



Medecins Sans Frontieres (HK)  
Limited

無國界醫生組織(香港)有限公司

31 December 2015

## Directors' report

The directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 December 2015.

### 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 organisation has the humanitarian goal of delivering medical aid to people where the level of need and suffering has overwhelmed the local capacity to respond. In support of those primary functions, the organisation conducts fundraising and recruits medical and non-medical staff to work in those relief projects. It actively communicates to raise awareness of the needs of its patients and the challenges involved in the work.

### Business Review

#### *(I) Objectives & our work*

##### *(a) MSF Charter*

Médecins Sans Frontières - Hong Kong (MSF-HK), established in 1994, is a private, international association made up mainly of doctors and health sector workers and is also open to all other professions which might help in achieving its aims. All of its members agree to honour the following principles, which constitute The Charter:

Médecins Sans Frontières (MSF) provides assistance to populations in distress, to victims of natural or man-made disasters and to victims of armed conflict. They do so irrespective of race, religion, creed or political convictions.

MSF observes neutrality and impartiality in the name of universal medical ethics and the right to humanitarian assistance and claims full and unhindered freedom in the exercise of its functions.

Members undertake to respect their professional code of ethics and maintain complete independence from all political, economic or religious powers.

## **Business Review (continued)**

### ***(I) Objectives & our work (continued)***

#### **(a) MSF Charter (continued)**

As volunteers, members understand the risks and dangers of the missions they carry out and make no claim for themselves or their assigns for any form of compensation other than that which the association might be able to afford them.

#### **(b) Main Areas of Work**

At its core, the purpose of humanitarian action is to save the lives and ease the suffering of people caught in acute crises, thereby restoring their ability to rebuild their lives and communities. We offer basic healthcare, perform surgery, fight epidemics, rehabilitate and run hospitals and clinics, carry out vaccination campaigns, operate nutrition centre and provide mental healthcare. We are constantly seeking to improve the quality, relevance and extent of our assistance, and we are dedicated to the pursuit of innovation. When we witness serious acts of violence, neglected crises, or obstructions to our activities, MSF may speak out.

The work is carried out by thousands of health professionals, logistical and administrative staff, some of whom are recruited internationally but the majority are from the countries where the organisation is providing assistance.

MSF-HK's Human Resource department recruits operational staff, both medical and non-medical for project locations across the world. The vast majority of the financial resources (see III.d) collected by our Fundraising department go to finance the international operations. MSF HK provides specialised support to MSF's operational management via our Emergency Response and Support Unit, which monitors and deploys to rapid onset crises in the South East Asia region. MSF-HK's Communications Department works to raise awareness and provides up to date public information about MSF's work internationally through the news media and the internet.

### ***(II) Achievements and Performance***

#### **(a) Overview of International Operations**

At any one time, MSF's Operational Centres run projects in 350 to 400 locations, in 70 countries worldwide.



## Business Review (continued)

### (II) *Achievements and Performance (continued)*

#### (a) Overview of International Operations (continued)

##### (i) *Rapid Response to disasters, epidemics and conflict*

For disaster relief, MSF acts fast to gauge the needs, mobilizing MSF staff already in the area or by sending in an emergency team. We are often one of the first international organisations to arrive on the scene of a disaster and our immediate objective will be the relief of suffering in the short term. In 2015, MSF made a significant contribution, for example, in the aftermath of the Nepal earthquake. On the disease front, the major focus was still on West Africa and the continuing Ebola outbreak, which at the end of the year was still not completely suppressed.

Unfortunately, the most challenging aspects of our work last year were linked to a number of very damaging conflicts. The Syrian regional war absorbed a lot of effort as MSF tried to support health facilities inside the country and to treat the many thousands of people who fled outside its borders. Syrians are heavily present amongst the migration stream across the Mediterranean, where MSF attempted search and rescue as well as medical work on land. Violence in South Sudan, the Central African Republic, Yemen and the DRC also stretched our capacities. While in Afghanistan, the renewed fighting included the catastrophic attack by a US gunship on MSF's trauma centre in Kunduz in which killed 42 staff and patients. We have still not received a satisfactory account of the incident.

##### (ii) *Long term projects*

The majority of our programmes have longer term objectives. These projects are carefully researched and planned before they are initiated, in order to ensure that they will have a real impact on health within the constraints of staff and money which are available. Ultimately, MSF aims to complete each project and withdraw. It may be possible to close down a project when the services that we offer are no longer necessary; for example, when an epidemic or a conflict has abated. Another possibility is that we may be able to pass a project over to a local organisation which is able to take over and sustain the operation.

