



2021 ANNUAL FINANCIAL STATEMENTS

Doctors Without Borders (MSF)
Southern Africa



MEDECINS SANS FRONTIERES
DOCTORS WITHOUT BORDERS

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

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

MEDECINS SANS FRONTIERES SOUTHERN AFRICA NPC

(Registration number 2007/008324/08)

Annual Financial Statements for the year ended 31 December 2021

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 K Bailey 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 for the year to 31 December 2022 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 8.

The annual financial statements set out on pages 4 to 25, which were prepared on the going concern basis, were approved and published by the directors on 13 May 2022 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 2021.

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 71 of 2008. 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 |
|-------------------------------|---------------|-----------------------------------|
| K.C.D.A. Adriano | Angolan | Resigned: 05/03/2021 |
| S. Botolo | Malawian | Appointed: 03/07/2021 |
| M. Dhodho | Zimbabwean | Appointed: 03/07/2021 |
| N. Gambu | Zimbabwean | Appointed: 03/07/2021 |
| Y.M. Mashingaidze (treasurer) | Zimbabwean | Appointed: 01/02/2022 |
| Z. Maximina | Zambian | |
| B.H. Mdlalose (president) | South African | |
| M. Mpungose (secretary) | South African | Appointed: 18/02/2021 |
| A.M. Musonda | Zambian | Resigned: 02/03/2021 |
| G.L. Ngidi | South African | |
| A. Shroufi | British | Appointed: 03/07/2021 |
| W.T. Taderera | Zimbabwean | Resigned as treasurer: 31/01/2022 |
| B.B. Zamadenga | Malawian | Deceased: 07/01/2021 |

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

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

8. Non-current assets

Items of property, plant and equipment amounting to R1 023 151 (2020: R612 383) 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.

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STATEMENT OF FINANCIAL POSITION AS AT THE YEAR ENDED 31 DECEMBER 2021

| Figures in Rand | Notes | 2021 | 2020 |
|--------------------------------------|-------|--------------------------|--------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 2 | 1,770,063 | 1,228,424 |
| | | <u>1,770,063</u> | <u>1,228,424</u> |
| Current assets | | | |
| Amounts due from associated entities | 4 | 4,950,012 | 1,373,407 |
| Trade and other receivables | 5 | 11,460,608 | 11,082,033 |
| Cash and cash equivalents | 6 | 13,328,217 | 21,771,725 |
| | | <u>29,738,837</u> | <u>34,227,165</u> |
| Total Assets | | <u>31,508,900</u> | <u>35,455,589</u> |
| FUNDS AND LIABILITIES | | | |
| FUNDS | | | |
| Accumulated funds | | 7,395,952 | 9,665,593 |
| | | <u>7,395,952</u> | <u>9,665,593</u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 7 | 8,125,680 | 10,594,725 |
| Amounts due to associated entities | 4 | 2,419,950 | 1,848,209 |
| Borrowings | 8 | 9,961,980 | 9,961,980 |
| Provisions | 9 | 3,605,338 | 3,385,082 |
| | | <u>24,112,948</u> | <u>25,789,996</u> |
| Total Funds and Liabilities | | <u>31,508,900</u> | <u>35,455,589</u> |

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STATEMENT OF SURPLUS OR DEFICIT FOR THE YEAR ENDED 31 DECEMBER 2021

| Figures in Rand | Notes | 2021 | 2020 |
|---|-------|---------------------------|-------------------------|
| Revenue | 10 | 121,698,113 | 141,271,158 |
| Other income | | 46,734 | 247,291 |
| Operating expenses | | <u>(124,498,163)</u> | <u>(134,777,833)</u> |
| Operating (deficit) / surplus | 11 | (2,753,316) | 6,740,616 |
| Investment income | 12 | 483,675 | 472,864 |
| Interest expense | | - | (275,189) |
| Net (deficit) / surplus for the year | | <u>(2,269,641)</u> | <u>6,938,291</u> |

