

Doctors Without Borders Southern Africa

2022 Annual financial statements



MEDECINS SANS FRONTIERES SOUTHERN AFRICA NPC
(REGISTRATION NUMBER 2007/008324/08)

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

MEDECINS SANS FRONTIERES SOUTHERN AFRICA NPC

(Registration number 2007/008324/08)

Annual Financial Statements for the year ended 31 December 2022

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Assists populations in distress by mobilising all material resources at the company's disposal in order to support them. The company also aims to create awareness and act as a witness for disasters, wars and epidemics faced around the world.
Registered office	9th Floor 70 Fox Street Marshalltown Johannesburg Gauteng 2107
Business address	9th Floor 70 Fox Street Marshalltown Johannesburg Gauteng 2107
Postal address	P O Box 61624 Marshalltown Johannesburg Gauteng 2107
Company registration number	2007/008324/08
Public benefit organisation (with S18A) reference number	930025677
Level of assurance	These annual financial statements were audited in compliance with the applicable requirements of the Companies Act of South Africa.
Preparer	These annual financial statements were compiled by R Ward of Ziyo 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 of South Africa, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in their 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 ("IFRS for SME's") and the requirements of the Companies Act of South Africa. The external auditor is engaged to express an independent opinion on the financial statements.

The annual financial statements are prepared in accordance with the IFRS for SME's and the requirements of the Companies Act of South Africa, and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments 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 set 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 and, in 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 auditor is responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditor and the related report is presented on pages 6 to 7.

The annual financial statements set out on pages 4 to 23, which were prepared on the going concern basis, were approved and published by the directors on 13 May 2023 and were signed on their behalf by:

Approval of annual financial statements



Bhelekazi Harriet Mdlalose
President



Yeukai Mashingaidze
Treasurer

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DIRECTORS' REPORT

The directors have pleasure in submitting their report for the year ended 31 December 2022.

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

The company 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 of South Africa. 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 of the company during the year and to the date of this report are as follows:

Directors	Nationality	Changes
S. Botolo	Malawian	
M. Dhodho	Zimbabwean	
N. Gambu	Zimbabwean	
Z. Maximina	Zambian	
B.H. Mdlalose (President)	South African	
M. Mpungose (Secretary)	South African	
Y.M. Mashingaidze (Treasurer)	Zimbabwean	Appointed: 01/02/2022
A.R. Cederholm	Swedish	Appointed: 14/05/2022
H. Chapomba	Malawian	Appointed: 14/05/2022
G.L. Ngidi	South African	Resigned: 14/05/2022
A. Shroufi	British	Resigned: 22/11/2022

5. Directors interests in contracts

No directors had interests in contracts that require disclosure.

6. Secretary

The company secretary is M. Mpungose, co-opted on 03/07/2021.

Postal and residential address 153 Walton Road
Umthunzi Views, Carlswald
Gauteng

7. Auditor

During the 2022 financial year, PricewaterhouseCoopers Inc. reached the end of their five year tenure and were required to step down as auditors of the company as per Section 92 of the Companies Act of South Africa.

On the 13th of October, 2022 a resolution was passed in the annual general meeting to appoint Nexia SAB&T Inc as the auditor of the company.

8. Non-current assets

Items of property, plant and equipment amounting to R557 167 (2021: R1 023 151) were purchased during the year in order to expand on the operations in South Africa.

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DIRECTORS' REPORT (CONTINUED)

9. Events after the reporting period

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

10. 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 of the company.

The company is funded to a significant degree by the MSF International entity (80% of the budget) and confirmation has been received from MSF Belgium, who are responsible for the cash transfer, of their commitment to continue funding the company and its activities for the 4 years 2020 - 2023 as per the 4 year projections that were approved by the company's board in November 2019 as well as the MSF Belgium board of directors in the resource sharing agreement.

Having included this confirmation in our scenario planning for the next 4 years, the board is confident that the company 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.