## Business Review (continued)

### (II) Achievements and Performance (continued)

#### (a) Overview of International Operations (continued)

##### (iii) Campaigns and Research

MSF's Access to Essential Medicines Campaign's key focus is to highlight the difficulties and break down the barriers people face in getting hold of adequate and effective diagnostic tests, drugs and vaccines for diseases that affect vulnerable populations. Too often, we cannot treat patients because the medicines are too expensive or they are no longer produced. Sometimes, the only drugs we have are highly toxic or ineffective, and nobody is looking for a better cure.

#### (b) MSF HK Office activities

##### (i) Key Financial Indicators

- Donations received from the public amounted to HK\$393.0 million in 2015, which was an increase of 13% or HK\$44.7 million on the year before.
- We did not receive funds or grants from any public institution (including the HKSAR Government). Over 90% of the donations were from individual donors, the rest from trusts and corporations
- Monthly donations amounted to HK\$236.8 million (2014: HK\$199.8 million), representing 60.3% (2014: 57.4%) of the total income. We spent a total of HK\$344.4 million (2014: HK\$300.2 million) in supporting relief operations, representing 87.6% of total income (2014: 86.2%)
- Fundraising costs were HK\$36.7 million (2014: HK\$37.3 million), representing 9.4% (2014: 10.7%) of total income
- Management and administration costs were HK\$11.9 million (2014: HK\$10.8 million), representing 3.0% (2014: 3.1%) of total income



## **Business Review (continued)**

### ***(II) Achievements and Performance (continued)***

#### **(b) MSF HK Office activities (continued)**

##### ***(ii) Donation Income and Expenses***

A major driver for the 13% income growth in 2015 was the “Ebola Effect” where MSF was strongly highlighted on the world stage due to the organization’s activities battling the epidemic in West Africa. MSF-HK received significant financial support from both existing and new donors because of fundraising initiatives that tapped onto this media attention, including a regular warm mailing appeal that focused on Ebola and an emergency appeal. The expansion of MSF’s digital fundraising programmes also contributed to the growth: upgrading and enhancing MSF-HK’s online giving platform as well as the integration of online campaigns with other ongoing fundraising campaigns has developed our digital fundraising platform into one of the most popular channels amongst donors. Concurrent with the 2015 income growth was a 2% decrease in overall fundraising expenditure. This can be attributed to the conscious efforts made to streamline fundraising practices and to proceed with new investments only after careful cost analysis.

Regular monthly donations continued to grow and regular giving (RG) remains an integral part of MSF HK’s fundraising focus as RG donors provide a stable, steady income to the organization. In 2015, RG gifts comprised 61% of MSF-HK’s total income, whilst one-off cash donations comprised 39%. Recruitment and retention of regular monthly donors are therefore the key priorities of the MSF-HK fundraising unit, and require the heaviest investment. Main activities can be summarized as the raising of funds and awareness from the mass market via street (face-to-face) fundraising, Direct Response Television (DRTV), mailed appeals, and online campaigns.

Targeted Marketing activities also steadily increased, with individual Major Donors, corporate donors, foundation donors and legacy gifts making up 15% of the total income in 2015. As Targeted Marketing activities focus on client-focused individual relationships, investment expenditure was relatively low. However, some new initiatives were launched, including new corporate partnership programs and legacy cultivation.

By the end of 2015, MSF-HK had a non-giving ‘supporter’ pool of 71,972, representing a 19% growth from the previous year. Again, this can largely be attributed to the growth in online activities and the increased media coverage of MSF due to Ebola. The number of active donors supporting MSF likewise increased, with a growth of 6% from 160,938 in 2014 to 171,706 in 2015.

## Business Review (continued)

### (II) Achievements and Performance (continued)

#### (b) MSF HK Office activities (continued)

##### (iii) Fund Allocation and Reserves

MSF-HK does not directly manage operational projects. We are a member entity of MSF International, and we actively participate with MSF Belgium, Italy, Luxemburg, Denmark, Norway, Sweden, South Africa and Brazil to form Operational Centre Brussels (OCB), which is responsible for a large number of operational projects.

MSF-HK grants funds principally to OCB, but also to other MSF Operational Centres, which enable them to plan and implement projects in areas of great need. Smaller grants are given to MSF International in Geneva, to the MSF Access Campaign (AC) and to the Drugs for Neglected Diseases Initiative (DnDi).

In the 2015 financial year, MSF-HK contributed a total of HK\$298.7 million to various emergency and medical programmes in about 58 countries around the world, representing 76 % of total income.

Apart from these programme expenses, HK\$33.6 million was allocated for programme support and development, of which HK\$29.2 million was transferred to Operational Centre Brussels to aid the indirect operational costs. The remaining funds of HK\$12 million were spent in awareness raising, advocacy activities and other humanitarian projects (AC & DnDi) which are coordinated by MSF International office.