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STATEMENT OF CHANGES IN FUNDS

| Figures in Rand | Accumulated Funds | Total funds |
|------------------------------------|-------------------------|-------------------------|
| Balance at 1 January 2020 | 2,727,302 | 2,727,302 |
| Surplus for the year | 6,938,291 | 6,938,291 |
| Balance at 1 January 2021 | 9,665,593 | 9,665,593 |
| Deficit for the year | (2,269,641) | (2,269,641) |
| Balance at 31 December 2021 | <u>7,395,952</u> | <u>7,395,952</u> |

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STATEMENT OF CASH FLOWS

| Figures in Rand | Notes | 2021 | 2020 |
|---|-------|---------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash receipts from operating activities | | 121,355,025 | 137,108,232 |
| Cash paid to suppliers and employees | | <u>(126,286,325)</u> | <u>(132,732,658)</u> |
| Cash (utilised in) / generated from operations | 14 | <u>(4,931,300)</u> | <u>4,375,574</u> |
| Investment income | | 483,675 | 472,864 |
| Interest expense | | - | <u>(275,189)</u> |
| Net cash from operating activities | | <u>(4,447,625)</u> | <u>4,573,249</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | | (1,023,151) | (454,326) |
| Proceeds on disposal of property, plant and equipment | | <u>32,132</u> | <u>64,667</u> |
| Net cash utilised in investing activities | | <u>(991,019)</u> | <u>(389,659)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Finance lease payments | | - | (158,057) |
| Net movement in related party balances | | <u>(3,004,864)</u> | <u>1,594,972</u> |
| Net cash from financing activities | | <u>(3,004,864)</u> | <u>1,436,915</u> |
| Total cash movement for the year | | <u>(8,443,508)</u> | <u>5,620,505</u> |
| Cash and cash equivalents at the beginning of the year | | <u>21,771,725</u> | <u>16,151,220</u> |
| Cash and cash equivalents at the end of the year | 6 | <u>13,328,217</u> | <u>21,771,725</u> |

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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. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

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 Intangible assets

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

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

Amortisation is provided to write down each intangible asset, on a straight-line basis, over its useful life as assessed by management on a case-by-case basis.

Item

Computer software (implementation costs capitalised)

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

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

1.4 Financial instruments

Initial measurement

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

Financial instruments at amortised cost

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

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

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ACCOUNTING POLICIES (CONTINUED)

1.4 Financial instruments (continued)

Amounts due to/(from) related parties

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

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 without needing to impose additional restrictions on the transfer) has been transferred, even if some significant risks and rewards relating to the financial asset have been retained.

1.5 Leases

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

Operating leases – lessee

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

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.

1.6 Impairment of assets

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

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

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

1.7 Employee benefits

Short-term employee benefits

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

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ACCOUNTING POLICIES (CONTINUED)

1.7 Employee benefits (continued)

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.

Provision for annual flight home benefit

This provision recognises the company's contractual commitment to provide flights for its employees employed under the Global Position Package and their dependents during their terms of employment.

1.8 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.

1.9 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 which are project specific and are not utilised are deferred until the related expenditure is incurred, under the terms of the relevant contract.

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

| | 2021 | | | 2020 | | |
|------------------------|------------------|--------------------------|------------------|------------------|--------------------------|------------------|
| | Cost | Accumulated depreciation | Carrying value | Cost | Accumulated depreciation | Carrying value |
| Furniture and fixtures | 123,333 | (103,784) | 19,549 | 368,238 | (340,274) | 27,964 |
| Motor vehicles | 285,159 | (175,159) | 110,000 | 285,159 | (175,159) | 110,000 |
| Office equipment | 201,400 | (91,089) | 110,311 | 81,020 | (55,707) | 25,313 |
| IT equipment | 1,928,085 | (742,565) | 1,185,520 | 1,489,097 | (850,663) | 638,434 |
| Leasehold improvements | 492,079 | (147,396) | 344,683 | 492,079 | (65,366) | 426,713 |
| | 3,030,056 | (1,259,993) | 1,770,063 | 2,715,593 | (1,487,169) | 1,228,424 |