The resource sharing agreement (RSA) is an agreement covering a 4 year period (2020 - 2023). It reflects on the common aspirations of all MSF institutional members and seeks to enable operational directorates to:

- have a mechanism that ensures financial resources are adequate to meet operational ambitions;
- guarantee enough funding for their operational ambitions;
- have a movement-wide global financial management structure; and
- have mutual accountability.

The agreement is based on the fact that more than 6 million donors worldwide provide MSF with financial support towards its humanitarian activities. By donating to any MSF section, donors support the collective social mission as implemented by all institutional members. MSF Southern Africa is an institutional member of MSF. Institutional members are stewards of this public generosity and are bound to use the respective revenues in support of the movement's social mission and share them with operational directorates and institutional members based on the principles, goals and mechanisms described in this agreement. As a result, it is this revenue generated by institutional members that will be collectively allocated amongst operational directorates and institutional members. Institutional members' boards have a fiduciary responsibility vis-à-vis each and every donor, and as such, are responsible, jointly with the operational directorates, for the oversight of the use of donated funds, holding each other accountable.

The recently approved resource sharing agreement (RSA4) is built on the premise that donors provide funds to support MSF's work. The mechanism to distribute funding is designed to mutualize the risk, either positive or negative, of fundraising income. The mechanism to distribute funding will propose the grants needed to channel the funding generated by funding contributors to funding recipients. Funding contributors will distribute funding to funding recipients according to agreed-upon percentages totalling 100 percent.

INDEPENDENT AUDITOR'S REPORT

To the Directors of Medecins Sans Frontières Southern Africa NPC

Opinion

We have audited the financial statements of Medecins Sans Frontières Southern Africa NPC, set out on pages 8 to 23, which comprise the statement of financial position as at 31 December 2022 and the statement of surplus or deficit, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Medecins Sans Frontières Southern Africa NPC as at 31 December 2022 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.

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 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 corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Medecins Sans Frontières Southern Africa NPC Annual Financial Statements for the year ended 31 December 2022", 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 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.

Audit. Tax. Advisory.

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.

Nexia SAB&T

Nexia SAB&T

Yatin Soma

Director

Registered Auditor

24 May 2023

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STATEMENT OF FINANCIAL POSITION AS AT THE YEAR ENDED 31 DECEMBER 2022

Figures in Rand	Notes	2022	2021
ASSETS			
Non-current assets			
Property, plant and equipment	2	1 664 756	1 770 063
		<u>1 664 756</u>	<u>1 770 063</u>
Current assets			
Amounts due from associated entities	3	2 700 043	4 950 012
Trade and other receivables	4	51 588 237	11 460 608
Cash and cash equivalents	5	14 464 873	13 328 217
		<u>68 753 153</u>	<u>29 738 837</u>
Total Assets		<u>70 417 909</u>	<u>31 508 900</u>
FUNDS AND LIABILITIES			
FUNDS			
Accumulated funds		6 849 262	7 395 952
		<u>6 849 262</u>	<u>7 395 952</u>
LIABILITIES			
Current liabilities			
Trade and other payables	6	47 285 466	8 125 680
Amounts due to associated entities	3	2 522 973	2 419 950
Borrowings	7	9 961 980	9 961 980
Provisions	8	3 798 228	3 605 338
		<u>63 568 647</u>	<u>24 112 948</u>
Total Funds and Liabilities		<u>70 417 909</u>	<u>31 508 900</u>

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STATEMENT OF SURPLUS OR DEFICIT FOR THE YEAR ENDED 31 DECEMBER 2022

Figures in Rand	Notes	2022	2021
Revenue	9	180 510 403	121 698 113
Other income		58 156	46 734
Operating expenses		<u>(181 683 153)</u>	<u>(124 498 163)</u>
Operating deficit	10	(1 114 595)	(2 753 316)
Investment income	11	<u>567 905</u>	<u>483 675</u>
Net deficit for the year		<u>(546 690)</u>	<u>(2 269 641)</u>

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STATEMENT OF CHANGES IN FUNDS