MSF-HK has been maintaining a “zero reserve” policy, meaning that all donations received after the fundraising and administration expenses, are fully dispensed to support relief operation.

##### (iv) Our Field workers

To support MSF missions worldwide, MSF-HK recruits our field workers not only in Hong Kong but also in the wider region, including mainland China, Macau, Taiwan, Singapore, the Philippines, Malaysia, Indonesia, Thailand, Cambodia, Vietnam, Laos and Myanmar. This year, 53 new members were recruited to join our pool of field workers, resulting in a total of 195 departures, of which 47 were first missionaries. About 60% of our departures were to fill medical roles e.g. specialists, doctors, nurses etc. and the remaining 40% were non-medical positions in functions such as logistics, finance and human resources. In 2015, the top destinations of our departures were MSF projects in Afghanistan and South Sudan, followed by those in Ukraine, Pakistan and Yemen.



## **Business Review (continued)**

### ***(II) Achievements and Performance (continued)***

#### **(b) MSF HK Office activities (continued)**

##### ***(v) Regional Developments***

One of the major responsibilities that MSF-HK has taken on for the wider MSF movement is to establish and grow new national offices in countries in the Asia-Pacific region. This is an extension of our existing regional approach, which has already for a number of years involved conducting recruitment and developing public awareness in several of countries in the region where there is no MSF office or section. Since 2014, we have had the mandate from MSF's top decision making body, the International Board, to increase our presence in Taiwan and in Singapore, to consolidate MSF's public identity there and eventually to improve our ability to generate donations from private sources.

##### ***(vi) Major Events***

Some of the effort in those two locations has involved conducting substantial public engagement activities via set piece events, as a way of explaining MSF's work. So in Taipei and Singapore, we exhibited a range of information and hosted public talks by our field workers. Similar exhibitions were also held in Manila and Jakarta. While in Hong Kong, the annual events involve organising a sponsored orienteering race and rallying public support for MSF Day on the 7th July. MSF Day is also marked in mainland China with activities in Guangzhou, Beijing and especially online.

### ***(III) Resources and Governance***

#### **(a) International Organization Structure**

MSF is a worldwide movement of former or current staff, who are members of associations at the national, regional and international levels. MSF-HK is one of the 24 associations in MSF Movement which is united by a shared commitment to the MSF Charter and principle. Each association is a separate, independent legal entity having charitable or nonprofit status in their home country. Each association elects its own board of directors and president. Many associations have an executive office, which is accountable to its board of directors.

The associations are attached to five operational directorates, which manage MSF's humanitarian assistance programmes. Other units, including supply centres and medical units, also support MSF's activities.



## **Business Review (continued)**

### ***(III) Resources and Governance (continued)***

#### **(a) International Organization Structure (continued)**

National and regional MSF associations, individuals and the International President are all members of MSF International, the association that safeguards the identity of the MSF movement.

MSF International's highest authority is the International General Assembly (IGA), which is responsible for safeguarding MSF's medical humanitarian social mission, and provides strategic direction to the MSF movement. It delegates duties to an International Board and holds the board accountable for those tasks. The assembly meets annually, and consists of two representatives from each association, two representatives elected by the individual members of MSF International, and the International President, who is elected by the representatives. The International President is currently Dr. Joanne Liu.

MSF-HK is also represented in the board of Operational Centre Brussels (OCB). The overall mandate of the board of OCB is to build a shared operational vision for OCB, together with the executive, to ensure good governance and accountability of the operational centre. The OCB Board consists of one representative from each 9 member entities, including MSF-HK and 6 persons directly elected by members of MSF OCB during the OCB Gathering. Members of MSF-HK association are also members of the MSF OCB.

#### **(b) MSF-HK Organization and Governance Structure**

The board of directors of MSF-HK is elected by the association members during the Annual General Meeting and accountable to its association members. The key responsibilities of the board are to ensure the association's actions and operations are in line with MSF's social mission and principles, overseeing the activities of the executive and ensuring accountability. The responsibilities and functioning of the board of directors are bounded by its Articles of Association.

As of 31 December 2015, the board of MSF-HK consists of 9 elected directors and 5 ex-officio members who are appointed by the board and do not carry any voting rights at the board meetings.

MSF-HK board appoints an Executive Director, who is accountable to the Board, to lead the office. The Executive Director has formed a Management Team with the heads of five key departments (Fundraising, Finance & Administration, Communications, Human Resources and China Team) to facilitate proper management of the office.

## **Business Review (continued)**

### ***(III) Resources and Governance (continued)***

#### **(c) Fund & Project Management**

MSF has a funding strategy and policy in place which aims at ensuring optimization of funding opportunities and resources. Relevant guidelines are set up to ensure transparency with respect to the resources allocated to each project towards our stakeholders, in particular the donors.

