

MSF SOUTHERN AFRICA ANNUAL FINANCIAL STATEMENT 2019



**MEDECINS SANS FRONTIERES SOUTHERN AFRICA NPC
(REGISTRATION NUMBER 2007/008324/08)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

Medecins Sans Frontieres Southern Africa NPC
(Registration number: 2007/008324/08)
Annual Financial Statements for the year ended 31 December 2019

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Assists populations in distress in mobilising all material resources at the organisations disposal in order to assist them. The company also aims to create awareness and act as a witness for disasters, wars and epidemics faced around the world.
Registered office	7th Floor 70 Fox Street Marshalltown Johannesburg Gauteng 2107
Business address	7th Floor 70 Fox Street Marshalltown Johannesburg Gauteng 2107
Postal address	P O Box 61624 Marshalltown Johannesburg Gauteng 2107
Company registration number	2007/008324/08
S18A Public benefit organisation	930025677

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

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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 KC Rottok Chesaina CA (SA) of Mueni Managment Consulting Proprietary Limited under the supervision of Zanele Dhludhlu - Finance Director, Medecins Sans Frontieres Southern Africa NPC.

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DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required by the Companies Act 71 of 2008, 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 the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities 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 31 December 2020 and, in the light of this review and the current financial position, they are satisfied that the company has or has 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 annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 6 - 8.

The annual financial statements set out on pages 9 to 25, which have been prepared on the going concern basis, were approved by the board on 23 July 2020 and were signed on its behalf by:

Approval of annual financial statements



Director



Director

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DIRECTORS' REPORT

The directors have pleasure in submitting their report for the year ended 31 December 2019.

1. Incorporation

The company was incorporated on 14 March 2007 as a non-profit company 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 IFRS for SME's and the requirements of the Companies Act 71 of 2008. IFRS for SME's was adopted during the current year.

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

4. Directorate

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

Directors	Nationality	Changes
A. Musonda	Zambian	
W.T. Taderera	Zimbabwean	
K.M. Chu	American	
A.S. Kruger	South African	
N.C. Moea	Basotho	
C. Takawira	Zimbabwean	
N Gugulethu	South African	Appointed: 11/05/2019
S. Mire	Swedish	
H. Glette	Norwegian	
B.B. Zamadenga	Malawian	
P. Jaravaza Nee Kuvheya	Zimbabwean	

5. Directors interests in contracts

No directors had interests in contracts that require disclosure.

6. 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.

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DIRECTORS' REPORT

7. Events after the reporting period

On 11 March 2020, the World Health Organization declared Covid 19 as a pandemic.

It is still too early to conclude exactly what significance the pandemic will have for MSF Southern Africa and for the international movement of which it forms part. It is clear, however, that it is likely to have an impact on the raising of funds, the nature/scale of the work that MSF Southern Africa will undertake and the level of expenditure that the level of funding will allow. Significant changes in funding will have a corresponding effect on expenditure and, in addition, there will also need to be new expenditure to address the economic and social consequences of the pandemic for MSF Southern Africa itself and its staff members.

Due to this pandemic MSF Southern Africa has had to halt its Face-to-Face fundraising activities, which currently account for about 12% of MSF Southern Africa's fundraising restricted income. Of this, more than 70% of the income is raised through regular, ongoing donor commitments but we expect an increase in donors' cancellations, to negatively affect 2020 and 2021 results.

As addressed in the following note (9), MSF Southern Africa is funded to a significant degree by the Belgian MSF entity (47% of revenue in 2019) and we have received confirmation from MSF Belgium of their commitment to continue funding MSF Southern Africa and its activities for the next 4 years (2020 – 2023) as per the 4 year projections that were approved by the Board of Directors of MSF Southern Africa in November 2019, as well as the MSF Belgium Board of Directors.

Having included this confirmation into our scenario planning for the next 4 years, the Board is confident that MSF Southern Africa will continue to operate effectively and efficiently, guided by careful and regular financial planning and projections, so that at no time will expenditure commitments exceed the ability of the company to meet those commitments.

8. 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.

9. Secretary

The company secretary is Andries Stefan Kruger.

