new or revised standards set out in note 2.

13. Non-current assets

Items of property, plant and equipment amounting to R442 079 (2017: R974 478) were purchased during the year in order to expand on the operations in South Africa.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

Figures in Rand	Note	2018	2017
Assets			
Non-Current Assets			
Property, plant and equipment	3	1,140,912	1,313,892
Intangible assets	4	284,330	-
		1,425,242	**1,313,892**
Current Assets			
Amounts due from associated companies	5	3,353,492	2,621,171
Trade and other receivables	6	13,718,607	6,329,115
Cash and cash equivalents	7	5,099,123	7,312,658
		22,171,222	**16,262,944**
Total Assets		**23,596,464**	**17,576,836**
Reserves and Liabilities			
Reserves			
Accumulated surplus		7,395,757	3,025,473
Liabilities			
Current Liabilities			
Amounts due to associated companies	5	252,797	-
Borrowings	8	9,961,980	9,015,334
Trade and other payables	9	5,985,930	5,536,029
		16,200,707	**14,551,363**
Total Equity and Liabilities		**23,596,464**	**17,576,836**

STATEMENT OF SURPLUS OR DEFICIT

Figures in Rand	Note	2018	2017
Revenue	10	100,781,461	84,208,903
Other income		34,253	58,729
Operating expenses		(95,976,919)	(83,015,400)
Operating surplus	11	**4,838,795**	**1,252,232**
Investment income	12	478,096	364,606
Interest paid		(946,607)	(856,631)
Surplus for the year		**4,370,284**	**760,207**
Other comprehensive surplus		-	-
Total comprehensive surplus for the year		**4,370,284**	**760,207**

STATEMENT OF CHANGES IN RESERVES

Figures in Rand	**Accumulated surplus**	**Total equity**
Balance at January 1, 2017	**2,265,266**	**2,265,266**
Changes in reserves		
Total Comprehensive Surplus for the year	760,207	760,207
Total changes	760,207	760,207
Balance at January 1, 2018	**3,025,473**	**3,025,473**
Changes in reserves		
Total Comprehensive Surplus for the year	4,370,284	4,370,284
Total changes	4,370,284	4,370,284
Balance at December 31, 2018	**7,395,757**	**7,395,757**

STATEMENT OF CASH FLOWS

Figures in Rand	**Note**	**2018**	**2017**
Cash flows from operating activities			
Cash receipts		93,423,762	47,216,721
Cash paid to suppliers and employees		(95,414,558)	(45,248,326)
Cash (used in) generated from operations	14	(1,990,796)	1,968,395
Interest received		478,096	364,606
Interest paid		(946,607)	(856,631)
Net cash from operating activities		**(2,459,307)**	**1,476,370**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(442,079)	(974,478)
Proceeds on disposal of property, plant and equipment	3	25,535	21,100
Purchase of other intangible assets	4	(284,330)	-
Net cash from investing activities		**(700,874)**	**(953,378)**
Cash flows from financing activities			
Movement in borrowings		946,646	828,959
Net cash from financing activities		**946,646**	**828,959**
Total cash movement for the year		**(2,213,535)**	**1,351,951**
Cash at the beginning of the year		7,312,658	5,960,707
Total cash at end of the year	7	**5,099,123**	**7,312,658**

ACCOUNTING POLICIES

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with, and in compliance with, International Financial Reporting Standards, and the Companies Act of South Africa. The annual financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

1.1 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Key sources of estimation uncertainty

The company had no assets or liabilities whose carrying amounts were determined based on estimations for which there is a significant risk of material adjustments in the following financial year as a result of the key estimation assumptions.

1.2 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Day to day expenses incurred on property, plant and equipment are expensed directly in surplus or deficit for the period. Major expenses that meets the recognition criteria is capitalised.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	6 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	5 years
IT equipment	Straight line	3 years
Computer software	Straight line	2 years

1.2 PROPERTY, PLANT AND EQUIPMENT (continued)

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. Any gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.3 INTANGIBLE ASSETS

An intangible asset is recognised when:
- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software (Implementation costs capitalised)	Indefinite

ACCOUNTING POLICIES

1.4 FINANCIAL INSTRUMENTS

Classification

The company classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through surplus or deficit - designated
- Loans and receivables
- Financial liabilities at fair value through surplus or deficit - designated
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

Initial recognition and measurement

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value. In the case of financial assets or liabilities not classified at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial instrument are added to the fair value.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

After initial measurement financial instruments at fair value through surplus or deficit are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or deficit for the period (including dividends and interest where relevant.