MSF Operational Centres manage the projects in the field. Each individual project will be assigned an annual budget according to the assessed needs and funds available. These are reviewed and monitored at regular intervals on the basis of our Risk management & Internal control processes, notably to ensure that the project progresses towards its targets in the most effective way possible in compliance with the internal policies, procedures and available resources. Evaluation of projects is performed by an MSF unit which is separate and external to the operational management in order to continually adjust strategies and take account of possible weaknesses and lessons.

#### **(d) Risk Management**

MSF-HK maintains a detailed risk register which is regularly reviewed, revised and updated by the management team. Risks are rated according to their probability of occurrence and their potential impact on the finances or reputation of the organization. Policies and strategies are adopted which should mitigate or prevent the risks that are considered most potent.

The management team report to the Board on the top ten risks at yearly intervals and will notify the Board of any urgent issue as it arises.

One of the key operational risks is the unavoidable danger that the personnel recruited by MSF-HK to work overseas are often exposed to. All possible safeguards are put in place in the field to avoid any security incidents, and the organization places great emphasis on negotiating with all parties in a given location to get safety assurances.

In terms of financial risks, a potential downturn in the local economy or any wider economic crisis may impact our donation income. We perform periodic reviews to monitor income and will tune our investment to maximize the donations from each of the fundraising channels. Our fundraising strategy of targeting mainly private and individual regular donors also helps to mitigate such risk.



## Business Review (continued)

### (III) Resources and Governance (continued)

#### (e) Cost Control

MSF, both in Hong Kong and internationally, always strives to make the best possible use of the funds which are donated to us. We ensure that our programmes are focused effectively on populations which are most vulnerable, and we continually review our support, logistics, and medical protocols in order to either reduce costs, or to increase effectiveness.

During 2015 MSF-HK was able to commit 88% of our total expenditure to support relief operations (2014 – 86%), which is well above the MSF global benchmark of 80%. This Social Mission Ratio is either more favorable or comparable with other Hong Kong charities working in the same field.

Administration costs accounted for 3% of MSF-HK's total outgoings. These expenses were devoted to general management, administration, financial management, and information technology systems. 1% (HK\$2.8 million) of the total budget was transferred to MSF International Office for management, general and administration purposes.

### (IV) Sustainable Development

#### (a) Relationship with Key Stakeholders

##### (i) Donors

MSF relies predominantly on private funding to ensure the organization's financial and operational independence. As such, monetary contributions from donors are arguably the backbone that not only pays for all MSF operations, but allows MSF to maintain its core philosophies. MSF-HK fundraising programs are aimed at not only generating income, but maintaining and cultivating relationships with our donors to ensure their long-term support and thereby MSF's operational viability.

MSF-HK Donor Cultivation teams use a variety of methods to increase donors' understanding of MSF's work and enhance their level of support to the organization. These include engagement events ranging from field worker sharing sessions and film screenings to large-scale campaigns such as MSF Day and the MSF Orienteering Competition; regular mailed correspondence including warm appeal mailings, birthday and seasonal greetings, thank you letters, and bulletin and Activity Report mailings (please note that no donor survey was sent in 2015); ad hoc online engagement; and targeted cultivation tools such as update meetings. Some cultivation activities are conducted with the assistance or in partnership with MSF HK's Communications department.

## Business Review (continued)

### (IV) Sustainable Development (continued)

#### (a) Relationship with Key Stakeholders (continued)

##### (ii) Staff

We provide a friendly, collaborative and team-based working environment and encourage open communication, where each staff member is free to speak out. The relationship with our staff goes beyond the normal employer-employee one because staff members are invited to become a member of the MSF-HK Association upon completion of one year's service. As associative members, they will also engage in the collective ownership of MSF-HK and the oversight of its leadership.

##### (iii) Field Workers

At the end of 2015, MSF-HK had 257 active field workers in our pool, recruited from a range of different countries across the region. As with our office staff, all field workers are invited to become an associative member of MSF-HK and to continue to play a vital role in our development. The active pool members are either serving in missions or waiting to be dispatched. They bring with them professional skills and add to the diversity of our operational teams around the world, while often making significant sacrifices in their family life, home employment and personal comforts. We are grateful for their contributions.

##### (iv) Association Members

MSF was founded as an association. The associative identity is reiterated in MSF Charter and Chantilly. The association engages field workers, volunteers and staff from all the MSF entities in a shared commitment to humanitarian medical action. Being an association member, he/she can engage in the collective ownership of MSF and oversight of its leadership. The associations function in a participatory way. During the General Assembly, members select the board of directors to represent their voices. The executive is responsible for day-to-day management and support of operations, and is accountable to the members of the association. As of 31 December 2015, MSF-HK has 406 association members.