Postal and residential address	264 Albertina Sisulu Street Johannesburg Gauteng
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10. Non-current assets

Items of property, plant and equipment amounting to R458 222 (2018: R442 079) were purchased during the year in order to expand on the operations in South Africa.



Independent auditor's report

To the Members of Medecins Sans Frontieres Southern Africa Non-Profit Company

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Medecins Sans Frontieres Southern Africa Non-Profit (the Company) as at 31 December 2019, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

What we have audited

Medecins Sans Frontieres Southern Africa Non-Profit Company's financial statements set out on pages 9 to 25 comprise:

- the statement of financial position as at 31 December 2019;
- 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;
- accounting policies; and
- the notes to the annual financial statements.

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 sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively.

PricewaterhouseCoopers Inc., 4 Lisbon Lane, Waterfall City, Jukskei View, 2090
Private Bag X36, Sunninghill, 2157, South Africa
T: +27 (0) 11 797 4000, F: +27 (0) 11 209 5800, www.pwc.co.za

Chief Executive Officer: L S Machaba
The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682.



Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled Medecins Sans Frontieres South Africa NPC (Registration number 2007/008324/08) annual financial statements for the year ended 31 December 2019”, which includes the Directors’ Report as required by the Companies Act of South Africa. The 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 the International Financial Reporting Standard for Small and Medium-sized Entities 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

Johannesburg

28 August 2020

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STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

Figures in Rand	Note	2019	2018
Assets			
Non-Current Assets			
Property, plant and equipment	3	1 189 959	1 140 912
Intangible assets	4	142 165	284 330
		1 332 124	1 425 242
Current Assets			
Amounts due from associated entities	5	1 091 404	3 353 492
Trade and other receivables	6	6 774 850	13 718 607
Cash and cash equivalents	7	16 151 220	5 099 123
		24 017 474	22 171 222
Total Assets		25 349 598	23 596 464
Reserves and Liabilities			
Reserves			
Accumulated surplus		5 479 194	7 395 757
Liabilities			
Current Liabilities			
Trade and other payables	8	9 834 156	5 985 930
Amounts due to associated entities	5	74 268	252 797
Borrowings	9	9 961 980	9 961 980
		19 870 404	16 200 707
Total Reserves and Liabilities		25 349 598	23 596 464

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STATEMENT OF SURPLUS OR DEFICIT

Figures in Rand	Note	2019	2018
Revenue	10	116 153 562	100 781 461
Other income		305 987	58 922
Operating expenses		(118 808 702)	(96 001 588)
Operating (deficit) surplus	11	(2 349 153)	4 838 795
Investment income	12	432 590	478 096
Interest paid		-	(946 607)
(Deficit) surplus for the year		(1 916 563)	4 370 284

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STATEMENT OF CHANGES IN RESERVES

Figures in Rand	Accumulated surplus	Total equity
Balance at 01 January 2018	3 025 473	3 025 473
Changes in reserves	4 370 284	4 370 284
Balance at 01 January 2019	7 395 757	7 395 757
Changes in reserves	(1 916 563)	(1 916 563)
Balance at 31 December 2019	5 479 194	5 479 194

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STATEMENT OF CASH FLOWS

Figures in Rand	Note	2019	2018
Cash flows from operating activities			
Cash receipts		123 146 223	93 423 762
Cash paid to suppliers and employees		(114 195 447)	(95 414 558)
Cash generated from (used in) operations	14	8 950 776	(1 990 796)
Interest received		432 590	478 096
Interest paid		-	(946 607)
Net cash from operating activities		9 383 366	(2 459 307)
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(124 199)	(442 079)
Proceeds on disposal of property, plant and equipment	3	43 393	25 535
Purchase of other intangible assets	4	-	(284 330)
Net cash from investing activities		(80 806)	(700 874)
Cash flows from financing activities			
Movement in borrowings		-	946 646
Finance lease payments		(334 022)	-
Net movement in group company loans		2 083 559	-
Net cash from financing activities		1 749 537	946 646
Total cash movement for the year		11 052 097	(2 213 535)
Cash at the beginning of the year		5 099 123	7 312 658
Total cash at end of the year	7	16 151 220	5 099 123

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ACCOUNTING POLICIES

1. Presentation of annual financial statements

The financial statements have been prepared on a going concern basis in accordance and in compliance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act 71 of 2008. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

The company has for the first time in this financial year adopted the International Financial Reporting Standard for Small and Medium-sized Entities. Previously the International Financial Reporting Standard was used.

