Medecins Sans Frontieres Southern Africa NPC
(Registration number 2007/008324/08)
Annual Financial Statements
for the year ended 31 December 2017

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Provision of emergency humanitarian medical aid to populations in danger due to epidemics, armed conflicts and other natural and man-made disasters.
Directors	M.K. Dalwai A.M. Musonda P. Makurira W.T. Taderera K.M. Chu S.F.P. Rens M.M. Abrahams A.S. Kruger M.F.J.M. Fumo N.C. Moea C. Takawira
Registered office	7th Floor, 70 Fox Street Marshalltown Johannesburg 2107
Postal address	P.O.Box 61624 Marshalltown Johannesburg 2107
Auditors	PricewaterhouseCoopers Inc. Registered Auditors
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	The annual financial statements were independently compiled by: Simba Dziwa CA(SA)

Contents

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual 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 annual financial statements.

The annual 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 directors 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 annual 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 2018 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 annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 6 to 8.

The annual financial statements set out on pages 9 to 29, which have been prepared on the going concern basis, were approved by the directors on Tuesday, 19 June 2018 and were signed on their behalf by:

Approval of financial statements

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Director

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Medecins Sans Frontieres Southern Africa NPC for the year ended 31 December 2017.

1. Nature of business

Medecins Sans Frontieres Southern Africa NPC was incorporated in South Africa. It provides emergency humanitarian 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.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

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

3. Directorate

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

Directors	Appointed	Nationality	Changes
D.G. Sermand	29 September 2014	French	Resigned Thursday, 11 May 2017
K.E. Noko	29 September 2014	Zimbabwean	Resigned Thursday, 11 May 2017
M.K. Dalwai	29 September 2014	South African	
D.B. Garone	16 May 2015	Argentinian	Resigned Thursday, 11 May 2017
A.M. Musonda	16 May 2015	Zambian	
P. Makurira	16 May 2015	Zimbabwean	
M.M. Maphike	01 July 2015	South African	Resigned Thursday, 11 May 2017
W.T. Taderera	14 May 2016	Zimbabwean	
K.M. Chu	8 June 2016	American	
S.F.P. Rens	13 June 2016	Belgian	
L. Botha		South African	Resigned Thursday, 11 May 2017
M.M. Abrahams	01 July 2016	South African	
A.S. Kruger		South African	Appointed Monday, 14 August 2017
M.F.J.M. Fumo		Mozambican	Appointed Thursday, 11 May 2017
N.C. Moea		Basotho	Appointed Thursday, 11 May 2017
C. Takawira		Zimbabwean	Appointed Thursday, 11 May 2017

4. 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 that in the considered opinion of the directors might materially affect the financial statements as presented.

5. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

6. Auditors

PricewaterhouseCoopers Inc. were appointed as auditors on 29 November 2017.

Directors' Report

7. Date of authorisation for issue of financial statements

The annual financial statements have been authorised for issue by the directors on Tuesday, 19 June 2018. No authority was given to anyone to amend the annual financial statements after the date of issue.

Independent auditor's report

To the Members of Médecins Sans Frontières Southern Africa NPC

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Médecins Sans Frontières Southern Africa NPC (the Company) as at 31 December 2017, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Médecins Sans Frontières Southern Africa's financial statements set out on pages 9 to 27 comprise:

- the statement of financial position as at 31 December 2017;
- the statement of surplus or deficit;
- 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 *Medicins Sans Frontieres Southern Africa NPC Annual Financial Statements for the year ended 31 December 2017*, 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 the International Financial Reporting Standard 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
22 June 2018

Statement of Financial Position as at 31 December 2017

Figures in Rand	Note(s)	2017	2016
Assets			
Non-Current Assets			
Property, plant and equipment	3	1 313 892	681 540
Current Assets			
Amounts receivable from related entities	4	2 621 171	1 647 792
Trade and other receivables	5	6 329 115	5 563 559
Cash and cash equivalents	6	7 312 658	5 960 707
		16 262 944	**13 172 058**
Total Assets		**17 576 836**	**13 853 598**
Reserves and Liabilities			
Reserves			
Accumulated surplus		3 025 473	2 265 266
Liabilities			
Non-Current Liabilities			
Borrowings	7	-	8 158 903
Current Liabilities			
Trade and other payables	8	5 536 029	3 389 435
Amounts payable to related entities	4	-	39 994
Borrowings	7	9 015 334	-
		14 551 363	**3 429 429**
Total Liabilities		**14 551 363**	**11 588 332**
Total Reserves and Liabilities		**17 576 836**	**13 853 598**