## Business Review (continued)

### (IV) Sustainable Development (continued)

#### (a) Relationship with Key Stakeholders (continued)

##### (v) *Volunteers*

MSF-HK is fortunate to have many volunteers who give their time and help out in our Hong Kong office as well as during our events held in Hong Kong, Singapore, Taipei, Guangzhou and Beijing. We are grateful for their contributions and considered them an integral part of our family. In addition to weekly short briefings held in the office during which the current issues faced by the Movement are shared with our volunteers, there is an annual Volunteer Day, a fun occasion with full participation from our staff and volunteers.

##### (vi) *Public*

MSF's commitment to speaking about what it sees in the places where we do the emergency medical work means that our engagement with the public in our home societies is conducted as a primary objective of the organisation and as an end in itself. That process takes place through a range of channels including public talks, exhibitions, extensive and inclusive media relations work, a website dedicated to explaining the nature of humanitarian crises and our response in the field, and an active presence on social media. MSF-HK produces regular e-newsletters, a twice-yearly magazine on our work and an explanatory annual report which details our contribution to the global medical effort.

#### (b) Environmental Measures

MSF-HK commits to improve the environment for the welfare and enjoyment of our staff and the wider community. We have assumed our responsibility to work towards the achievement of sustainable development. Our environmental initiatives include smart and careful consumption of resources and water, measures taken on waste generation, energy use and procurement processes.

## Business Review (continued)

### (V) Future Outlook

In line with our priorities, MSF-HK will continue to strive to provide high quality support to all MSF's missions around the world, with a clear vision of continuing our work of providing aid to the world's neediest population.

At the same time, we will continue our incubation role in the development of MSF in Taiwan, Singapore and China. By leveraging existing resources and providing these new initiatives with the necessary knowledge and experiences gained from Hong Kong, our aim is to help in building up their capacity in the most efficient way.

Our goal will remain to enhance our Humanitarian and Medical identity in these regions as a core component to our development, while emphasizing transparency for our supporters, reactivity and quality care for our beneficiaries.

We would also like to increase our investment in internal information and management systems, which will enable us to stay aligned with the best technologies, and in turn allow a better integration and interoperability amongst the various MSF Offices in the region.

### Directors

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

ANNUAR Johann Bin	
BACCHETTA Adrio Serafino	(resigned on 29 August 2015)
CHAN Kwong Wai	
LI Wilson	
LIU Chen Kun	
VAN DER TAK Dick	
LEUNG Sin Man	(appointed on 21 April 2015)
COSICO Roy Anthony	(appointed on 29 August 2015)
LEE Sau Wai	(appointed on 29 August 2015)
TAN Day Seng	(appointed on 29 August 2015)
FAN Ning	(resigned on 29 August 2015)
JARMIN Martin John III	(resigned on 29 August 2015)
PAN Yuan	(resigned on 29 August 2015)
CAWTHRONE Paul	(resigned on 30 November 2015)



### **Directors (continued)**

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 or fellow subsidiaries 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.

### **Indemnity of directors**

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors of the organisation is currently in force and was in force throughout this year.

### **Director's interests in transactions, arrangements or contracts**

No contract of significance to which the organisation or fellow subsidiaries 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 company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



LIU Chen Kun

Director

Hong Kong, 18 JUL 2016



## 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 17 to 37, which comprise the consolidated statements of financial position as at 31 December 2015, 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 405 of the Hong Kong Companies Ordinance, 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.





# 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 financial position of the group as at 31 December 2015 and of the group's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Certified Public Accountants

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

18 JUL 2016

## Consolidated statement of comprehensive income for the year ended 31 December 2015

(Expressed in Hong Kong dollars)

	Note	2015 \$	2014 \$
<b>Public donations</b>	2	392,974,645	348,256,414
<b>Other income</b>	3	24,796	89,393
		<u>392,999,441</u>	<u>348,345,807</u>
<b>Less: Expenditures</b>			
Emergency and medical programmes	5	298,760,753	259,831,754
Programme support and development	6	33,619,679	26,948,448
Public awareness and other campaigns		9,936,610	11,147,289
Other humanitarian activities	7	2,083,824	2,312,238
Management, general and administration	8	11,872,547	10,805,437
Fundraising		<u>36,726,028</u>	<u>37,300,641</u>
		<u>392,999,441</u>	<u>348,345,807</u>
<b>Designated surplus and total comprehensive income for the year</b>	4	<u>-</u>	<u>-</u>

The notes on pages 21 to 37 form part of these financial statements.