1.1 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the annual financial statements.

Key sources of estimation uncertainty

The financial statements do not include 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.

surplus are 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 down 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

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.

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ACCOUNTING POLICIES

1.2 PROPERTY, PLANT AND EQUIPMENT (continued)

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 surplus or deficit 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

Intangible assets are initially recognised at cost and subsequently at cost less accumulated amortisation and accumulated impairment losses.

Research and development costs are recognised as an expense in the period incurred.

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

Item	Useful life
Computer software (Implementation costs capitalised)	Indefinite

In cases where management is unable to make a reliable estimate of the useful life of an intangible asset, its best estimate is applied, limited to 10 years.

The residual value, amortisation period and amortisation method for intangible assets are reassessed when there is an indication that there is a change from the previous estimate.

1.4 FINANCIAL INSTRUMENTS

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through surplus or deficit) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the Standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in surplus or deficit.

ACCOUNTING POLICIES

1.4 FINANCIAL INSTRUMENTS (continued)

Amounts due to/(from) associated entities

Amounts due to/(from) associated entities whose fair value cannot otherwise be measured reliably without undue cost or effort are measured at cost less impairment.

1.5 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term unless:

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the payments are not on that basis, or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

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

1.6 IMPAIRMENT OF ASSETS

The company assesses at each reporting date whether there is any indication that property, plant and equipment or intangible assets or goodwill or investment property on the cost model may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in surplus or deficit.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in surplus or deficit.

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 leave pay 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.

1.8 GOVERNMENT GRANTS

Grants that do not impose specified future performance conditions are recognised in income when the grant proceeds are receivable.

Grants that impose specified future performance conditions are recognised in income only when the performance conditions are met.

Grants received before the revenue recognition criteria are satisfied are recognised as a liability.

Grants are measured at the fair value of the asset received or receivable.

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ACCOUNTING POLICIES

1.9 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.

1.10 FOREIGN EXCHANGE

Foreign currency transactions

Exchange differences arising on monetary items are recognised in surplus or deficit in the period in which they arise.

All transactions in foreign currencies are initially recorded in surplus or deficit, using the spot rate at the date of the transaction. Foreign currency monetary items at the reporting date are translated using the closing rate. All exchange differences arising on settlement or translation are recognised in surplus or deficit.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. FIRST-TIME ADOPTION OF THE IFRS FOR SME'S

During the year the company elected to adopt the International financial reporting standard for small and medium-sized entities as its accounting and reporting framework. In the previous year the company applied International financial reporting standards. The adoption had no material impact on the opening retained earnings and therefore no comparative amounts have been restated.

3. PROPERTY, PLANT AND EQUIPMENT

	2019			2018		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	368 238	(327 567)	40 671	368 238	(312 299)	55 939
Motor vehicles	398 971	(228 097)	170 874	398 971	(186 003)	212 968
Office equipment	78 922	(43 758)	35 164	88 784	(37 510)	51 274
IT equipment	1 815 025	(1 201 157)	613 868	1 880 048	(1 059 317)	820 731
Leasehold improvements	334 022	(4 640)	329 382	-	-	-
Total	2 995 178	(1 805 219)	1 189 959	2 736 041	(1 595 129)	1 140 912

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Furniture and fixtures	55 939	6 430	(326)	(21 372)	40 671
Motor vehicles	212 968	-	-	(42 094)	170 874
Office equipment	51 274	23 099	-	(39 209)	35 164
IT equipment	820 731	94 670	(48 604)	(252 929)	613 868
Leasehold improvements	-	334 022	-	(4 640)	329 382
	1 140 912	458 221	(48 930)	(360 244)	1 189 959

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Depreciation	Closing balance
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

2019 2018

Net carrying amounts of leased assets

Leasehold improvements	329 382	-
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand **2019** **2018**

4. INTANGIBLE ASSETS

	2019			2018		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software (Implementation costs capitalised)	284 330	(142 165)	142 165	284 330	-	284 330