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 |

Reconciliation of property, plant and equipment - 2020

| | Opening balance | Additions | Depreciation | Disposals At cost | Disposals Acc dep | Closing balance |
|------------------------|------------------|----------------|------------------|-------------------|-------------------|------------------|
| Furniture and fixtures | 40,671 | - | (12,707) | - | - | 27,964 |
| Motor vehicles | 170,874 | - | (12,298) | (113,812) | 65,236 | 110,000 |
| Office equipment | 35,164 | 6,249 | (16,100) | (4,151) | 4,151 | 25,313 |
| IT equipment | 613,868 | 448,077 | (347,439) | (774,005) | 697,933 | 638,434 |
| Leasehold improvements | 329,382 | 158,057 | (60,726) | - | - | 426,713 |
| | 1,189,959 | 612,383 | (449,270) | (891,968) | 767,320 | 1,228,424 |

Net carrying amounts of leased assets

| | 2021 | 2020 |
|------------------------|----------------|----------------|
| Leasehold improvements | 344,683 | 426,713 |

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Rand

3. INTANGIBLE ASSETS

| | 2021 | | | 2020 | | |
|---|------|-----------------------------|-------------------|---------|-----------------------------|-------------------|
| | Cost | Accumulated amortisation | Carrying value | Cost | Accumulated amortisation | Carrying value |
| Computer software (Implementation costs capitalised) | - | - | - | 284,330 | (284,330) | - |

Reconciliation of intangible assets - 2021

| | Opening balance | Additions | Amortisation | Disposals At cost | Disposals Acc amort | Closing balance |
|---|--------------------|-----------|--------------|----------------------|------------------------|--------------------|
| Computer software (Implementation costs capitalised) | - | - | - | (284,330) | 284,330 | - |

Reconciliation of intangible assets - 2020

| | Opening balance | Additions | Amortisation | Disposals At cost | Disposals Acc amort | Closing balance |
|---|--------------------|-----------|--------------|----------------------|------------------------|--------------------|
| Computer software (Implementation costs capitalised) | 142,165 | - | (142,165) | - | - | - |

4. AMOUNTS DUE (TO) / FROM ASSOCIATED ENTITIES

Related parties

| | 2021 | 2020 |
|---|------------------|------------------|
| Medecins Sans Frontieres - Belgium | 2,295,814 | 459,810 |
| Medecins Sans Frontieres - Belgium | (1,083,569) | (572,729) |
| Medecins Sans Frontieres - Belgium CT Co-ordination | 112,266 | 209,053 |
| Medecins Sans Frontieres - Belgium Trust | (56,084) | (56,084) |
| Medecins Sans Frontieres - Brazil | (23,543) | (409,270) |
| Medecins Sans Frontieres - Geneva | 1,764,590 | 203,409 |
| Medecins Sans Frontieres - Greece | - | 96,699 |
| Medecins Sans Frontieres - Hong Kong | 17,428 | 128,747 |
| Medecins Sans Frontieres - International office | 324,547 | - |
| Medecins Sans Frontieres - International office | (254,665) | - |
| Medecins Sans Frontieres - Luxembourg | (835,973) | - |
| Medecins Sans Frontieres - OCA Amsterdam | 282,192 | 139,170 |
| Medecins Sans Frontieres - OCP Malawi | (166,116) | - |
| Medecins Sans Frontieres - Paris | 63,118 | 116,907 |
| Medecins Sans Frontieres - Spain OCBA | 8,844 | 14,149 |
| Medecins Sans Frontieres - Supply | - | (261,720) |
| Medecins Sans Frontieres - Switzerland | 81,213 | 5,463 |
| Medecins Sans Frontieres - United Kingdom | - | (548,406) |
| | 2,530,062 | (474,802) |

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

| | | |
|---------------------|------------------|------------------|
| Current assets | 4,950,012 | 1,373,407 |
| Current liabilities | (2,419,950) | (1,848,209) |
| | 2,530,062 | (474,802) |