Figures in Rand	Accumulated Funds	Total funds
Balance at 1 January 2021	9 665 593	9 665 593
Deficit for the year	(2 269 641)	(2 269 641)
Balance at 1 January 2022	7 395 952	7 395 952
Deficit for the year	(546 690)	(546 690)
Balance at 31 December 2022	6 849 262	6 849 262

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STATEMENT OF CASH FLOWS

Figures in Rand	Notes	2022	2021
CASH FLOWS FROM/ (IN) OPERATING ACTIVITIES			
Cash receipts from operating activities		140 440 929	121 355 025
Cash paid to suppliers and employees		(141 668 003)	(126 286 325)
Cash utilised in operations	13	(1 227 073)	(4 931 300)
Investment income		567 905	483 675
Net cash in operating activities		(659 168)	(4 447 625)
CASH FLOWS FROM/ (IN) INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(389 762)	(1 023 151)
Proceeds on disposal of property, plant and equipment		-	32 132
Net cash utilised in investing activities		(389 762)	(991 019)
CASH FLOWS FROM/ (IN) FINANCING ACTIVITIES			
Finance lease payments		(167 405)	-
Amounts received from related parties		4 199 788	2 131 494
Amounts paid to related parties		(1 846 797)	(5 136 357)
Net cash from/ (in) financing activities		2 185 586	(3 004 863)
Total cash movement for the year		1 136 656	(8 443 507)
Cash and cash equivalents at the beginning of the year		13 328 218	21 771 725
Cash and cash equivalents at the end of the year	5	14 464 873	13 328 218

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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 IFRS for SME's, and the Companies Act of South Africa. 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

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 and which are expected to be used for more than one year.

Property, plant and equipment 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
Leasehold improvements	Straight line	6 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.

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.

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ACCOUNTING POLICIES (CONTINUED)

1.2 Property, plant and equipment (continued)

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 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.

Amounts due to/(from) related parties

Amounts due to/(from) related parties whose fair value cannot otherwise be measured reliably without undue cost or

Derecognition

Financial instruments are derecognised when:

1. the contractual rights to the cash flows from the financial asset expire or are settled;
2. all of the significant risks and rewards relating to the financial asset are transferred to another party; or
3. the ability to sell the asset in its entirety to an unrelated third party (who is able to exercise that ability unilaterally and

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ACCOUNTING POLICIES (CONTINUED)

1.4 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:

1. 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
2. the payments are structured to increase in line with expected general inflation (based on published indices or statistics) to compensate for the lessor's expected inflationary cost increases.

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

1.5 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.

1.6 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.

Provision for end of mandate benefit

The end of mandate benefit is aimed at attracting and retaining professionals to deliver on the organisation's strategic objectives. The organisation, in line with its global workforce and diversity strategy, employs both local and foreign employees. The end of mandate benefit assists foreign employees to re-integrate into their home country after assignment by assisting them in making provisions for periods of unemployment when they return to their home countries, as well as as an incentive for locally established employees to retain the strategic expertise of the foreign employee for the fixed period. This provision recognises the company's contractual commitment to fixed-term foreign employees employed under the Global Position Package who are paid a lump-sum on completion of their employment period to assist them to meet the financial disruption of the return to their home countries. The value of the benefit, introduced in 2018, is based on the length of the fixed-term employment period.

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ACCOUNTING POLICIES (CONTINUED)

1.7 Provisions and contingencies

Provisions are recognised when:

1. the organisation has an obligation at the reporting date as a result of a past event;
2. it is probable that the organisation will be required to transfer economic benefits in settlement; and
3. the amount of the obligation can be estimated reliably.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Contingent assets and contingent liabilities are not recognised.

1.8 Revenue and other operating income

Revenue is measured at the fair value of the consideration received or receivable.

Donations and grants that are project specific are recognised as income over the duration of the project as and when the expenditure is incurred. Donations and grants received that are project specific and are not utilised are deferred until the related expenditure is incurred, under the terms of the relevant contract or appeal.

