Medecins Sans Frontieres (HK) Limited
無國界醫生組織(香港)有限公司

31 December 2014

Report of the directors

The directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 December 2014.

Principal place of business

Medecins Sans Frontieres (HK) Limited ("the organisation") is an organisation incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 22/F, Pacific Plaza, 410 - 418 Des Voeux Road West, Western District, Hong Kong.

Principal activities

The objectives of the organisation are to relieve and promote the relief of sickness, to provide medical aid to the injured, and to protect and preserve good health in all parts of the world.

The principal activities of the organisation are fund-raising and recruiting medical and non-medical personnel for humanitarian relief purposes.

Financial statements

The result of the group for the year ended 31 December 2014 and the state of the organisation's and the group's affairs as at that date are set out in the financial statements on pages 5 to 25.

International aid and relief

During the year, HK$288,270,931 (2013: HK$245,926,993) was transferred to other Medecins Sans Frontieres offices for the facilitation of international medical aid and relief.

Fixed assets

Details of movements in fixed assets are set out in note 12 to the financial statements.

Directors

The directors who held office during the year and up to the date of this report were as follows:

ANNUAR Johann Bin	
FAN Ning	
HU Yuan Qiong	(resigned on 23 August 2014)
LEE Seung Ngai	(resigned on 23 August 2014)
LI Wilson	
LIU Chen Kun	
PAN Yuan	
BACCHETTA Adrio Serafino	
JARMIN Martin John III	
VAN DER TAK Dick	
CAWTHRONE Paul	(appointed on 23 August 2014)
CHAN Kwong Wai	(appointed on 23 August 2014)
LEUNG Sin Man	(appointed on 21 April 2015)

In accordance with article 75 of the organisation's articles of association, all remaining directors retire at the forthcoming Annual General Meeting and, are eligible for re-election.

At no time during the year was the organisation a party to any arrangement to enable the directors of the organisation to acquire benefits by means of the acquisition of shares in or debentures of organisation or any body corporate.

No contract of significance to which the organisation was a party, and in which a director of the organisation had a material interest, subsisted at the end of the year or at any time during the year.

Auditors

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the group is to be proposed at the forthcoming Annual General Meeting.

By order of the board

Director

Hong Kong, 23 JUL 2015

KPMG

Independent auditor's report to the members of Medecins Sans Frontieres (HK) Limited

(Incorporated in Hong Kong and limited by guarantee)

We have audited the consolidated financial statements of Medecins Sans Frontieres (HK) Limited ("the organisation") and its subsidiary (together "the group") set out on pages 5 to 25, which comprise the consolidated and organisation statements of financial position as at 31 December 2014, the consolidated statement of comprehensive income and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the organisation are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 80 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

KPMG

Independent auditor's report to the members of Medecins Sans Frontieres (HK) Limited (continued)

(Incorporated in Hong Kong and limited by guarantee)

Auditor's responsibility (continued)

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of the organisation's and the group's affairs as at 31 December 2014 and of the group's result and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

23 JUL 2015

Consolidated statement of comprehensive income for the year ended 31 December 2014

(Expressed in Hong Kong dollars)

	Note	*2014* $	*2013* $
Public donations	2	348,256,414	292,154,290
Other income	3	89,393	31,293
		348,345,807	292,185,583
Less: Expenditures			
Emergency and medical programmes	5	259,831,754	217,897,008
Programme support and development	6	26,948,448	26,940,168
Advocacy		11,147,289	9,134,932
Other humanitarian activities	7	2,312,238	2,225,657
Management, general and administration	8	10,805,437	9,676,554
Fundraising		37,300,641	26,311,264
		348,345,807	292,185,583
Designated surplus and total comprehensive income for the year	4	-	-

The notes on pages 11 to 25 form part of these financial statements.