Reconciliation of intangible assets - 2019

	Opening balance	Amortisation	Total
Computer software (Implementation costs capitalised)	284 330	(142 165)	142 165

Reconciliation of intangible assets - 2018

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

5. AMOUNTS DUE (TO)/FROM ASSOCIATED COMPANIES

Related companies

Medecins Sans Frontieres - Belgium Trust	(74 268)	-
Medecins Sans Frontieres - CT Co-ordination	11 168	262 761
Medecins Sans Frontieres - Paris	15 838	-
Medecins Sans Frontieres - OCA-Amsterdam	185 799	252 689
Medecins Sans Frontieres - OCB-Zimbabwe	-	312 724
Medecins Sans Frontieres - International Office	42 571	90 591
Medecins Sans Frontieres - B- Zimbabwe	-	(26 668)
Medecins Sans Frontieres - Spain - OCBA	17 342	-
Medecins Sans Frontieres - Switzerland	50 168	377 958
Medecins Sans Frontieres - Nigeria	-	51 957
Medecins Sans Frontieres - International	-	438 878
Medecins Sans Frontieres - United Kingdom	28 789	-
Medecins Sans Frontieres - Belgium	629 480	1 248 355
Medecins Sans Frontieres - Geneva	110 249	(226 129)
Medecins Sans Frontieres - Luxembourg	-	317 579
	1 017 136	3 100 695

The balances are unsecured, interest free with no fixed terms of repayment.

Current assets	1 091 404	3 353 492
Current liabilities	(74 268)	(252 797)
	1 017 136	3 100 695

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Figures in Rand	2019	2018
6. TRADE AND OTHER RECEIVABLES		
Trade receivables	3 488 823	7 268 618
Prepayments	616 118	2 260 416
Deposits	536 989	421 314
Value-added tax	1 633 344	2 737 686
Other receivables	154 378	61 126
MSF fieldworker expense recoverables	292 532	934 219
Employee costs in advance	52 666	35 228
	6 774 850	13 718 607
7. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of:		
Cash on hand	753	8 081
Bank balances	16 150 467	5 091 042
	16 151 220	5 099 123
8. TRADE AND OTHER PAYABLES		
Trade payables	2 704 452	2 489 157
Other payables	31 055	73 685
Accrued leave pay	1 397 643	1 257 682
Donations payable to other MSF entities	5 692 727	2 133 626
Payroll accruals	8 279	31 780
	9 834 156	5 985 930
9. BORROWINGS		
At amortised cost		
Medecins Sans Frontieres - Belgium	9 961 980	9 961 980
The loan was unsecured, interest free, was repayable by 31 December 2019 and had a book value of R9 961 980. It was 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.		
During the current year the loan has become a revolving loan with no terms of repayment and interest free.		
Current liability		
At amortised cost	9 961 980	9 961 980

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Figures in Rand	2019	2018
10. REVENUE		
Grants received	77 987 822	73 817 988
Unrestricted fundraising income	32 092 423	26 627 399
Restricted fundraising income	6 073 317	336 074
	116 153 562	100 781 461
Grants		
		2019
MSF Operational Center Brussels		54 642 010
Southern Africa Medical Unit		19 895 025
Learning and Development		3 450 787
		77 987 822
Restricted fundraising income		
		2019
Companies and Trusts- Cyclone IDAI and Southern Africa Floods		
Datatec Limited		1 000 000
Samsung Electronics South Africa (Pty) Ltd		517 190
Donor Choice Foundation- FNB		503 483
MTN Foundation		500 000
Illovo Sugar South Africa		500 000
Loewenstein Trust/Investec		500 000
Staalboer		100 000
Bureau Veritas		50 000
SMEs and other smaller donations		289 856
		3 960 529
Individuals		838 798
		4 799 327
Restricted Fundraising Income - Projects in South Africa		
		2019
Companies and Trusts- Projects in Southern Africa		
Loewenstein Trust/Investec		1 000 000
Discovery vitality		268 640
		1 268 640
Individuals		5 350
		1 273 990