Donations that are not project specific or otherwise restricted, and sundry income, 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

Figures in Rand

2. PROPERTY, PLANT AND EQUIPMENT

	2022			2021		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	123 333	(112 199)	11 134	123 333	(103 784)	19 549
Motor vehicles	285 159	(175 159)	110 000	285 159	(175 159)	110 000
Office equipment	269 794	(124 602)	145 192	201 400	(91 089)	110 311
IT equipment	1 903 512	(932 815)	970 697	1 928 085	(742 565)	1 185 520
Leasehold improvements	659 484	(231 751)	427 733	492 079	(147 396)	344 683
	3 241 283	(1 576 527)	1 664 756	3 030 056	(1 259 993)	1 770 063

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Depreciation	Disposals At cost	Disposals Acc dep	Closing balance
Furniture and fixtures	19 549	-	(8 415)	-	-	11 134
Motor vehicles	110 000	-	-	-	-	110 000
Office equipment	110 311	68 394	(33 513)	-	-	145 192
IT equipment	1 185 520	321 368	(482 743)	(345 940)	292 493	970 697
Leasehold improvements	344 683	167 405	(84 355)	-	-	427 733
	1 770 063	557 167	(609 027)	(345 940)	292 493	1 664 756

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Depreciation	Disposals At cost	Disposals Acc dep	Closing balance
Furniture and fixtures	27 964	-	(8 415)	(244 905)	244 905	19 549
Motor vehicles	110 000	-	-	-	-	110 000
Office equipment	25 313	120 380	(35 382)	-	-	110 311
IT equipment	638 434	902 771	(334 800)	(463 783)	442 898	1 185 520
Leasehold improvements	426 713	-	(82 030)	-	-	344 683
	1 228 424	1 023 151	(460 627)	(708 688)	687 803	1 770 063

Net carrying amounts of leased assets

	2022	2021
Leasehold improvements	427 733	344 683

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Rand

	2022	2021
3. AMOUNTS DUE (TO) / FROM ASSOCIATED ENTITIES		
Related parties		
Medecins Sans Frontieres - Belgium	1 271 382	2 295 814
Medecins Sans Frontieres - Belgium	(780 281)	(1 083 569)
Medecins Sans Frontieres - Belgium CT Co-ordination	(444 913)	112 266
Medecins Sans Frontieres - Belgium Trust	-	(56 084)
Medecins Sans Frontieres - Brazil	(141 934)	(23 543)
Medecins Sans Frontieres - Geneva	804 092	1 764 590
Medecins Sans Frontieres - Greece	3 758	-
Medecins Sans Frontieres - Hong Kong	-	17 428
Medecins Sans Frontieres - International office	432 051	324 547
Medecins Sans Frontieres - International office	(458 076)	(254 665)
Medecins Sans Frontieres - Luxembourg	-	(835 973)
Medecins Sans Frontieres - OCA Amsterdam	88 577	282 192
Medecins Sans Frontieres - OCP Malawi	(43 023)	(166 116)
Medecins Sans Frontieres - Paris	37 942	63 118
Medecins Sans Frontieres - Spain OCBA	17 553	8 844
Medecins Sans Frontieres - Supply	-	-
Medecins Sans Frontieres - Switzerland	299 185	81 213
Medecins Sans Frontieres - United Kingdom	(600 752)	-
Medecins Sans Frontieres - Canada	190 416	-
Medecins Sans Frontieres - Canada	(103 211)	-
Medecins Sans Frontieres - Barcelona	(395 695)	-
	177 070	2 530 062

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

Current assets	2 700 043	4 950 012
Current liabilities	(2 522 973)	(2 419 950)
	177 070	2 530 062

4. TRADE AND OTHER RECEIVABLES

Trade receivables	46 639 013	8 779 697
Prepayments	296 017	252 634
Deposits	793 186	542 489
Value-added tax	3 794 908	1 780 966
Other receivables	40 638	76 052
Employee costs in advance	24 474	28 770
	51 588 237	11 460 608