Loans and receivables are measured at amortised cost less any impairment deficits recognised to reflect irrecoverable amounts.

Financial assets classified as available-for-sale or at fair value through surplus or deficit are measured at fair values. Fair value, for this purpose, is market value if listed, or value arrived at by using appropriate valuation models, if unlisted.

Financial liabilities, at fair value through surplus or deficit, including derivatives that are liabilities, are measured at fair value.

Other financial liabilities are measured at amortised cost using effective interest rate method.

1.4 FINANCIAL INSTRUMENTS (continued)

Derecognition of financial instruments

The company derecognises the financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and the associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The company derecognises the financial liability when, and only when, the company's obligations are discharged or cancelled or they expire.

Recognition methods adopted

The particular recognition methods adopted are disclosed in the individual policies below:

Amounts due to/(from) associated entities

These include amounts due to and from related parties.

Amounts due from associated entities are classified as loans and receivables.

Amounts due to associated entities are classified as financial liabilities.

Trade and other receivables

Trade and other receivables are classified as loans and receivables. Impairment is determined on a specific basis, where each asset is individually evaluated for impairment indicators. Write-downs of these assets are expensed in surplus or deficit.

Trade and other payables

Trade payables are classified as financial liabilities at amortised cost.

Cash and cash equivalents

Cash and cash equivalents are short-term highly liquid investments that are readily convertible to a known amount of cash. These are initially and subsequently recorded at fair value.

Impairment of financial assets

Other financial assets classified as loans and receivables are initially recognised at fair value plus transaction costs, and are subsequently carried at amortised cost less any accumulated impairment.

Financial assets, other than those at fair value through surplus or deficit, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

The carrying amount of the financial asset is reduced by the impairment deficit directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in surplus or deficit.

1.4 FINANCIAL INSTRUMENTS (continued)

Other financial liability

Other financial liabilities are classified as financial liabilities at amortised cost.

1.5 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an undiscounted operating lease liability.

Any contingent rents are expensed in the period they are incurred.

1.6 IMPAIRMENT OF ASSETS

The company assesses at each reporting period date, whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment deficit.

An impairment deficit of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment deficit is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment deficit is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit; and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment deficit does not exceed the carrying amount that would have been determined had no impairment deficit been recognised for the asset in prior periods.

A reversal of an impairment deficit of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in surplus or deficit. Any reversal of an impairment deficit of a revalued asset is treated as a revaluation increase.

ACCOUNTING POLICIES

1.7 EMPLOYEE BENEFITS

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

1.8 REVENUE AND OTHER OPERATING INCOME

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable from donations and grants.

Donations that are not specific and grants in respect of specific projects are recognised as income over the duration of the project as and when the expenditure is incurred. Donations and grants received which are project specific and are not utilised are deferred until the expenditure is incurred.

Donations that are not donor or specific are recognised as income when they are received.

Interest is recognised in surplus or deficit using the effective interest rate method.

Dividends are recognised, in surplus or deficit, when the company’s right to receive payment has been established.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• IFRS 9 Financial Instruments	January 1, 2018	The impact of the standard is not material.

2.2 Standards and Interpretations early adopted

The company has chosen not to early adopt any standards and interpretations.

2.3 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after January 1, 2019 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• IFRS 16 Leases	January 1, 2019	Unlikely there will be a material impact

2.4 Standards and interpretations not yet effective or relevant

All other standards and interpretations that have been published and are mandatory for the company's accounting periods beginning on or after January 1, 2019 or later periods are not relevant to its operations.