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

| Figures in Rand | 2021 | 2020 |
|---|-------------------|-------------------|
| 5. TRADE AND OTHER RECEIVABLES | | |
| Trade receivables | 8,779,697 | 8,539,059 |
| Prepayments | 252,634 | 711,127 |
| Deposits | 542,489 | 542,489 |
| Value-added tax | 1,780,966 | 1,157,612 |
| Other receivables | 76,052 | 76,144 |
| Employee costs in advance | 28,770 | 55,602 |
| | <u>11,460,608</u> | <u>11,082,033</u> |
| 6. CASH AND CASH EQUIVALENTS | | |
| Cash and cash equivalents consist of: | | |
| Cash on hand | 4,272 | 1,003 |
| Bank balances | 13,323,945 | 21,770,722 |
| | <u>13,328,217</u> | <u>21,771,725</u> |
| 7. TRADE AND OTHER PAYABLES | | |
| Trade and other payables | 4,314,478 | 5,251,261 |
| Fundraising income payable | 3,676,331 | 5,343,464 |
| Employee costs payable | 134,871 | - |
| | <u>8,125,680</u> | <u>10,594,725</u> |
| 8. BORROWINGS | | |
| At amortised cost | | |
| Medecins Sans Frontieres - Belgium | <u>9,961,980</u> | <u>9,961,980</u> |
| The loan is unsecured and interest-free with no fixed terms of repayment. | | |
| 9. PROVISIONS | | |
| End of mandate benefit | 3,605,338 | 3,027,082 |
| Annual flight home benefit | - | 358,000 |
| | <u>3,605,338</u> | <u>3,385,082</u> |

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

| Figures in Rand | 2021 | 2020 |
|---|---------------------------|---------------------------|
| 10. REVENUE | | |
| Grants received | 83,067,648 | 84,576,785 |
| Restricted fundraising income | 3,749,040 | 18,636,002 |
| Unrestricted fundraising income | 34,881,425 | 38,058,371 |
| | <u>121,698,113</u> | <u>141,271,158</u> |
| Grants received is made up of: | | |
| MSF Operational Centre Brussels | 59,911,797 | 58,940,470 |
| Southern Africa Medical Unit | 19,566,826 | 21,756,765 |
| Learning and Development | 3,589,025 | 3,879,550 |
| | <u>83,067,648</u> | <u>84,576,785</u> |
| Restricted fundraising income is made up of: | | |
| Covid 19 Pandemic | | |
| Zurich Foundation | 2,000,000 | 1,916,000 |
| Old Mutual Foundation | 700,000 | - |
| Bloomberg - employee giving | 218,367 | - |
| Dell Foundation | - | 7,000,000 |
| Maitri Trust | - | 3,345,190 |
| Nedbank Foundation | - | 2,000,000 |
| Standard Bank | - | 2,000,000 |
| Raith Foundation | - | 1,000,000 |
| Lowenstein | - | 100,000 |
| Givaudan | - | 50,762 |
| Others | 246,825 | 913,400 |
| | <u>3,165,192</u> | <u>18,325,352</u> |
| Projects in South Africa | | |
| Discovery Vitality | - | 268,640 |
| | <u>-</u> | <u>268,640</u> |
| Other Emergency Earmarked Fundraising Income | | |
| Bloomberg - employee giving | 218,368 | - |
| Other | 365,480 | 42,010 |
| | <u>583,848</u> | <u>42,010</u> |
| | <u>3,749,040</u> | <u>18,636,002</u> |