Consolidated statement of financial position at 31 December 2014

(Expressed in Hong Kong dollars)

	Note	2014 $	2013 $
Non-current asset			
Fixed assets	12	821,405	114,019
Current assets			
Debtors	13	25,392	69,946
Deposits and prepayments	13	1,625,391	1,590,540
Amount due from MSF International office	14	1,069,841	333,193
Amount due from office in Belgium	14	981,987	2,014,216
Amount due from office in France	14	74,907	31,440
Amount due from office in Holland	14	177,033	68,827
Amount due from office in Spain	14	30,419	30,814
Amount due from office in Switzerland	14	94,716	8,398
Cash and cash equivalents		25,510,186	32,293,466
		29,589,872	36,440,840
Current liabilities			
Creditors and accrued expenses	15	4,152,552	4,125,433
Deferred income	16	1,199,684	5,726,973
Amount due to office in France	14	158,260	-
Amount due to office in Belgium	14	24,893,587	26,427,959
Amount due to MSF International office	14	-	12,997
Amount due to office in Holland	14	-	175,669
Amount due to office in Spain	14	-	11,585
Amount due to office in Switzerland	14	-	74,243
Amount due to office in USA	14	7,194	-
		30,411,277	36,554,859
Net current liabilities		(821,405)	(114,019)
Net assets		-	-

Consolidated statement of financial position at 31 December 2014 (continued)

(Expressed in Hong Kong dollars)

	Note	*2014*	*2013*
		$	$
Represented by:			
Fund balances			
Accumulated funds		-	-

Approved and authorised for issue by the board of directors on 23 JUL 2015

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The notes on pages 11 to 25 form part of these financial statements.

Statement of financial position at 31 December 2014

(Expressed in Hong Kong dollars)

	Note	2014	2013
		$	$
Non-current assets			
Interest in a subsidiary	11	50,000	-
Fixed assets	12	821,405	114,019
		871,405	114,019
Current assets			
Debtors	13	25,392	69,946
Deposits and prepayments	13	1,625,391	1,590,540
Amount due from MSF International office	14	1,069,841	333,193
Amount due from office in Belgium	14	981,987	2,014,216
Amount due from office in France	14	74,907	31,440
Amount due from office in Holland	14	177,033	68,827
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Amount due to office in Spain	14	-	11,585
Amount due to office in Switzerland	14	-	74,243
Amount due to office in USA	14	7,194	-
		30,411,277	36,554,859
Net current liabilities		(871,405)	(114,019)
Net assets		-	-

Statement of financial position at 31 December 2014 (continued)

(Expressed in Hong Kong dollars)

	Note	*2014*	*2013*
		$	$
Represented by:			
Fund balances			
Accumulated funds		-	-

Approved and authorised for issue by the board of directors on 23 JUL 2015

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The notes on pages 11 to 25 form part of these financial statements.

Consolidated cash flow statement for the year ended 31 December 2014
(Expressed in Hong Kong dollars)

	Note	*2014* $	*2013* $
Operating activities			
Designated surplus for the year		-	-
Adjustments for:			
Interest income		(2,861)	(13,885)
Depreciation	12	157,217	95,000
Operating surplus before changes in working capital		154,356	81,115
Decrease in debtors		44,554	73,781
Increase in deposits and prepayments		(34,851)	(393,767)
Increase in creditors and accrued expenses		27,119	2,428,298
(Decrease)/increase in deferred income		(4,527,289)	5,726,973
(Decrease)/increase in net amounts due to MSF offices		(1,585,427)	5,118,110
Net cash (used in)/generated from operating activities		(5,921,538)	13,034,510
Investing activities			
Payment for the purchase of fixed assets	12	(864,603)	(69,758)
Interest received		2,861	13,885
Net cash used in investing activities		(861,742)	(55,873)
Net (decrease)/increase in cash and cash equivalents		(6,783,280)	12,978,637
Cash and cash equivalents at 1 January		32,293,466	19,314,829
Cash and cash equivalents at 31 December		25,510,186	32,293,466

Cash and cash equivalents represent cash at bank and on hand.

The notes on pages 11 to 25 form part of these financial statements.

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

1 Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transition and saving arrangements for part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Account and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. A summary of the significant accounting policies adopted by the group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for the current accounting period of the group. However, none of these developments have a material impact on the financial statements of the group for current and prior periods.

The group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 21).

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2014 comprise the organisation and its subsidiary (together referred to as the "group").

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

1 Significant accounting policies (continued)

(c) Consolidated statement of changes in accumulated funds

There has been no change in accumulated funds for the current or prior year. Accordingly, no consolidated statement of changes in accumulated funds has been prepared.