## Consolidated statement of financial position at 31 December 2015

(Expressed in Hong Kong dollars)

	Note	2015 \$	2014 \$
<b>Non-current asset</b>			
Property, plant and equipment	12	1,060,828	821,405
<b>Current assets</b>			
Debtors	13	138,960	25,392
Deposits and prepayments	13	1,985,797	1,625,391
Amount due from MSF International office	14	1,141,045	1,069,841
Amount due from office in Belgium	14	304,818	981,987
Amount due from office in France	14	18,658	74,907
Amount due from office in Holland	14	125,978	177,033
Amount due from office in Spain	14	74,700	30,419
Amount due from office in Switzerland	14	42,403	94,716
Cash and cash equivalents		22,206,001	25,510,186
		26,038,360	29,589,872
<b>Current liabilities</b>			
Creditors and accrued expenses	15	2,392,861	4,152,552
Deferred income	16	-	1,199,684
Amount due to MSF Supply	14	5,048	-
Amount due to office in Belgium	14	24,688,749	24,893,587
Amount due to office in France	14	1,000	158,260
Amount due to office in USA	14	11,530	7,194
		27,099,188	30,411,277
<b>Net current liabilities</b>		(1,060,828)	(821,405)
<b>Net assets</b>		-	-

Consolidated statement of financial position  
at 31 December 2015 (continued)  
(Expressed in Hong Kong dollars)

	Note	2015 \$	2014 \$
Represented by:			
<b>Fund balances</b>			
Accumulated funds		-	-

Approved and authorised for issue by the board of directors on 18 JUL 2016

LIU Chen Kun



LEUNG Sin Man



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) Directors

The notes on pages 21 to 37 form part of these financial statements.



## Consolidated cash flow statement for the year ended 31 December 2015

(Expressed in Hong Kong dollars)

	Note	2015 \$	2014 \$
<b>Operating activities</b>			
Designated surplus for the year		-	-
Adjustments for:			
Interest income		(2,775)	(2,861)
Depreciation	12	276,267	157,217
<b>Operating surplus before changes in working capital</b>		273,492	154,356
(Increase)/decrease in debtors		(113,568)	44,554
Increase in deposits and prepayments		(360,406)	(34,851)
(Decrease)/increase in creditors and accrued expenses		(1,759,691)	27,119
Decrease in deferred income		(1,199,684)	(4,527,289)
Increase/(decrease) in net amounts due to MSF offices		368,587	(1,585,427)
<b>Net cash used in operating activities</b>		(2,791,270)	(5,921,538)
<b>Investing activities</b>			
Payment for the purchase of property, plant and equipment	12	(515,690)	(864,603)
Interest received		2,775	2,861
<b>Net cash used in investing activities</b>		(512,915)	(861,742)
<b>Net decrease in cash and cash equivalents</b>		(3,304,185)	(6,783,280)
<b>Cash and cash equivalents at 1 January</b>		25,510,186	32,293,466
<b>Cash and cash equivalents at 31 December</b>		22,206,001	25,510,186

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

The notes on pages 21 to 37 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 HKFRSs, 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 and the requirements of Hong Kong Companies Ordinance. A summary of the significant accounting policies adopted by the group is set out below.

#### **(b) Basis of preparation of the financial statements**

The consolidated financial statements for the year ended 31 December 2015 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)

The group is in net current liabilities at 31 December 2015, as the group has maintained a policy of “zero reserve”. That is, all funds raised, net of operating expenses, would be transferred to other operational centres. The group has a non-current asset of HK\$1,060,828. Therefore the group would inevitably have a position of net current liabilities with the same amount as at 31 December 2015. The directors are of the opinion that, having taken into account the expected cash inflows from public donations, the group has sufficient financial resources to meet its liabilities as and when they fall due in the coming twelve months from the end of the reporting period. Accordingly, the directors believe that the group will be able to continue as a going concern and thus have prepared the consolidated financial statements on a going concern basis.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption 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.

### (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.

## 1 Significant accounting policies (continued)

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.

### (e) *Property, plant and equipment*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is calculated to write off the cost of items of property, plant and equipment, 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 <sup>1</sup> / <sub>3</sub> years

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

The carrying amounts of property, plant and equipment 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 an item of property, plant and equipment 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.



## 1 Significant accounting policies (continued)

### (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.

#### (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.

**1 Significant accounting policies (continued)**

**(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.

**(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.



## 1 Significant accounting policies (continued)

### (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.

### (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.

## 1 Significant accounting policies (continued)

### (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.
- (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).

**1 Significant accounting policies (continued)**

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the group or to the group's parent.