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Rand	2022	2021
5. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of:		
Cash on hand	5 814	4 272
Bank balances	14 459 059	13 323 945
	14 464 873	13 328 217
6. TRADE AND OTHER PAYABLES		
Trade and other payables	7 737 440	4 314 478
Fundraising income payable	39 548 025	3 676 331
Employee costs payable	-	134 871
	47 285 466	8 125 680
7. BORROWINGS		
At amortised cost		
Medecins Sans Frontieres - Belgium	9 961 980	9 961 980
The loan is unsecured and interest-free with no fixed terms of repayment.		
8. PROVISIONS		
End of mandate benefit	3 798 228	3 605 338
	3 798 228	3 605 338
9. REVENUE		
Grants received	106 727 695	83 067 648
Restricted fundraising income	34 501 771	3 749 040
Unrestricted fundraising income	39 280 936	34 881 425
	180 510 403	121 698 113
Grants received is made up of:		
MSF Operational Centre Brussels	78 603 406	59 911 797
MSF Transformational Investment Capacity Grant	5 441 975	-
Southern Africa Medical Unit	17 537 663	19 566 826
Learning and Development	5 144 652	3 589 025
	106 727 695	83 067 648

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Rand	2022	2021
9. REVENUE (Continued)		
Restricted fundraising income is made up of:		
Covid 19 Pandemic	-	3 165 192
Others		
Other restricted Fundraising Income		
Individual Contributions	135 252	-
Dell Foundation	32 175 930	-
	32 311 182	3 165 192
Unrestricted fundraising income is made up of:		
Individual Contributions	36 702 393	-
Companies and Trusts		
FNB Donor Choice Foundation	500 000	-
Other individual donors	2 078 543	-
	39 280 936	-
Projects in South Africa		
Individuals	690 513	-
Harry and Annette Schwarz Foundation NPC	1 250 000	-
Bloomberg	250 076	-
	2 190 590	-
Other Emergency Earmarked Fundraising Income		
Bloomberg - employee giving	-	218 368
Other	-	365 480
	-	583 848
	73 782 708	3 749 040

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Rand	2022	2021
10. OPERATING DEFICIT (continued)		
Operating (deficit) / surplus for the year is stated after accounting for the following:		
Operating lease charges		
Premises - contractual amounts	1 281 783	1 282 258
Deficit on sale of property, plant and equipment	53 447	-
Depreciation of property, plant and equipment	609 027	460 627
Employee costs	61 709 287	54 463 116
Donations	65 040 638	32 523 746
Advertising and promotions	12 308 974	6 888 878
Consulting and professional fees	19 735 650	20 780 019
Travel costs	9 732 265	3 086 931
Sundry	11 212 082	5 012 588
11. INVESTMENT INCOME		
Interest income		
Bank	<u>567 905</u>	<u>483 675</u>
12. TAXATION		
The company is an approved public benefit organisation. As a result, all income that is not taxable trading income is exempt from income tax in terms of section 10(1)(cN) of the Income Tax Act. Only receipts and accruals from trading or business activities which fall outside the parameters of section 10(1)(cN) will be subject to tax.		
13. CASH GENERATED FROM OPERATIONS		
Deficit for the year	(546 690)	(2 269 641)
Adjustments for:		
Depreciation and amortisation	609 027	460 627
Deficit on disposal of property, plant and equipment	53 447	-
Investment income	(567 905)	(483 675)
Surplus on disposal of property, plant and equipment	-	(11 247)
Changes in working capital:		
Increase in trade and other receivables	(40 127 629)	(378 575)
Increase / (decrease) in trade and other payables	39 159 786	(2 469 045)
Increase in provisions	192 890	220 256
	<u>(1 227 073)</u>	<u>(4 931 300)</u>
14. COMMITMENTS		
Operating leases - as lessee (expense)		
Minimum lease payments due		
Within one year	1 593 580	1 482 401
In second to fifth year inclusive	4 028 647	5 622 227
	<u>5 622 227</u>	<u>7 104 628</u>