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

| Figures in Rand | 2021 | 2020 |
|--|---------------------------|-------------------------|
| 11. OPERATING (DEFICIT) / SURPLUS | | |
| Operating (deficit) / surplus for the year is stated after accounting for the following: | | |
| Operating lease charges | | |
| Premises - contractual amounts | 1,282,258 | 1,498,600 |
| Deficit on sale of property, plant and equipment | - | 59,981 |
| Depreciation of property, plant and equipment | 460,627 | 591,435 |
| Employee costs | 54,463,116 | 52,534,817 |
| Donations | 32,523,746 | 49,682,019 |
| Advertising and promotions | 6,888,878 | 14,186,110 |
| Consulting and professional fees | 20,780,019 | 7,762,812 |
| Travel costs | 3,086,931 | 3,217,036 |
| Sundry | 5,012,588 | 5,245,023 |
| 12. INVESTMENT INCOME | | |
| Interest income | | |
| Bank | <u>483,675</u> | <u>472,864</u> |
| 13. TAXATION | | |
| The company is an approved public benefit organisation. As a result, non-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. | | |
| 14. CASH GENERATED FROM OPERATIONS | | |
| (Deficit) / Surplus for the year | (2,269,641) | 6,938,291 |
| Adjustments for: | | |
| Depreciation and amortisation | 460,627 | 591,435 |
| Deficit on disposal of property, plant and equipment | - | 59,981 |
| Investment income | (483,675) | (472,864) |
| Interest expense | - | 275,189 |
| Surplus on disposal of property, plant and equipment | (11,247) | - |
| Changes in working capital: | | |
| Increase in trade and other receivables | (378,575) | (4,410,217) |
| (Decrease) / increase in trade and other payables | (2,469,045) | 760,569 |
| Increase in provisions | 220,256 | 633,190 |
| | <u>(4,931,300)</u> | <u>4,375,574</u> |
| 15. COMMITMENTS | | |
| Operating leases - as lessee (expense) | | |
| Minimum lease payments due | | |
| Within one year | 1,482,401 | 1,378,977 |
| In second to fifth year inclusive | 5,622,227 | 7,104,628 |
| | <u>7,104,628</u> | <u>8,483,605</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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Figures in Rand

16. 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 - Geneva - Maputo
Medecins Sans Frontieres - Hong Kong
Medecins Sans Frontieres - International Office
Medecins Sans Frontieres - International - Access Campaign
Medecins Sans Frontieres - Luxembourg
Medecins Sans Frontieres - Operational Centres
Medecins Sans Frontieres - Paris
Medecins Sans Frontieres - Spain - OCBA
Medecins Sans Frontieres - Supply
Medecins Sans Frontieres - Sweden
Medecins Sans Frontieres - Switzerland
Medecins Sans Frontieres - UK
Medecins Sans Frontieres - USA

| | 2021 | 2020 |
|---|--------------------|---------------------|
| Related party balances | | |
| Amounts due (to) / from related parties | | |
| Medecins Sans Frontieres - Belgium | 2,295,814 | 459,810 |
| Medecins Sans Frontieres - Belgium | (1,083,569) | (572,729) |
| Medecins Sans Frontieres - Belgium | (9,961,980) | (9,961,980) |
| Medecins Sans Frontieres - Belgium CT Co-ordination | 112,266 | 209,053 |
| Medecins Sans Frontieres - Belgium Trust | (56,084) | (56,084) |
| Medecins Sans Frontieres - Brazil | (23,543) | (409,270) |
| Medecins Sans Frontieres - Geneva | 1,764,590 | 203,409 |
| Medecins Sans Frontieres - Greece | - | 96,699 |
| Medecins Sans Frontieres - Hong Kong | 17,428 | 128,747 |
| Medecins Sans Frontieres - International office | 324,547 | - |
| Medecins Sans Frontieres - International office | (254,665) | - |
| Medecins Sans Frontieres - Luxembourg | (835,973) | - |
| Medecins Sans Frontieres - OCA Amsterdam | 282,192 | 139,170 |
| Medecins Sans Frontieres - OCP Malawi | (166,116) | - |
| Medecins Sans Frontieres - Paris | 63,118 | 116,907 |
| Medecins Sans Frontieres - Spain OCBA | 8,844 | 14,149 |
| Medecins Sans Frontieres - Supply | - | (261,720) |
| Medecins Sans Frontieres - Switzerland | 81,213 | 5,463 |
| Medecins Sans Frontieres - United Kingdom | - | (548,406) |
| | <u>(7,431,918)</u> | <u>(10,436,782)</u> |
| Related party transactions | | |
| Grants received from related party | | |
| Medecins Sans Frontieres - Belgium | <u>83,067,648</u> | <u>84,576,785</u> |