3. PROPERTY, PLANT AND EQUIPMENT

	2018			2017		
	Cost	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Furniture and fixtures	368,238	(312,299)	55,939	362,119	(298,782)	63,337
Motor vehicles	398,971	(186,003)	212,968	398,971	(140,659)	258,312
Office equipment	88,784	(37,510)	51,274	57,050	(21,678)	35,372
IT equipment	1,880,048	(1,059,317)	820,731	1,591,122	(784,388)	806,734
Computer software	-	-	-	326,169	(176,032)	150,137
Total	**2,736,041**	**(1,595,129)**	**1,140,912**	**2,735,431**	**(1,421,539)**	**1,313,892**

Reconciliation of property, plant and equipment - 2018

	Opening balance	**Additions**	**Disposals**	**Depreciation**	**Total**
Furniture and fixtures	63,337	6,120	-	(13,518)	55,939
Motor vehicles	258,312	-	-	(45,344)	212,968
Office equipment	35,372	31,735	-	(15,833)	51,274
IT equipment	806,734	404,224	(35,404)	(354,823)	820,731
Computer software	150,137	-	(150,137)	-	-
	1,313,892	**442,079**	**(185,541)**	**(429,518)**	**1,140,912**

Reconciliation of property, plant and equipment - 2017

	Opening balance	**Additions**	**Disposals**	**Depreciation**	**Total**
Furniture and fixtures	33,750	44,362	-	(14,775)	63,337
Motor vehicles	294,044	-	-	(35,732)	258,312
Office equipment	8,590	31,559	-	(4,777)	35,372
IT equipment	267,836	720,649	(9,351)	(172,400)	806,734
Computer software	77,320	177,908	-	(105,091)	150,137
	681,540	**974,478**	**(9,351)**	**(332,775)**	**1,313,892**

4. INTANGIBLE ASSETS

	2018			2017		
	Cost / Valuation	**Accumulated amortisation**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation**	**Carrying value**
Computer software (Implementation costs capitalised)	284,330	-	284,330	-	-	-

Reconciliation of intangible assets - 2018

	Opening balance	**Additions**	**Total**
Computer software (Implementation costs capitalised)	-	284,330	284,330

Figures in Rand	2018	2017

5. AMOUNTS DUE (TO)/FROM ASSOCIATED COMPANIES

Related companies

Medecins Sans Frontieres - International Office	90,591	150,857
Medecins Sans Frontieres - Spain - OCBA	-	16,773
Medecins Sans Frontieres - Swaziland - Nhlangano	-	7,443
Medecins Sans Frontieres - Nigeria	51,957	51,957
Medecins Sans Frontieres - International	438,878	-
Medecins Sans Frontieres - Supply	-	30,876
Medecins Sans Frontieres - Sweden	-	5,580
Medecins Sans Frontieres - Luxembourg	317,579	36,909
Medecins Sans Frontieres - B- Zimbabwe	(26,668)	-
Medecins Sans Frontieres - Belgium	1,248,355	562,773
Medecins Sans Frontieres - Mozambique	-	2,400
Medecins Sans Frontieres - OCB-Zimbabwe	312,724	2,021
Medecins Sans Frontieres - United Kingdom	-	6,735
Medecins Sans Frontieres- CT Co-ordination	262,761	237,999
Medecins Sans Frontieres - Brazil	-	2,061
Medecins Sans Frontieres - Epicentre	-	207,254
Medecins Sans Frontieres - Paris	-	238,556
Medecins Sans Frontieres - Geneva	(226,129)	526,485
Medecins Sans Frontieres - Malawi	-	9,710
Medecins Sans Frontieres - Malawi OCP	-	5,365
Medecins Sans Frontieres - OCA-Amsterdam	252,689	70,065
Medecins Sans Frontieres - Switzerland	377,958	449,352
	3,100,695	**2,621,171**

The balance is unsecured, interest free and has no fixed terms of repayment and is denominated in Rands.

Current assets	3,353,492	2,621,171
Current liabilities	(252,797)	-
	3,100,695	**2,621,171**

Credit quality of amounts due from associated companies

No check of the credit quality of amounts due from associated companies is performed. As amounts due from associated companies do not have any terms of repayment, there are no amounts that are past their due date. All amounts due from associated companies were considered recoverable and hence have not been impaired or provided for.