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

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Rand

15. RELATED PARTIES

Relationships

Common directorship	Medecins Sans Frontieres - Amsterdam - OCA
	Medecins Sans Frontieres - Australia
	Medecins Sans Frontieres - Belgium
	Medecins Sans Frontieres - Belgium - CT Co-ordination Office
	Medecins Sans Frontieres - Brazil
	Medecins Sans Frontieres - Canada
	Medecins Sans Frontieres - Epicentre
	Medecins Sans Frontieres - Geneva
	Medecins Sans Frontieres - Hong Kong
	Medecins Sans Frontieres - International Office
	Medecins Sans Frontieres - International - Access Campaign
	Medecins Sans Frontieres - Luxembourg
	Medecins Sans Frontieres - Paris
	Medecins Sans Frontieres - Spain - OCBA
	Medecins Sans Frontieres - Sweden
	Medecins Sans Frontieres - Switzerland
	Medecins Sans Frontieres - UK
	Medecins Sans Frontieres - USA
	MSF Transformational Investment Capacity
	MSF ISTP

	2022	2021
Related party balances		
Amounts due (to) / from related parties		
Medecins Sans Frontieres - Belgium	1 271 382	2 295 814
Medecins Sans Frontieres - Belgium	(780 281)	(1 083 569)
Medecins Sans Frontieres - Belgium	(9 961 980)	(9 961 980)
Medecins Sans Frontieres - Belgium CT Co-ordination	(444 913)	112 266
Medecins Sans Frontieres - Belgium Trust	-	(56 084)
Medecins Sans Frontieres - Brazil	(141 934)	(23 543)
Medecins Sans Frontieres - Geneva	804 092	1 764 590
Medecins Sans Frontieres - Greece	3 758	-
Medecins Sans Frontieres - Hong Kong	-	17 428
Medecins Sans Frontieres - International office	432 051	324 547
Medecins Sans Frontieres - International office	(458 076)	(254 665)
Medecins Sans Frontieres - Luxembourg	-	(835 973)
Medecins Sans Frontieres - OCA Amsterdam	88 577	282 192
Medecins Sans Frontieres - OCP Malawi	(43 023)	(166 116)
Medecins Sans Frontieres - Paris	37 942	63 118
Medecins Sans Frontieres - Spain OCBA	17 553	8 844
Medecins Sans Frontieres - Switzerland	299 185	81 213
Medecins Sans Frontieres - United Kingdom	(600 752)	-
Medecins Sans Frontieres - Canada	190 416	-
Medecins Sans Frontieres - Canada	(103 211)	-
Medecins Sans Frontieres - Barcelona	(395 695)	-

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Rand	2022	2021
15. RELATED PARTIES (continued)		
Related party transactions		
Grants received from related party		
Medecins Sans Frontieres - Belgium	106 727 695	83 067 648
MSF Transformational Investment Capacity	5 441 975	-
	<u>112 169 670</u>	<u>83 067 648</u>
16. DIRECTOR'S AND PRESCRIBED OFFICERS' REMUNERATION		
Executive		
A.M. Musonda		
Emoluments	-	106 472
	<u>-</u>	<u>106 472</u>
B.H. Mdlalose		
Emoluments	214 231	88 445
	<u>214 231</u>	<u>88 445</u>
	<u>214 231</u>	<u>194 917</u>
A. Mews		
Emoluments	1 381 815	1 068 164
Other benefits	217 823	80 708
Pension paid or receivable	125 764	36 852
	<u>1 725 402</u>	<u>1 185 724</u>
	<u>1 725 402</u>	<u>1 185 724</u>

17. EVENTS AFTER REPORTING PERIOD

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

18. 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 of the company.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

18. GOING CONCERN (continued)

The company is funded to a significant degree by the MSF International entity (80% of the budget) and confirmation has been received from MSF Belgium, who are responsible for the cash transfer, of their commitment to continue funding the company and its activities for the 4 years 2020 - 2023 as per the 4 year projections that were approved by the company's board in November 2019 as well as the MSF Belgium board of directors in the resource sharing agreement.