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Figures in Rand	2019	2018
11. OPERATING (DEFICIT) SURPLUS		
Operating (deficit) surplus for the year is stated after accounting for the following:		
Operating lease charges		
Premises		
• Contractual amounts	1 249 014	1 182 929
Loss/(surplus) on sale of property, plant and equipment	(5 537)	(160 006)
Depreciation of property, plant and equipment	489 531	421 251
Employee costs	47 748 909	37 993 631
Donations	32 804 398	22 395 677
Advertising and promotions	13 738 506	19 817 612
Travel costs	7 187 367	6 262 779
Consulting and professional fees	9 503 399	2 085 410
Sundry	6 577 108	7 160 565
12. INVESTMENT INCOME		
Interest income		
Bank	432 590	478 096
13. TAXATION		
No provision has been made for 2019 tax as the company is exempt from tax in terms of section 10(1)(cN) of the Income Tax Act No. 58 of 1962.		
14. CASH GENERATED FROM OPERATIONS		
(Deficit) surplus before taxation	(1 916 563)	4 370 284
Adjustments for:		
Depreciation and amortisation	502 409	429 518
Loss/(surplus) on disposal of property, plant and equipment	5 537	160 006
Interest received	(432 590)	(478 096)
Interest paid	-	946 607
Changes in working capital:		
Trade and other receivables	6 943 757	(7 389 492)
Trade and other payables	3 848 226	449 901
Amounts due from associated companies	-	(732 321)
Amounts due to associated companies	-	252 797
	8 950 776	(1 990 796)

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Figures in Rand	2019	2018
15. COMMITMENTS		
Operating leases – as lessee (expense)		
Minimum lease payments due		
- within one year	-	1 063 179
- in second to fifth year inclusive	-	2 105 824
	-	3 169 003

Operating lease payments represent rentals payable by the company for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

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
Medecins Sans Frontieres Amsterdam - OCA
Medecins Sans Frontieres - Canada
Medecins Sans Frontieres - Swaziland - Nhlango
Medecins Sans Frontieres - Sweden
Medecins Sans Frontieres OCA - Zimbabwe
Medecins Sans Frontieres - Supply
Medecins Sans Frontieres - Geneva
Medecins Sans Frontieres - UK
Medecins Sans Frontieres - Brazil
Medecins Sans Frontieres - Geneva - Maputo
Medecins Sans Frontieres - Paris
Medecins Sans Frontieres - Hong Kong
Medecins Sans Frontieres - Emergency Pool

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Figures in Rand	2019	2018
16. RELATED PARTIES (continued)		
Related party balances		
Amounts due (to) from associated entities		
Medecins Sans Frontieres - Geneva	110 249	(226 129)
Medecins Sans Frontieres - B- Zimbabwe	-	(26 668)
Medecins Sans Frontieres - Belgium	629 480	1 248 355
Medecins Sans Frontieres - Belgium	(9 961 980)	(9 961 980)
Medecins Sans Frontieres - CT Co-ordination	11 168	116 576
Medecins Sans Frontieres - OCBA	17 342	-
Medecins Sans Frontieres - Paris	15 838	-
Medecins Sans Frontieres - OCA-Amsterdam	185 799	252 689
Medecins Sans Frontieres - OCB-Zimbabwe	-	312 724
Medecins Sans Frontieres - Switzerland	50 168	377 958
Medecins Sans Frontieres - Greece	28 789	-
Medecins Sans Frontieres - Belgium Trust	(74 268)	-
Medecins Sans Frontieres - Swaziland Nhlngano	-	-
Medecins Sans Frontieres - International office	42 571	90 591
Medecins Sans Frontieres - Nigeria	-	51 957
Medecins Sans Frontieres - Luxembourg	-	317 579
Medecins Sans Frontieres - Hong Kong	103 034	-
Medecins Sans Frontieres - International	-	438 878
	(8 876 243)	(7 007 470)
Related party transactions		
Grants received from related parties		
Medecins Sans Frontieres - Belgium	-	73 817 988
Donations		
Medecins Sans Frontieres OCB - Cape Town	-	22 395 677
Interest Expense		
Medecins Sans Frontieres - Belgium	-	(946 640)

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17. DIRECTORS' AND PRESCRIBED OFFICER'S REMUNERATION

Executive

2019

	Emoluments	Total
A.M. Musonda	190 750	190 750

2018

	Emoluments	Total
A.M. Musonda	167 200	167 200

Prescribed officers

2019

	Emoluments	Other benefits*	Pension paid or receivable	Total
GSG Molinie	1 528 971	49 545	149 889	1 728 405

2018

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

18. EVENTS AFTER THE REPORTING PERIOD

On 11 March 2020, the World Health Organization declared Covid 19 as a pandemic.