Fair value of amounts due to and from associated companies

There is no material difference between the fair value of amounts due to and from associated companies and their book value.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2018	2017

6. TRADE AND OTHER RECEIVABLES

	2018	2017
Trade receivables	7,268,618	3,367,407
Employee costs in advance	35,228	24,289
Prepayments	2,260,416	672,086
Deposits	421,314	377,064
Value-added tax	2,737,686	647,927
MSF fieldworker expense recoverables	934,219	943,369
Other receivables	61,126	296,973
	13,718,607	**6,329,115**

Fair value of trade and other receivables

There is no material difference between the fair value of trade and other receivables and their book value.

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 December 2018 no receivables were past due but not impaired.

Trade and other receivables impaired

As of December 31, 2018, no trade and other receivables were impaired and provided for.

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2018	2017
Cash on hand	8,081	3,296
Bank balances	5,091,042	7,309,362
	5,099,123	**7,312,658**

There is no material difference between the fair value of cash and cash equivalents and the book value.

Medecins Sans Frontieres Southern Africa has a monthly electronic fund transfer processing facility of R2 900 000 and R210 000 of this is unavailable for use as it is held as security for the facility.

8. BORROWINGS

	2018	2017
At amortised cost		
Medecins Sans Frontieres - Belgium	9,961,980	9,015,334
The loan is unsecured, interest free, was repayable by 31 December 2018 and has a book value of R9 961 980. It is accounted for at amortised cost and has been discounted using the applicable prime interest rate to its year end fair value over a two year repayment period. After year end management obtained an extension on the loan. The loan is now repayable by 31 December 2019.		

	2018	2017
Current liability		
At amortised cost	9,961,980	9,015,334

There is no material difference between the fair value of borrowings and the book value.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2018	2017

9. TRADE AND OTHER PAYABLES

Trade payables	2,489,157	1,530,646
Payroll accruals	31,780	702,065
Accrued leave pay	1,257,682	1,081,682
Other payables	73,685	101,746
Lease smoothing accrual	-	84,427
Donations payable to other MSF entities	2,133,626	2,035,463
	5,985,930	**5,536,029**

Fair value of trade and other payables

There is no material difference between the fair value of trade and other payables and their book value.

10. REVENUE

Grants received	73,817,988	59,029,234
Unrestricted fundraising income	26,627,399	23,867,468
Restricted fundraising income	336,074	1,312,201
	100,781,461	**84,208,903**

11. OPERATING SURPLUS

Operating surplus for the year is stated after accounting for the following:

Operating lease charges		
Premises		
• Contractual amounts	1,182,929	1,166,378

Loss/(surplus) on sale of property, plant and equipment	160,006	(11,749)
Depreciation of property, plant and equipment	421,251	332,775
Employee costs	37,993,631	31,244,073
Donations	22,395,677	20,642,431
Advertising and promotions	19,817,612	14,009,163
Travel costs	6,262,779	5,698,320
Consulting and professional fees	2,085,410	2,783,445
Sundry	7,160,565	8,293,444
	95,976,919	**83,015,400**

12. INVESTMENT INCOME

Interest income		
Bank	478,096	364,606

13. TAXATION

No provision has been made for 2018 taxation as the company is exempt from tax in terms of section 10(1)(cN) of the Income Taxation Act No. 58 of 1962.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2018	2017

14. CASH GENERATED FROM OPERATIONS

	2018	2017
Surplus for the year	4,370,284	760,207
Adjustments for:		
Depreciation	429,518	332,775
Loss/(surplus) on disposal of property, plant and equipment	160,006	(11,749)
Interest received	(478,096)	(364,606)
Interest paid	946,607	856,631
Changes in working capital:		
Trade and other receivables	(7,389,492)	(765,556)
Amounts due from associated companies	(732,321)	(973,379)
Amounts due to associated companies	252,797	(39,994)
Trade and other payables	449,901	2,174,066
	(1,990,796)	**1,968,395**

15. COMMITMENTS

Operating leases – as lessee (expense)

Minimum lease payments due	2018	2017
- within one year	1,063,179	988,723
- in second to fifth year inclusive	2,105,824	3,141,448
	3,169,003	**4,130,171**

Operating lease payments represent rentals payable by the company for certain of its office properties and office equipment. Leases are negotiated for an average term between three to five years and rentals increase between 8% to 15% per annum.

