



Medecins Sans Frontieres (HK)  
Limited

無國界醫生組織(香港)有限公司

31 December 2012

## 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 2012.

### **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 organisation for the year ended 31 December 2012 and the state of the organisation's affairs as at that date are set out in the financial statements on pages 5 to 20.

### **International aid and relief**

During the year, HK\$205,875,519 (2011: HK\$217,846,575) 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 11 to the financial statements.

## Directors

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

ALLAOUNA-MOREAU Malik	
CHAN Shut Wah	(resigned on 25 August 2012)
COPPENS Catherina Philomena Henrica	
FAN Ning	
HU Yuan Qiong	
LEE Kar Man	(resigned on 25 August 2012)
LI Wilson	
LIU Chen Kun	
MACKINTOSH Kate Fitzgerald	(resigned on 25 August 2012)
PAN Yuan	
PIEDAGNEL Jean-Michel	
TU Zheng	
ANNUAR Johann Bin	(appointed on 25 August 2012)
CHAN Wai Chi Gigi	(appointed on 25 August 2012)
LEE Seung Ngai	(appointed on 25 August 2012)

In accordance with article 49 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.

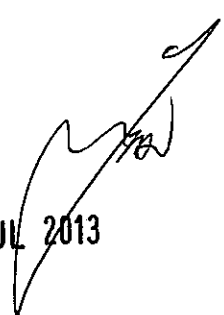
## Auditors

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

By order of the board

Director

Hong Kong, 25 JUL 2013



Independent auditor's report to the members of  
Medecins Sans Frontieres (HK) Limited  
*(Incorporated in Hong Kong with limited liability)*

We have audited the financial statements of Medecins Sans Frontieres (HK) Limited ("the organisation") set out on pages 5 to 20, which comprise the statement of financial position as at 31 December 2012, the statement of comprehensive income and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

*Directors' responsibility for the financial statements*

The directors of the organisation are responsible for the preparation of 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 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 financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 141 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 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 include 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 financial statements.

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



Independent auditor's report to the members of  
Medecins Sans Frontieres (HK) Limited (continued)  
*(Incorporated in Hong Kong with limited liability)*

*Opinion*

In our opinion, the financial statements give a true and fair view of the state of the organisation's affairs as at 31 December 2012 and of its 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.

Certified Public Accountants

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

25 JUL 2013

**Statement of comprehensive income**  
**for the year ended 31 December 2012**  
*(Expressed in Hong Kong dollars)*

	<i>Note</i>	<i>2012</i> \$	<i>2011</i> \$
<b>Public donations</b>	2	247,779,431	253,007,412
<b>Other income</b>	3	<u>13,412</u>	<u>36,238</u>
		<u>247,792,843</u>	<u>253,043,650</u>
<b>Less: Expenditures</b>			
Emergency and medical programmes	5	179,971,151	194,150,000
Programme support and development	6	27,101,882	24,032,959
Advocacy		8,222,577	6,599,972
Other humanitarian activities	7	1,879,297	1,627,851
Management, general and administration	8	9,089,885	7,687,683
Fundraising		<u>21,528,051</u>	<u>18,945,185</u>
		<u>247,792,843</u>	<u>253,043,650</u>
<b>Designated surplus and total comprehensive income for the year</b>	4	<u>-</u>	<u>-</u>

The notes on pages 9 to 20 form part of these financial statements.

## Statement of financial position at 31 December 2012

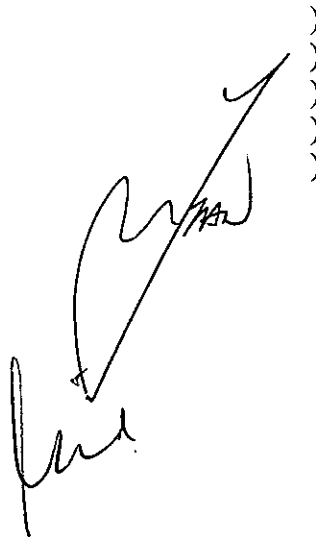
(Expressed in Hong Kong dollars)