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**

	<i>2015</i>	<i>2014</i>
	\$	\$
Associate membership fee	9,600	8,150
Bank interest income	2,775	2,861
Book sales	12,421	8,085
Exchange gain	-	70,297
	<u>24,796</u>	<u>89,393</u>

**4 Designated surplus for the year**

Designated surplus for the year is arrived at after charging:

	<i>2015</i>	<i>2014</i>
	\$	\$
Salaries, wages and other benefits (including contributions to defined contribution retirement plan of \$1,279,678 (2014: \$1,149,551))	20,882,692	19,628,200
Auditors' remuneration	85,000	85,000
Depreciation	276,267	157,217
Operating lease charges for property rentals	<u>1,760,786</u>	<u>1,418,718</u>



## 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:

<i>Locations of projects</i>	<i>2015</i> \$	<i>2014</i> \$
Afghanistan	18,134,102	13,504,323
Algeria	1,093,601	78,592
Australia	20,168	-
Belgium	607,790	-
Brazil	99,995	-
Bangladesh	6,900,000	5,056,331
Bulgaria	2,373	653,261
Burundi	1,779,619	1,719,292
Cambodia	196,910	566,095
Central Africa Republic	6,326,566	3,114,283
Chad	4,900,000	6,000,000
Cote D'ivoire	345,061	291,307
Democratic Republic Of Congo	33,439,838	14,520,067
Egypt	1,688,870	1,931,462
Ethiopia	3,500,000	-
Gaza	1,000	148,260
Greece	164	666,505
Guinea	7,673,630	11,715,801
Haiti	6,254,018	4,696,242
India	4,617,332	4,566,738
Indonesia	242,473	3,098
Iraq	-	10,000
Italy	6,077,490	1,109,466

## 5 Emergency and medical programmes (continued)

	2015 \$	2014 \$
Jordan	6,338,191	2,000,000
Kenya	2,622,111	2,165,943
Lebanon	15,371,826	1,496,274
Liberia	1,384,049	300,959
Libya	1,672,733	3,071,412
Madagascar	1,933,026	-
Malawi	2,770,412	3,897,830
Malaysia	1,000,000	-
Mali	-	2,389
Mauritania	1,685,016	1,213,994
Mozambique	4,345,322	147,936
Myanmar	18,600,000	16,000,000
Nepal	1,392,913	-
Niger	5,946,358	2,421,729
Nigeria	3,200,000	3,000,000
Pakistan	17,637,129	13,038,107
Papua New Guinea	4,000,000	5,000,000
Philippines	22,895	4,829,671
Sierra Leone	5,449,827	4,037,869
Somalia	-	14,183
South Africa	4,399,804	1,776,850
Sudan	114,952	3,160,048
Sudan South	7,409,466	6,599,666
Syria	6,139,563	2,102,823
Tanzania	465,949	-
Ukraine	9,872,165	1,704,187
Uzbekistan	2,620,000	-
Yemen	10,132,160	-
Zimbabwe	6,098,574	5,857,615
Migrant Support Balkan Route	20,284,704	187,958
Funds allocated for unforeseeable emergencies and HIV/AIDS programs	31,811,923	105,310,153
Other project:		
– MSF International Fund	138,685	143,035
	<u>298,760,753</u>	<u>259,831,754</u>

## **6 Programme support and development**

Included in expenditures for programme support and development is an amount of \$29,204,839 (2014: \$22,963,128) transferred to Operational Centre 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:

<i>Name of projects</i>	<i>2015</i> \$	<i>2014</i> \$
DNDi	988,502	1,249,262
Access Campaign	1,095,322	1,062,976
	<u>2,083,824</u>	<u>2,312,238</u>

## **8 Management, general and administration**

Included in expenditures for management, general and administration is an amount of \$2,825,353 (2014: \$3,163,811) transferred to MSF International Office for management, general and administration expenditure purposes.

## **9 Directors' emolument**

Directors' emolument disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation is as follows:

	<i>2015</i> \$	<i>2014</i> \$
Directors' fee	-	-
Salaries, allowances and benefits in kind	-	-
Discretionary bonuses	-	-
Retirement scheme contributions	-	-
	<u>-</u>	<u>-</u>



## 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

Details of the subsidiary at 31 December 2015 are as follows:

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

## 12 Property, plant and equipment

	<i>Leasehold improvements \$</i>	<i>Furniture and fixtures \$</i>	<i>Office equipment \$</i>	<i>Computer equipment \$</i>	<i>Total \$</i>
<b>Cost:</b>					
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	<u>1,755,725</u>	<u>397,870</u>	<u>528,203</u>	<u>1,315,593</u>	<u>3,997,391</u>
<b>Accumulated depreciation:</b>					
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	<u>1,288,323</u>	<u>320,137</u>	<u>433,215</u>	<u>1,134,311</u>	<u>3,175,986</u>
<b>Net book value:</b>					
At 31 December 2014	<u>467,402</u>	<u>77,733</u>	<u>94,988</u>	<u>181,282</u>	<u>821,405</u>