16. RELATED PARTIES

Relationships

Common directorship	Medecins Sans Frontieres Operational Centres Medecins Sans Frontieres Belgium - CT Co-ordination Office Medecins Sans Frontieres - Swiss Medecins Sans Frontieres - Luxembourg Medecins Sans Frontieres International - Access Campaign Medecins Sans Frontieres USA Medecins Sans Frontieres Belgium Medecins Sans Frontieres - Spain - OCBA Medecins Sans Frontieres - Malawi Medecins Sans Frontieres OCB - Zimbabwe Medecins Sans Frontieres - International Office Medecins Sans Frontieres - Australia Medecins Sans Frontieres - Epicentre Medecins Sans Frontieres - Switzerland

16. RELATED PARTIES (continued)

Medecins Sans Frontieres Amsterdam - OCA
Medecins Sans Frontieres - Canada
Medecins Sans Frontieres - Swaziland - Nhlangano
Medecins Sans Frontieres - Sweden
Medecins Sans Frontieres OCA - Zimbabwe
Medecins Sans Frontieres - Supply
Medecins Sans Frontiers - Geneva
Medecins Sans Frontieres - UK
Medecins Sans Frontieres - Brazil
Medecins Sans Frontieres - Geneva - Maputo
Medecins Sans Frontieres - Paris

Related party balances

Loans to/(from) group companies and Receivables		
Medecins Sans Frontieres - Geneva	(226,129)	526,485
Medecins Sans Frontieres - B- Zimbabwe	(26,668)	-
Medecins Sans Frontieres - Belgium	1,248,355	562,773
Medecins Sans Frontieres - Belgium	(9,961,980)	(9,015,334)
Medecins Sans Frontieres - CT Co-ordination	116,576	237,999
Medecins Sans Frontieres - Epicentre	-	207,254
Medecins Sans Frontieres - Paris	-	238,556
Medecins Sans Frontieres - OCA-Amsterdam	252,689	70,065
Medecins Sans Frontieres - OCB-Zimbabwe	312,724	2,021
Medecins Sans Frontieres - OCBA - Spain	-	16,773
Medecins Sans Frontieres - Switzerland	377,958	449,352
Medecins Sans Frontieres - United Kingdom	-	6,735
Medecins Sans Frontiers - Brazil	-	2,061
Medecins Sans Frontieres - Swaziland Nhlangano	-	7,443
Medecins Sans Frontieres - International office	90,591	150,857
Medecins Sans Frontieres - Nigeria	51,957	51,957
Medecins Sans Frontieres - Luxembourg	317,579	36,909
Medecins Sans Frontieres - Malawi	-	9,710
Medecins Sans Frontieres - Sweden	-	5,580
Medecins Sans Frontieres - Supply	-	30,876
Medecins Sans Frontieres - Malawi OCP	-	5,365
Medecins Sans Frontieres - International	438,878	-
	(7,041,903)	**(6,396,563)**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2018	2017

16. RELATED PARTIES (continued)

Related party transactions

	2018	2017
Grants received from related parties		
Medecins Sans Frontieres - Belgium	73,817,988	59,029,234
Donations		
Medecins Sans Frontieres OCB - Cape Town	22,395,677	20,133,533
Other Income- Registration Fee (International MSF delegates)		
Medecins Sans Frontieres - International Association	-	46,980
Interest Expense		
Medecins Sans Frontieres - Belgium	946,640	856,631

17. DIRECTORS' AND PRESCRIBED OFFICER'S EMOLUMENTS

Emoluments paid to the directors or any individuals holding a prescribed office during the year are as follows:

Executive

2018

	Emoluments	Total
A.M. Musonda	167,200	167,200

2017

	Emoluments	Total
D. Mohammed	53,283	53,283
A.M. Musonda	85,409	85,409
	138,692	**138,692**

No emoluments were received by other non-executive directors.