It is still too early to conclude exactly what significance the pandemic will have for MSF Southern Africa and for the international movement of which it forms part. It is clear, however, that it is likely to have an impact on the raising of funds, the nature/scale of the work that MSF Southern Africa will undertake and the level of expenditure that the level of funding will allow. Significant changes in funding will have a corresponding effect on expenditure and, in addition, there will also need to be new expenditure to address the economic and social consequences of the pandemic for MSF Southern Africa itself and its staff members.

Due to this pandemic MSF Southern Africa has had to halt its Face-to-Face fundraising activities, which currently account for about 12% of MSF Southern Africa's fundraising restricted income. Of this, more than 70% of the income is raised through regular, ongoing donor commitments but we expect an increase in donors' cancellations, to negatively affect 2020 and 2021 results.

As addressed in the following note (9), MSF Southern Africa is funded to a significant degree by the Belgian MSF entity (47% of revenue in 2019) and we have received confirmation from MSF Belgium of their commitment to continue funding MSF Southern Africa and its activities for the next 4 years (2020 – 2023) as per the 4 year projections that were approved by the Board of Directors of MSF Southern Africa in November 2019, as well as the MSF Belgium Board of Directors.

Having included this confirmation into our scenario planning for the next 4 years, the Board is confident that MSF Southern Africa will continue to operate effectively and efficiently, guided by careful and regular financial planning and projections, so that at no time will expenditure commitments exceed the ability of the company to meet those commitments.

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19. 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.

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DETAILED INCOME STATEMENT

Figures in Rand	Note	2019	2018
Revenue			
Restricted fundraising income		6 073 317	336 074
Grants received		77 987 822	73 817 988
Unrestricted fundraising income		32 092 423	26 627 399
	10	116 153 562	100 781 461
Other income			
Discount received		7 518	24 669
Sundry income		60 350	34 253
Grants Received - HWSETA		238 119	-
Interest received	12	432 590	478 096
		738 577	537 018
Operating expenses (Refer to page 27)		(118 808 702)	(96 001 588)
Operating (deficit) surplus	11	(1 916 563)	5 316 891
Interest paid		-	(946 607)
(Deficit) surplus for the year		(1 916 563)	4 370 284

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DETAILED INCOME STATEMENT

Figures in Rand	Note	2019	2018
Operating expenses			
Advertising		(13 738 506)	(19 695 612)
Auditors' remuneration		(406 805)	(429 589)
Bank charges		(147 015)	(180 964)
Depreciation		(489 531)	(421 251)
Donations		(32 804 398)	(22 395 677)
Employee costs		(47 748 909)	(37 993 631)
Merchandising costs		(5 791)	(37 158)
Design of media production costs		(308 872)	-
MSF Sections - unclaimed/unpaid		(1 150)	-
Fines and penalties		-	(86 151)
Meeting and workshops		(1 783 106)	(1 799 745)
Insurance		(195 025)	(231 982)
Lease rentals on operating lease		(1 249 014)	(1 182 929)
Legal fees		(29 615)	(46 994)
Language translation costs		(120 523)	(43 194)
Motor vehicle expenses		(90 798)	(55 355)
Municipal expenses		(307 749)	(191 848)
Other consulting and professional fees		(9 503 399)	(2 085 410)
Other expenses		(1 116 512)	(540 238)
Postage and delivery expenses		(252 600)	(417 619)
Printing and stationery		(54 080)	(83 381)
Profit and loss on sale of assets and liabilities		(5 537)	(160 006)
Repairs and maintenance		(560 234)	(631 185)
Subscriptions		(43 635)	(21 399)
Telephone and fax		(432 651)	(496 678)
Training		(225 880)	(510 813)
Travel costs		(7 187 367)	(6 262 779)
		(118 808 702)	(96 001 588)