Statement of Surplus or Deficit

Figures in Rand	Note(s)	2017	2016
Revenue	9	84 208 903	69 883 679
Other income	10	58 729	3 308 402
Operating expenses		(83 015 400)	(73 383 259)
Operating surplus	11	**1 252 232**	**(191 178)**
Investment income	13	364 606	292 928
Interest expense		(856 631)	(831 858)
Fair value adjustment		-	1 803 277
Surplus for the year		**760 207**	**1 073 169**

Statement of Changes in Reserves

Figures in Rand	Accumulated surplus	Total reserves
Balance at 01 January 2016	**1 192 097**	**1 192 097**
Surplus for the year	1 073 169	1 073 169
Balance at 01 January 2017	**2 265 266**	**2 265 266**
Surplus for the year	760 207	760 207
Balance at 31 December 2017	**3 025 473**	**3 025 473**
Note(s)		

Statement of Cash Flows

Figures in Rand	Note(s)	2017	2016
Cash flows from operating activities			
Cash used in operations	15	1 968 395	(3 552 039)
Interest received		364 606	292 928
Interest expense		(856 631)	-
Net cash from operating activities		**1 476 370**	**(3 259 111)**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(974 478)	(289 080)
Proceeds from sale of property and equipment		21 100	2 401
Net cash from investing activities		**(953 378)**	**(286 679)**
Cash flows from financing activities			
Movement in borrowings		828 959	-
Total cash movement for the year		**1 351 951**	**(3 545 790)**
Cash at the beginning of the year		5 960 707	9 506 497
Total cash at end of the year	6	**7 312 658**	**5 960 707**

Accounting Policies

1. Significant accounting policies

The significant accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and the Companies Act 71 of 2008 of South Africa, as amended.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Key sources of estimation uncertainty

The annual 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.

1.3 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.

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 where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

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 yearss
IT equipment	Straight line	3 years
Computer software	Straight line	2 years

Accounting Policies

1.3 Property, plant and equipment (continued)

Leasehold improvements	Straight line	5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. 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 profit or loss 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, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.4 Financial instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:
- Financial assets at fair value through profit or loss - designated
- Financial liabilities at fair value through profit or loss - 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 profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

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, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

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

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Net gains or losses on the financial instruments at fair value through profit or loss include dividends and interest.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Accounting Policies

1.4 Financial instruments (continued)

Derecognition

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 collaterised borrowing for the proceeds received.

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

Impairment of financial assets

At each reporting date the company assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Financial instruments designated as at fair value through profit or loss

Amounts owing from/(to) related entities

These are recognised initially at fair value plus direct transaction costs.

Loans to related entities are classified as loans and receivables.

Loans from group related entities are classified as financial liabilities measured at amortised cost.

Accounting Policies

1.4 Financial instruments (continued)

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

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 operating lease liability. This liability is not discounted. The escalation are aggregated and then expensed as a smoothed liability.

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

1.6 Impairment of assets

The company assesses at each end of the reporting period 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.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

Accounting Policies

1.6 Impairment of assets (continued)

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 loss.

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

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 loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

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

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.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.8 Revenue

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

Donations 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 and grants that are not project specific are recognised as income when they are received.

Notes to the Annual Financial Statements

2. New Standards and Interpretations

2.1 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 01 January 2018 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Insurance Contracts	01 January 2021	Unlikely there will be a material impact
• IFRS 16 Leases	01 January 2019	Unlikely there will be a material impact
• IFRS 9 Financial Instruments	01 January 2018	Unlikely there will be a material impact
• IFRS 15 Revenue from Contracts with Customers	01 January 2018	Unlikely there will be a material impact
• Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers	01 January 2018	Unlikely there will be a material impact
• Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions	01 January 2018	Unlikely there will be a material impact

Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment

	2017			2016		
	Cost or revaluation	**Accumulated depreciation**	**Carrying value**	**Cost or revaluation**	**Accumulated depreciation**	**Carrying value**
Furniture and fixtures	362 119	(298 782)	63 337	317 757	(284 007)	33 750
Motor vehicles	398 971	(140 659)	258 312	398 971	(104 927)	294 044
Office equipment	57 050	(21 678)	35 372	25 491	(16 901)	8 590
IT equipment	1 591 122	(784 388)	806 734	891 434	(623 598)	267 836
Computer software	326 169	(176 032)	150 137	148 261	(70 941)	77 320
Total	**2 735 431**	**(1 421 539)**	**1 313 892**	**1 781 914**	**(1 100 374)**	**681 540**