Having included this confirmation in our scenario planning for the next 4 years, the board is confident that the company 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.

The resource sharing agreement (RSA) is an agreement covering a 4 year period (2020 - 2023). It reflects on the common aspirations of all MSF institutional members and seeks to enable operational directorates to:

- have a mechanism that ensures financial resources are adequate to meet operational ambitions;
- guarantee enough funding for their operational ambitions;
- have a movement-wide global financial management structure; and
- have mutual accountability.

The agreement is based on the fact that more than 6 million donors worldwide provide MSF with financial support towards our humanitarian activities. By donating to any MSF section, our donors support our collective social mission as implemented by all institutional members. MSF Southern Africa is an institutional member of MSF. Institutional members are stewards of this public generosity and are bound to use the respective revenues in support to our social mission and share them with operational directorates and institutional members based on the principles, goals and mechanisms described in this agreement. As a result, it is this revenue generated by institutional members that will be collectively allocated amongst operational directorates and institutional members. Institutional members' boards have a fiduciary responsibility vis-à-vis each and every donor, and as such, are responsible, jointly with the operational directorates, for the oversight of the use of donated funds, holding each other accountable.

The recently approved resource sharing agreement (RSA4) is built on the premise that donors provide funds to support MSF's work. The mechanism to distribute funding is designed to mutualize the risk, either positive or negative, of fundraising income. The mechanism to distribute funding will propose the grants needed to channel the funding generated by funding contributors to funding recipients. Funding contributors will distribute funding to funding recipients according to agreed-upon percentages totalling 100 percent.

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DETAILED INCOME STATEMENT

Figures in Rand	Notes	2022	2021
Revenue			
Grants received		106 727 695	83 067 648
Restricted fundraising income		34 501 771	3 749 040
Unrestricted fundraising income		39 280 936	34 881 425
	9	<u>180 510 403</u>	<u>121 698 113</u>
Other income			
Sundry income		20 500	22 413
Foreign exchange gain		37 656	-
Grants received - HWSETA		-	13 074
Investment income	11	567 905	483 675
Profit on sale of assets		-	11 247
		<u>626 061</u>	<u>530 409</u>
Operating expenses (refer to page 26)		(181 683 153)	(124 498 163)
Operating deficit	12	<u>(546 690)</u>	<u>(2 269 641)</u>
Net deficit for the year		<u>(546 690)</u>	<u>(2 269 641)</u>

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

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(Registration number 2007/008324/08)

Annual Financial Statements for the year ended 31 December 2022

DETAILED INCOME STATEMENT (CONTINUED)

Figures in Rand	2022	2021
OPERATING EXPENSES		
Advertising	12 308 974	6 888 878
Auditor's remuneration	454 196	455 730
Bank charges	175 951	126 567
Catering expenses	48 631	-
Contracted service providers	15 438 812	16 255 801
Deficit on sale of assets	53 447	-
Depreciation and amortisation	609 027	460 627
Design of media production expenses	19 934	15 700
Disbursement of fundraised income	65 040 638	32 523 746
Employee expenses	61 709 287	54 463 116
Fines and penalties	121 974	4 553
Insurance	197 397	184 729
Language translation expenses	242 453	142 453
Lease rentals on operating lease	1 281 783	1 282 258
Legal fees	101 680	120 513
Meeting and workshops	1 510 307	231 788
Merchandising expenses	32 537	4 500
Motor vehicle expenses	36 807	47 104
Municipal expenses	608 161	355 675
Other expenses	3 080 213	1 835 028
Other individual consultants	4 296 838	4 524 218
Postage and delivery expenses	56 782	51 049
Printing and stationery	84 196	52 076
Repairs and maintenance	1 785 776	632 060
Telephone expenses	986 795	614 038
Training	1 668 291	139 025
Travel expenses	9 732 265	3 086 931
	181 683 153	124 498 163

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

**Medecins Sans Frontieres
Southern Africa (NPC)**

Reg 2007/008324/08

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