## 12 Property, plant and equipment (continued)

	<i>Leasehold improvements</i> \$	<i>Furniture and fixtures</i> \$	<i>Office equipment</i> \$	<i>Computer equipment</i> \$	<i>Total</i> \$
<b>Cost:</b>					
At 1 January 2015	1,755,725	397,870	528,203	1,315,593	3,997,391
Additions	-	-	199,286	316,404	515,690
At 31 December 2015	<u>1,755,725</u>	<u>397,870</u>	<u>727,489</u>	<u>1,631,997</u>	<u>4,513,081</u>
<b>Accumulated depreciation:</b>					
At 1 January 2015	1,288,323	320,137	433,215	1,134,311	3,175,986
Charge for the year	103,962	17,121	32,090	123,094	276,267
At 31 December 2015	<u>1,392,285</u>	<u>337,258</u>	<u>465,305</u>	<u>1,257,405</u>	<u>3,452,253</u>
<b>Net book value:</b>					
At 31 December 2015	<u>363,440</u>	<u>60,612</u>	<u>262,184</u>	<u>374,592</u>	<u>1,060,828</u>

## 13 Debtors, deposits and prepayments

Included in deposits and prepayments is deposits of \$1,067,940 (2014: \$835,718) 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 amounts due from/(to) other Medecins Sans Frontieres offices are unsecured, interest-free and recoverable/(repayable) on demand.

## 15 Creditors and accrued expenses

Apart from accrual for long service payment of \$726,907 (2014: \$633,072) 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

Deferred income in 2014 represented donation fund received and designated for the Ebola emergency in West Africa and was fully charged to expenditures during the year.

## 17 Fund balances

### *The organisation*

Details of the changes in the organisation's individual component of fund balances between the beginning and the end of the years are set out below.

	<i>Accumulated funds</i>
<b>At 1 January 2014</b>	-
Designated surplus and total comprehensive income for the year	-
<b>At 31 December 2014 and 1 January 2015</b>	-
Designated surplus and total comprehensive income for the year	2,650
<b>At 31 December 2015</b>	2,650

## 18 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 recoverable 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*

Apart from going concern issue mentioned in note 1(b), 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 were carried at amounts not materially different from their fair values as at 31 December 2015 and 2014.



## **19 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.

## **20 Operating lease commitments**

At 31 December 2015, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	<i>2015</i>	<i>2014</i>
	\$	\$
Within one year	2,164,413	2,137,562
After one year but within five years	7,220,403	7,526,312
After five years	-	1,284,930
	<u>9,384,816</u>	<u>10,948,804</u>

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.

## **21 Material related party transactions**

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

## 22 Company-level statement of financial position

	2015	2014
	\$	\$
<b>Non-current assets</b>		
Interest in a subsidiary	53,250	50,000
Property, plant and equipment	1,060,828	821,405
	<u>1,114,078</u>	<u>871,405</u>
<b>Current assets</b>		
Debtors	138,960	25,392
Deposits and prepayments	1,985,797	1,625,391
Amount due from MSF International office	1,141,045	1,069,841
Amount due from office in Belgium	304,818	981,987
Amount due from office in France	18,658	74,907
Amount due from office in Holland	125,978	177,033
Amount due from office in Spain	74,700	30,419
Amount due from office in Switzerland	42,403	94,716
Cash and cash equivalents	22,155,401	25,460,186
	<u>25,987,760</u>	<u>29,539,872</u>

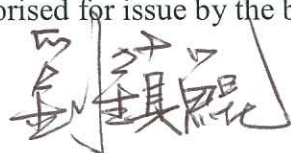


## 22 Company-level statement of financial position (continued)

	2015	2014
	\$	\$
<b>Current liabilities</b>		
Creditors and accrued expenses	2,392,861	4,152,552
Deferred income	-	1,199,684
Amount due to MSF Supply	5,048	-
Amount due to office in Belgium	24,688,749	24,893,587
Amount due to office in France	1,000	158,260
Amount due to office in USA	11,530	7,194
	<u>27,099,188</u>	<u>30,411,277</u>
<b>Net current liabilities</b>	<u>(1,111,428)</u>	<u>(871,405)</u>
<b>Net assets</b>	<u>2,650</u>	<u>-</u>
Represented by:		
<b>Fund balances</b>		
Accumulated funds	<u>2,650</u>	<u>-</u>

Approved and authorised for issue by the board of directors on **18 JUL 2016**

LIU Chen Kun



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) Directors

LEUNG Sin Man



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## 23 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2015

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 2015 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.