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**

Notes to the Annual Financial Statements

Figures in Rand	2017	2016

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	47 211	-	-	(13 461)	33 750
Motor vehicles	320 275	-	-	(26 231)	294 044
Office equipment	12 498	-	-	(3 908)	8 590
IT equipment	290 163	194 088	(2 886)	(213 529)	267 836
Computer software	32 067	94 992	(2 577)	(47 162)	77 320
Leasehold improvements	61 155	-	(61 155)	-	-
	763 369	**289 080**	**(66 618)**	**(304 291)**	**681 540**

Notes to the Annual Financial Statements

Figures in Rand	2017	2016

4. Amounts owing from/(to) related entities

Medecins Sans Frontieres - CT Co-ordination Office	237 999	134 852
Medecins Sans Frontieres - Luxembourg	36 909	6 550
Medecins Sans Frontieres -Geneva	526 485	223 143
Medecins Sans Frontieres - Belgium	562 773	400 898
Medecins Sans Frontieres - UK	6 735	885
Medecins Sans Frontieres - Brazil	2 061	98 394
Medecins Sans Frontieres - Malawi OCP	5 365	-
Medecins Sans Frontieres - Paris	238 556	(39 994)
Medecins Sans Frontieres - Spain	16 773	31 400
Medecins Sans Frontieres - Malawi	9 710	4 240
Medecins Sans Frontieres - Zimbabwe	2 021	-
Medecins Sans Frontieres - International	150 857	49 706
Medecins Sans Frontieres - Epicentre	207 254	26 087
Medecins Sans Frontieres - Switzerland	449 352	583 017
Medecins Sans Frontieres - Amsterdam	70 065	207
Medecins Sans Frontieres - Mozambique	2 400	-
Medecins Sans Frontieres - Swaziland - Nhlangano	7 443	55 728
Medecins Sans Frontieres - Sweden	5 580	14 417
Medecins Sans Frontieres - Supply	30 876	6 800
Medecins Sans Frontieres - Nigeria	51 957	-
Medecins Sans Frontieres - Swiss	-	1 780
Medecins Sans Frontieres - Maputo	-	6 288
Medecins Sans Frontieres - Canada	-	3 400
	2 621 171	**1 607 798**

Current assets	2 621 171	1 647 792
Current liabilities	-	(39 994)
	2 621 171	**1 607 798**

Fair value of loans to and from related entities

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

Notes to the Annual Financial Statements

Figures in Rand	2017	2016

5. Trade and other receivables

Trade receivables	3 367 407	2 569 831
Employee costs in advance	24 289	23 927
Prepayments	672 086	225 368
Deposits	377 064	386 720
VAT	647 927	1 257 663
MSF Fieldworker expenses recoverables	943 369	1 074 531
Other receivables	296 973	25 519
	6 329 115	**5 563 559**

Split between non-current and current portions

Current assets	6 329 115	5 563 559

Fair value of trade and other receivables

Trade and other receivables which are more than 3 months past due are considered to be impaired.

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 2017, no receivables were past due but not impaired.

Trade and other receivables impaired

As of 31 December 2017, no trade and other receivables were impaired and provided for.

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	3 296	2 943
Bank balances	7 309 362	5 957 764
	7 312 658	**5 960 707**

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 100 000 and R150 000 of this is unavailable for use as it is held as security for the facility.

7. Borrowings

Medicins Sans Frontieres - Belgium

The loan is unsecured, interest free and is repayable by 31 December 2018. The fair value is R9 015 334 and is accounted for at amortized cost and discounted using the applicable prime interest rate to its year end fair value over the two year repayment period.

Non current		
Borrowing	-	8 158 903
Current liability		
Borrowings	9 015 334	-

Notes to the Annual Financial Statements

Figures in Rand	2017	2016

8. Trade and other payables

Trade payables	1 530 646	536 698
Payroll accruals	702 065	542 702
Accrued leave pay	1 081 682	613 882
Other payables	101 746	27 472
Lease smoothing accrual	84 427	-
Donations accrual	2 035 463	1 668 681
	5 536 029	**3 389 435**

9. Revenue

Grants received	59 029 234	45 393 072
Unrestricted fundraising income	23 867 468	20 870 362
Restricted fundraising income	1 312 201	3 620 245
	84 208 903	**69 883 679**

10. Other income

General assembly membership fee	46 980	-
Profit on sale of assets	11 749	-
Salary recovery	-	3 308 402
	58 729	**3 308 402**

11. Operating surplus

Operating surplus for the year is stated after charging the following, amongst others:

Auditor's remuneration - external

Audit fees	306 933	339 895

Expenses by nature

The total expenses are analysed by nature as follows:

Employee costs	31 244 073	28 643 101
Operating lease charges	1 166 378	1 022 483
Depreciation, amortisation and impairment	332 775	304 291
Other expenses	50 272 174	43 413 384
	83 015 400	**73 383 259**

Other expenses consists of the following:

Donations	20 642 431	20 477 301
Advertising and promotions	14 009 163	8 361 210
Travel costs	5 698 320	4 592 736
Consulting and professional fees	2 783 445	3 273 487
Sundry	7 138 815	6 708 650
	50 272 174	**43 413 384**

Notes to the Annual Financial Statements

Figures in Rand	2017	2016

12. Employee costs

Employee costs		
Basic	24 330 317	22 994 447
Bonus	1 856 452	1 479 527
Medical aid - company contributions	1 593 965	1 283 799
UIF	95 796	87 265
Other payroll levies	552 630	252 571
Travel and accommodation reimbursements	61 480	332 346
Food and travel reimbursements	412 960	409 000
Contributions towards retirement	2 340 473	1 804 146
	31 244 073	**28 643 101**

13. Investment income

Interest income		
Bank	364 606	292 928

14. Taxation

No provision has been made for 2017 tax as the company is exempt from income tax in terms of section 10(1)(cN) of the Income Taxation Act No. 58 of 1962.

15. Cash used in operations

Surplus	760 207	1 073 169
Adjustments and changes in working capital:		
Depreciation and amortisation	332 775	304 291
Interest income	(364 606)	(292 928)
Interest expense	856 631	831 858
Fair value adjustments	-	(1 803 277)
Profit on sale of assets	(11 749)	64 217
Amounts receivable from related entities	(973 379)	907 096
Amounts payable to related entities	(39 994)	(326 462)
Trade and other receivables	(765 556)	(2 746 557)
Trade and other payables	2 174 066	(1 563 446)
	1 968 395	**(3 552 039)**

16. Commitments

Operating leases – as lessee (expense)

Minimum lease payments due		
- within one year	988 723	880 731
- in second to fifth year inclusive	3 141 448	4 093 540
- later than five years	-	387 903
	4 130 171	**5 362 174**

Operating lease payments represent rentals payable by the company for certain of its office properties and equipment. Leases are negotiated for an average term of 3 contract 6, 5 and 5 years and rentals are fixed for an average of three years and rentals increase between 8% to 15%.

Notes to the Annual Financial Statements

Figures in Rand	2017	2016

17. Related parties

Relationships

Common directorship

Medecins Sans Frontieres Operational Centres
Medecins Sans Frontieres Belgium - CT Coordination 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 - Nhlangano
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

Related party balances

Loans to/(from) related entities and receivables		
Medecins Sans Frontieres - Geneva	526 485	223 143
Medecins Sans Frontieres - Belgium	562 773	400 898
Medecins Sans Frontieres - Malawi OCP	5 365	-
Medecins Sans Frontieres - Belgium	-	(27 672)
Medecins Sans Frontieres - CT Co-ordination	237 999	134 852
Medecins Sans Frontieres - Epicentre	207 254	26 087
Medecins Sans Frontieres - Paris	238 556	(12 322)
Medecins Sans Frontieres - OCA - Amsterdam	70 065	207
Medecins Sans Frontieres - Switzerland	449 352	583 017
Medecins Sans Frontieres - United Kingdom	6 735	885
Medecins Sans Frontieres - Brazil	2 061	98 395
Medecins Sans Frontieres - Swiss	-	1 780
Medecins Sans Frontieres - International Office	150 857	49 706
Medecins Sans Frontieres - OCBA - Spain	16 773	31 400
Medecins Sans Frontieres - Nigeria	51 957	-
Medecins Sans Frontieres - Swaziland	7 443	55 728
Medecins Sans Frontieres Luxembourg	36 909	6 550
Medecins Sans Frontieres - Maputo	-	6 288
Medecins Sans Frontieres - Malawi	9 710	4 240
Medecins Sans Frontieres - Canada	-	3 400
Medecins Sans Frontieres - Sweden	5 580	14 417
Medecins Sans Frontieres - Supply	30 876	6 800
Medecins Sans Frontieres - Belgium	(9 015 334)	(8 158 703)