(d) Subsidiary

Subsidiary is an entity controlled by the group. The group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the group has power, only substantive rights (held by the group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

In the organisation's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses.

The investment in a subsidiary is reviewed for indications of impairment at the end of each reporting period. An impairment loss is recognised in surplus or deficit whenever the carrying amount of an asset, or of the cash-generating unit to which it belongs, exceeds its recoverable amount. The recoverable amount of the asset, or of the cash-generating unit to which it belongs, is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

1 Significant accounting policies (continued)

(e) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses.

Depreciation is calculated to write off the cost of fixed assets, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

– Leasehold improvements	Over the remaining lease term
– Furniture and fixtures	5 years
– Office equipment	5 years
– Computer equipment	$3^1/_3$ years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

The carrying amounts of fixed assets are reviewed for indications of impairment at the end of each reporting period. An impairment loss is recognised in surplus or deficit if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. The recoverable amount of an asset, or of the cash generating unit to which it belongs, is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Gains or losses arising from the retirement or disposal of fixed assets are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in surplus or deficit on the date of retirement or disposal.

(f) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the organisation determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the group

Assets that are held by the group under leases which transfer to the group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the group are classified as operating leases.

1 Significant accounting policies (continued)

(f) Leased assets (continued)

(ii) Operating lease charges

Where the group has the use of assets held under operating leases, payments made under the leases are charged to surplus or deficit in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in surplus or deficit as an integral part of the aggregate net lease payments made.

(g) Receivables (including amounts due from other Medecins Sans Frontieres offices and a subsidiary)

Receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

Impairment losses for bad and doubtful debts are recognised when there is objective evidence of impairment and are measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the asset's original effective interest rate where the effect of discounting is material. Objective evidence of impairment includes observable data that comes to the attention of the organisation about events that have an impact on the asset's estimated future cash flows such as significant financial difficulty of the debtor.

(h) Creditors (including amounts due to other Medecins Sans Frontieres offices)

Creditors are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

1 Significant accounting policies (continued)

(j) Employee benefits

Salaries, bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(k) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in surplus or deficit except to the extent that they relate to items recognised in other comprehensive income or directly in accumulated funds, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in accumulated funds, respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the end of reporting period, and any adjustment to tax payable in respects of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits. Apart from differences which arise on initial recognition of assets and liabilities, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

(l) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the group and the organisation has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

1 Significant accounting policies (continued)

(m) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in surplus or deficit as follows:

(i) Donation income

General donation represents cash received from various fund raising projects and is recognised upon receipt.

Designated donation which are earmarked for specific purposes are initially recognised as deferred income and then recognised in surplus or deficit over the period necessary to match with the related costs which they are intended to compensate.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(n) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in surplus or deficit.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

(o) Related parties

(1) A person, or a close member of that person's family, is related to the group if that person:

(i) has control or joint control over the group;

(ii) has significant influence over the group; or

(iii) is a member of the key management personnel of the group or the group's parent.

1 Significant accounting policies (continued)

(o) Related parties (continued)

(2) An entity is related to the group if any of the following conditions applies:

(i) The entity and the group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the group or an entity related to the group.

(vi) The entity is controlled or jointly controlled by a person identified in (1).

(vii) A person identified in (1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2 Public donations

Public donations represent donations received from public, which are recognised as income upon receipt.

3 Other income

	2014	*2013*
	$	$
Associate membership fee	8,150	8,300
Bank interest income	2,861	13,885
Book sales	8,085	9,108
Exchange gain	70,297	-
	89,393	31,293

4 Designated surplus for the year

Designated surplus for the year is arrived at after charging:

	2014 $	*2013* $
Salaries, wages and other benefits (including contributions to defined contribution retirement plan of $1,149,551 (2013: $1,120,067))	19,628,200	18,099,547
Auditors' remuneration	85,000	-
Depreciation	157,217	95,000
Operating lease charges for property rentals	1,418,718	1,213,561

5 Emergency and medical programmes

The group has transferred the following amounts to aid emergency and medical programmes co-ordinated by other Medecins Sans Frontieres offices:

Locations of projects	*2014* $	*2013* $
Afghanistan	13,504,323	18,907,140
Algeria	78,592	-
Bahrain	-	20,119
Balkans	187,958	37,596
Bangladesh	5,056,331	10,004,685
Bulgaria	653,261	191,070
Burundi	1,719,292	5,027,180
Cambodia	566,095	473,280
Central Africa Republic	3,114,283	2,378,021
Chad	6,000,000	7,312,585
Cote D'ivoire	291,307	194,493
Democratic Republic Of Congo	14,520,067	14,871,379
Egypt	1,931,462	1,466,084
Ethiopia	-	1,085,794
Gaza	148,260	-
Greece	666,505	290,894
Guinea	11,715,801	3,603,829
Haiti	4,696,242	4,233,381
Indonesia	3,098	-
India	4,566,738	8,124,191
Iraq	10,000	2,089,310
Italy	1,109,466	438,214

5 Emergency and medical programmes (continued)

Locations of projects (continued)	*2014* $	*2013* $
Jordan	2,000,000	-
Kenya	2,165,943	3,050,934
Lebanon	1,496,274	-
Liberia	300,959	-
Libya	3,071,412	2,325,475
Malawi	3,897,830	3,054,554
Mali	2,389	460,767
Mauritania	1,213,994	2,343,001
Mozambique	147,936	4,078,756
Myanmar	16,000,000	20,788,634
Niger	2,421,729	2,900,392
Nigeria	3,000,000	5,223,275
Pakistan	13,038,107	13,223,742
Papua New Guinea	5,000,000	1,550,416
Philippines	4,829,671	3,861,276
Sierra Leone	4,037,869	2,826,641
Somalia	14,183	5,019,206
South Africa	1,776,850	4,306,713
Sudan	3,160,048	1,640,192
Sudan South	6,599,666	8,682,491
Syria	2,102,823	12,124,611
Tajikistan	-	175,669
Ukraine	1,704,187	1,199,965
Zimbabwe	5,857,615	10,070,039
Funds allocated for unforeseeable emergencies and HIV/AIDS programs	105,310,153	28,005,200
Other project:		
- MSF International Fund	143,035	235,814
	259,831,754	217,897,008

6 Programme support and development

Included in expenditures for programme support and development is an amount of $22,963,128 (2013: $22,856,510) transferred to Operational Section Brussels to aid indirect operational costs.

7 Other humanitarian activities

The group has transferred the following amounts to aid other humanitarian activities co-ordinated by other Medecins Sans Frontieres offices:

Name of projects	*2014*	*2013*
	$	$
DNDi	1,249,262	1,203,025
Access Campaign	1,062,976	1,022,632
	2,312,238	2,225,657

8 Management, general and administration

Included in expenditures for management, general and administration is an amount of $3,163,811 (2013: $2,947,817) transferred to MSF International Office for management, general and administration expenditure purposes.

9 Directors' remuneration

No director received, or will receive, any fees or emoluments (2013: $Nil) in respect of services to the group during the year.

10 Taxation

No provision for Hong Kong Profits Tax has been made as the organisation is an approved charitable organisation which is exempted from tax under section 88 of the Inland Revenue Ordinance and the subsidiary of the organisation did not have assessable profits for the year.

11 Interest in a subsidiary

	The organisation	
	2014	*2013*
	$	$
Unlisted share, at cost	1	-
Amount due from a subsidiary	49,999	-
	50,000	-

Amount due from a subsidiary is unsecured, interest-free and has no fixed term of repayment, but is not expected to be recovered within one year.

11 Interest in a subsidiary (continued)

Details of the subsidiary at 31 December 2014 are as follows:

Name of Company	*Place of incorporation and operation*	*Particulars of issued and paid up capital*	*Percentage of equity shares held directly (%)*	*Principal activities*
MSF (HK) Limited	Hong Kong	HK$1	100%	Inactive

12 Fixed assets

The group and the organisation

	Leasehold improvements $	*Furniture and fixtures* $	*Office equipment* $	*Computer equipment* $	*Total* $
Cost:					
At 1 January 2013	1,235,915	312,266	435,718	1,222,935	3,206,834
Additions	-	-	-	69,758	69,758
At 31 December 2013	1,235,915	312,266	435,718	1,292,693	3,276,592
Accumulated depreciation:					
At 1 January 2013	1,235,915	312,266	396,167	1,123,225	3,067,573
Charge for the year	-	-	13,667	81,333	95,000
At 31 December 2013	1,235,915	312,266	409,834	1,204,558	3,162,573
Net book value:					
At 31 December 2013	-	-	25,884	88,135	114,019