Prescribed officers

2018

	Emoluments	Other benefits*	Pension paid or receivable	Total
GSG Molinie	1,033,399	36,408	94,531	1,164,338

* Other benefits comprise travel allowance and medical benefits

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

18. RISK MANAGEMENT

Liquidity risk

Due to the dynamic nature of the underlying businesses, company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

At present, the company does expect to pay all liabilities at their contractual maturity. In order to meet such cash commitments, the company expects the operating activity to generate sufficient cash inflows. In addition, the company holds financial assets for which there is a liquid market and that are readily available to meet liquidity needs.

Interest rate risk

The company's interest rate risk mainly concerns financial assets. Assets are floating rate and non-interest bearing. At present, the company does not hold loans and receivables that are long term in nature. The following table analyses the breakdown of assets/liabilities by type of interest rate:

2018	Bank accounts subject to interest
Cash and cash equivalents	5,099,123

2017	Bank accounts subject to interest
Cash and cash equivalents	7,308,566

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade and other receivables and amounts due from associated companies. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Financial assets exposed to credit risk at year end were as follows:

	2018	2017
Amounts due from associated companies	3,207,207	2,621,171
Trade and other receivables (excluding VAT and prepayments)	8,720,505	5,009,102
Cash and cash equivalents	5,099,123	7,312,658

Foreign exchange risk

The company does not have any financial assets or liabilities which are exposed to foreign currency translation risk as they are all South African Rand denominated.

Figures in Rand	2018	2017

19. CATEGORIES OF FINANCIAL INSTRUMENTS

Amounts from associated companies as per note 5, borrowings as per note 8 and trade and other payables as per note 9 are classified (and subsequently measured) as financial liabilities measured at amortised cost.

Amounts to associated companies as per note 5 and trade and other receivables excluding prepayments and Value added Taxation as per note 6 and cash and cash equivalents as per note 7 are classified as loans and receivables at fair value through profit or loss.

DETAILED STATEMENT OF SURPLUS OR DEFICIT

Figures in Rand	Note	2018	2017
Revenue			
Grants received		73,817,988	59,029,234
Unrestricted fundraising income		26,627,399	23,867,468
Restricted fundraising income		336,074	1,312,201
	10	**100,781,461**	**84,208,903**
Other operating income			
Sundry income		34,253	46,980
Interest received	12	478,096	364,606
Surplus on disposal of assets		-	11,749
		512,349	**423,335**
Expenses (Refer to page 30)		**(95,976,919)**	**(83,015,403)**
Operating surplus/(deficit)	11	**5,316,891**	**1,616,835**
Interest paid		(946,607)	(856,631)
Total comprehensive surplus for the year		**4,370,284**	**760,204**

DETAILED STATEMENT OF SURPLUS OR DEFICIT

Figures in Rand	2018	2017
Operating expenses		
Advertising	(19,695,612)	(14,003,255)
Auditors' remuneration	(429,589)	(306,933)
Bank charges	(180,964)	(182,701)
Depreciation	(421,251)	(332,774)
Donations	(22,395,677)	(20,642,432)
Employee costs	(37,993,631)	(32,891,204)
Fines and penalties	(86,151)	(136,333)
Insurance	(231,982)	(182,145)
Language translation costs	(43,194)	(126,891)
Lease rentals on operating lease	(1,182,929)	(1,166,378)
Legal fees	(46,994)	(67,190)
Meeting and workshops	(1,799,745)	(2,895,007)
Merchandising costs	(37,158)	(74,691)
Motor vehicle expenses	(55,355)	(86,779)
Municipal expenses	(191,848)	(142,513)
Other consulting and professional fees	(2,085,410)	(1,921,755)
Other expenses	(515,569)	(428,863)
Postage and delivery expenses	(417,619)	(247,036)
Printing and stationery	(83,381)	(82,212)
Profit and loss on sale of assets and liabilities	(160,006)	-
Repairs and maintenance	(631,185)	(450,974)
Subscriptions	(21,399)	(2,702)
Telephone and fax	(496,678)	(423,367)
Training	(510,813)	(175,003)
Travel costs	(6,262,779)	(6,046,265)
	(95,976,919)	**(83,015,403)**

The supplementary information presented does not form part of the annual financial statements and is unaudited