Notes to the Annual Financial Statements

Figures in Rand	2017	2016

17. Related parties (continued)

Trade payables - salary recoveries and other expenses

Trade payables -salary recoveries	-	150 345
Medecins Sans Frontieres - International	-	739 084
Medecins Sans Frontieres - Brazil	-	192 352
Medecins Sans Frontieres - IO (Access)	-	355 205
Medecins Sans Frontieres - Switzerland	-	(22 874)
Medecins Sans Frontieres - Geneva	-	37 844
Medecins Sans Frontieres - Spain	-	67 289
Medecins Sans Frontieres - Amsterdam	-	249 264
Medecins Sans Frontieres - Belgium	-	719 698
Medecins Sans Frontieres - Cape Town	-	809 656

Related party transactions

Grants received from related parties		
Medecins Sans Frontieres Belgium	59 029 234	45 393 072
Donations paid		
Medecins Sans Frontieres Khayelitsha	20 133 533	20 143 200
Other income - registration fee (International MSF delegates)		
Medecins Sans Frontieres Worldwide	46 980	36 400
Interest expense		
Medicins Sans Frontieres Belgium	856 631	831 858

18. Directors' emoluments

Non-executive

2017

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

2016

	Emoluments	Pensions paid or receivable	Total
D.G. Sermand	275 554	25 242	300 796
G.C. Barnwell	56 123	5 181	61 304
D. Mohammed	132 206	-	132 206
	463 883	**30 423**	**494 306**

Notes to the Annual Financial Statements

Figures in Rand	2017	2016

19. Risk management

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. 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.

Interest rate risk

The company's interest rate risk arises 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:

	Bank accounts subject to interest
2017	7 308 566
Cash and cash equivalents	
2016	5 957 764
Cash and cash equivalents	

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. 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:

Financial Assets	2017	2016
Amounts due from related entities	2 621 171	1 647 792
Trade and other receivables (Excl VAT and prepayments)	5 009 102	4 080 528
Cash and cash equivalents	7 312 658	5 960 707

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.

20. Reclassification of prior year balances

Reclassification of bank balance

The company's bank account with Mercantile Bank was previously incorrectly classified as a receivable. As a result the prior comparative as at 31 December 2016 has been restated by reclassifying R120 039 from trade and other receivables to cash and cash equivalents.

Reclassification of accruals

In the previous financial year ended 31 December 2016, the company incorrectly accounted for accruals due to related entities as deferred income. The comparative figures have been restated by R1 668 609 from deferred income to trade and other payables.

Detailed Income Statement

Figures in Rand	Note(s)	2017	2016
Revenue			
Grants received		59 029 234	45 393 072
Unrestricted fundraising income		23 867 468	20 870 362
Restricted fundraising income		1 312 201	3 620 245
	9	**84 208 903**	**69 883 679**
Other operating income			
General Assembly membership fees		46 980	-
Profit on sale of asset		11 749	-
Salary recovery		-	3 308 402
	10	**58 729**	**3 308 402**
Expenses (Refer to page 29)		**(83 015 400)**	**(73 383 259)**
Operating surplus	11	**1 252 232**	**(191 178)**
Investment income	13	364 606	292 928
Interest expense		(856 631)	(831 858)
Other non-operating income			
Fair value adjustment		-	1 803 277
Surplus for the year		**760 207**	**1 073 169**

Detailed Income Statement

Figures in Rand	Note(s)	2017	2016
Other operating expenses			
Advertising and promotions		(14 009 163)	(8 361 210)
Auditors remuneration	11	(306 933)	(339 895)
Bank charges		(182 695)	(166 629)
Catering		(16 145)	(4 324)
Consulting and professional fees		(2 783 445)	(3 273 487)
Depreciation		(332 775)	(304 291)
Directors remuneration		(138 692)	(494 305)
Donations		(20 642 431)	(20 477 301)
Employee costs		(31 244 073)	(28 643 101)
Equipment: low value items not capitalised		(93 277)	(47 219)
Fines and penalties		(136 333)	(975)
Insurance		(182 145)	(153 792)
Language translation costs		(126 891)	-
Lease rentals on operating lease		(1 166 378)	(1 022 483)
Legal fees		(67 190)	(24 985)
Loss on sale of assets		-	(64 217)
Meetings and workshops		(2 878 862)	(2 210 366)
Miscellaneous		(24 973)	(136 033)
Motor vehicle expenses		(86 779)	(56 000)
Municipal expenses		(142 513)	(191 354)
Other personnel related costs		(1 356 367)	(954 054)
Placement fees		(19 662)	(31 860)
Postage		(76 031)	(72 644)
Printing and stationery		(82 212)	(119 262)
Repairs and maintenance		(357 697)	(1 038 445)
Telephone and fax		(423 367)	(406 711)
Training		(440 051)	(195 580)
Travel costs		(5 698 320)	(4 592 736)
		(83 015 400)	**(73 383 259)**