12 Fixed assets (continued)

The group and the organisation (continued)

	Leasehold improvements $	*Furniture and fixtures* $	*Office equipment* $	*Computer equipment* $	*Total* $
Cost:					
At 1 January 2014	1,235,915	312,266	435,718	1,292,693	3,276,592
Additions	519,810	85,604	92,485	166,704	864,603
Disposals	-	-	-	(143,804)	(143,804)
At 31 December 2014	1,755,725	397,870	528,203	1,315,593	3,997,391
Accumulated depreciation:					
At 1 January 2014	1,235,915	312,266	409,834	1,204,558	3,162,573
Charge for the year	52,408	7,871	23,381	73,557	157,217
Written back on disposal	-	-	-	(143,804)	(143,804)
At 31 December 2014	1,288,323	320,137	433,215	1,134,311	3,175,986
Net book value:					
At 31 December 2014	467,402	77,733	94,988	181,282	821,405

13 Debtors, deposits and prepayments

The group and the organisation

Included in deposits and prepayments is deposits of $835,718 (2013: $663,571) which are expected to be recovered after one year. All of the other debtors, deposits and prepayments are expected to be recovered or recognised as expense within one year.

14 Amounts due from/(to) other Medecins Sans Frontieres offices

The group and the organisation

The amounts due from/(to) other Medecins Sans Frontieres offices are unsecured, interest-free and repayable on demand.

15 Creditors and accrued expenses

The group and the organisation

Apart from accrual for long service payment of $633,072 (2013: $706,233) which is not expected to be settled within one year, all other creditors and accrued expenses are expected to be settled within one year.

16 Deferred income

The group and the organisation

Deferred income represents donation fund received and designated for the Ebola emergency in West Africa which are unspent as at 31 December 2014 and expected to be recognised as donation income upon the fund is spent. Deferred income in 2013 represented donation fund received and designated for the typhoon Haiyan emergency in Philippines and was wholly spent during the year.

17 Financial risk management and fair values

Exposure to credit and liquidity risks arises in the normal course of the group's activities. The group's exposure to these risks and the financial risk management policies and practices used by the group to manage these risks are described below:

(a) Credit risk

The group's credit risk is primarily attributable to amounts due from other Medecins Sans Frontieres offices and cash at bank. Management manages this risk as follow:

Amounts due from other Medecins Sans Frontieres offices are current in nature and repayable on demand. Any credit risk associated with these balances is expected to be low.

The group's cash at bank are placed with major financial institutions with sound credit ratings.

The group does not provide any guarantees which would expose the group to credit risk.

(b) Liquidity risk

The group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

(c) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2014 and 2013.

18 Members' liability

The organisation is not authorised to issue share capital and is limited by guarantee. The liability of members is limited, in the event of the organisation being wound up, to $100 per member.

19 Operating lease commitments

At 31 December 2014, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2014	*2013*
	$	$
Within one year	2,137,562	1,458,861
After one year but within five years	7,526,312	396,158
After five years	1,284,930	-
	10,948,804	1,855,019

The group is the lessee in respect of a number of properties held under operating leases. The leases typically run for an initial period of one to six years, at the end of which period all terms are renegotiated. None of the leases includes contingent rentals.

20 Material related party transactions

There were no material related party transactions in addition to the transactions and balances disclosed elsewhere in these financial statements.

21 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2014

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and new standards which are not yet effective for the year ended 31 December 2014 and which have not been adopted in these financial statements.

The group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the group's results of operations and financial position.

21 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2014 (continued)

In addition, the requirements of Part 9, "Account and Audit", of the new Hong Kong Companies Ordinance (Cap. 622) come into operation from the group's first financial year commencing after 3 March 2014 (i.e. the group's financial year which began on 1 January 2015) in accordance with section 358 of that Ordinance. The group is in the process of making an assessment of the expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9. So far, it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.