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

| Figures in Rand | 2021 | 2020 |
|---|------------------|------------------|
| 17. DIRECTOR'S AND PRESCRIBED OFFICERS' REMUNERATION | | |
| Executive | | |
| A.M. Musonda | | |
| Emoluments | 106,472 | 200,190 |
| | 106,472 | 200,190 |
| B.H. Mdlalose | | |
| Emoluments | 88,445 | - |
| | 88,445 | - |
| | 194,917 | 200,190 |
| Prescribed officers | | |
| G.S.G. Molinie | | |
| Emoluments | - | 724,546 |
| Other benefits | - | 227,396 |
| Pension paid or receivable | - | 128,275 |
| | - | 1,080,217 |
| A. Mews | | |
| Emoluments | 1,068,164 | 603,234 |
| Other benefits | 80,708 | - |
| Pension paid or receivable | 36,852 | - |
| | 1,185,724 | 603,234 |
| | 1,185,724 | 1,683,451 |

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

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.

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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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

19. 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.

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Annual Financial Statements for the year ended 31 December 2021

DETAILED INCOME STATEMENT

| Figures in Rand | Notes | 2021 | 2020 |
|--|-------|----------------------|----------------------|
| Revenue | | | |
| Grants received | | 83,067,648 | 84,576,785 |
| Restricted fundraising income | | 3,749,040 | 18,636,002 |
| Unrestricted fundraising income | | 34,881,425 | 38,058,371 |
| | 10 | <u>121,698,113</u> | <u>141,271,158</u> |
| Other income | | | |
| Sundry income | | 22,413 | 99,493 |
| Surplus on disposal of assets | | 11,247 | - |
| Grants received - HWSETA | | 13,074 | 147,798 |
| Investment income | 12 | 483,675 | 472,864 |
| | | <u>530,409</u> | <u>720,155</u> |
| Operating expenses (refer to page 27) | | (124,498,163) | (134,777,833) |
| Operating (deficit) / surplus | 11 | <u>(2,269,641)</u> | <u>7,213,480</u> |
| Interest expense | | - | (275,189) |
| Net (deficit) / surplus for the year | | <u>(2,269,641)</u> | <u>6,938,291</u> |

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

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Annual Financial Statements for the year ended 31 December 2021

DETAILED INCOME STATEMENT (CONTINUED)

| Figures in Rand | 2021 | 2020 |
|--|---------------------------|---------------------------|
| OPERATING EXPENSES | | |
| Advertising | 6,888,878 | 14,186,110 |
| Auditor's remuneration | 455,730 | 466,579 |
| Bank charges | 126,567 | 110,150 |
| COVID 19 association activities | - | 1,022,993 |
| Deficit on sale of assets | - | 59,981 |
| Depreciation and amortisation | 460,627 | 591,435 |
| Design of media production expenses | 15,700 | 90,328 |
| Donations | 32,523,746 | 49,682,019 |
| Employee expenses | 54,463,116 | 52,534,817 |
| Fines and penalties | 4,553 | 118,162 |
| Insurance | 184,729 | 198,950 |
| Language translation expenses | 142,453 | 37,843 |
| Lease rentals on operating lease | 1,282,258 | 1,498,600 |
| Legal fees | 120,513 | 113,688 |
| Meeting and workshops | 231,788 | 503,895 |
| Merchandising expenses | 4,500 | - |
| Motor vehicle expenses | 47,104 | 59,532 |
| Municipal expenses | 355,675 | 276,849 |
| Other consulting and professional fees | 20,780,019 | 7,762,812 |
| Other expenses | 1,835,028 | 807,344 |
| Postage and delivery expenses | 51,049 | 20,906 |
| Printing and stationery | 52,076 | 46,556 |
| Repairs and maintenance | 632,060 | 620,026 |
| Subscriptions | - | 35,152 |
| Telephone expenses | 614,038 | 595,640 |
| Training | 139,025 | 120,430 |
| Travel expenses | 3,086,931 | 3,217,036 |
| | <u>124,498,163</u> | <u>134,777,833</u> |

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

THANK YOU FOR YOUR DONATIONS!

It is only thanks to your generosity that we can continue making an impact on people's lives year after year. In 2021, your donations enabled our medical teams to conduct over 12.5 million outpatient consultations across 465 projects, worldwide.



Image: Diana Zeyneb Alhindawi