	Note	2012 \$	2011 \$
<b>Non-current asset</b>			
Fixed assets	11	139,261	183,751
<b>Current assets</b>			
Debtors	12	143,727	186,705
Deposits and prepayments	12	1,196,773	1,076,284
Amount due from office in Belgium	13	850,274	2,331,285
Amount due from office in Spain	13	27,847	447,858
Amount due from MSF International office	13	511,949	345,011
Amount due from MSF Access Campaign	13	-	224,650
Amount due from office in Holland	13	109,048	192,861
Amount due from office in France	13	33,989	96,417
Amount due from office in Switzerland	13	46,136	25,251
Amount due from office in the United States of America	13	-	2,190
Cash and cash equivalents		19,314,829	29,494,904
		22,234,572	34,423,416
<b>Current liabilities</b>			
Creditors and accrued expenses	14	1,697,135	1,325,305
Amount due to office in Holland	13	-	12,667,902
Amount due to office in Belgium	13	19,326,065	12,313,829
Amount due to office in Spain	13	-	8,279,550
Amount due to office in the United Kingdom	13	-	8,657
Amount due to MSF International fund	13	1,237,377	-
Amount due to MSF International office	13	-	11,924
Amount due to MSF Access Campaign	13	81,972	-
Amount due to office in Switzerland	13	31,284	-
		22,373,833	34,607,167
<b>Net current liabilities</b>		(139,261)	(183,751)
<b>Net assets</b>		-	-

Statement of financial position at 31 December 2012  
(continued)  
(Expressed in Hong Kong dollars)

	Note	2012 \$	2011 \$
Represented by:			
<b>Fund balances</b>			
Accumulated funds		<u>-</u>	<u>-</u>

Approved and authorised for issue by the board of directors on 25 JUL 2013

 )  
) Directors  
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The notes on pages 9 to 20 form part of these financial statements.



Cash flow statement  
for the year ended 31 December 2012  
(Expressed in Hong Kong dollars)

	Note	2012 \$	2011 \$
<b>Operating activities</b>			
Designated surplus for the year		-	-
Adjustments for:			
Interest income		(4,293)	(6,982)
Depreciation	11	147,306	230,733
Loss on disposal of fixed assets	11	-	4,800
<b>Operating surplus before changes in working capital</b>		143,013	228,551
Decrease/(increase) in debtors		42,978	(126,527)
Increase in deposits and prepayments		(120,489)	(373,359)
Increase/(decrease) in creditors and accrued expenses		371,830	(686,726)
(Decrease)/increase in net amounts due to MSF offices		(10,518,884)	22,478,836
<b>Net cash (used in)/generated from operating activities</b>		(10,081,552)	21,520,775
<b>Investing activities</b>			
Payment for the purchase of fixed assets	11	(102,816)	(85,728)
Interest received		4,293	6,982
<b>Net cash used in investing activities</b>		(98,523)	(78,746)
<b>Net (decrease)/increase in cash and cash equivalents</b>		(10,180,075)	21,442,029
<b>Cash and cash equivalents at 1 January</b>		29,494,904	8,052,875
<b>Cash and cash equivalents at 31 December</b>		19,314,829	29,494,904

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

The notes on pages 9 to 20 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 and the requirements of the Hong Kong Companies Ordinance. A summary of the significant accounting policies adopted by the organisation is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective for the current accounting period of the organisation. However, none of these developments are relevant to the organisation's financial statements.

The organisation has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 20).

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

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.

#### (c) *Statement of changes in accumulated funds*

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

## 1 Significant accounting policies (continued)

### (d) 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 <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 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 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 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.

### (e) 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 organisation

Assets that are held by the organisation under leases which transfer to the organisation 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 organisation are classified as operating leases.

**1 Significant accounting policies (continued)**

**(e) Leased assets (continued)**

**(ii) Operating lease charges**

Where the organisation 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.

**(f) Receivables (including amounts due from other Medecins Sans Frontieres offices)**

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.

**(g) 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.

**(h) 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.

**(i) 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.

**1 Significant accounting policies (continued)**

**(j) Provisions and contingent liabilities**

Provisions are recognised for liabilities of uncertain timing or amount when 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.

**(k) Revenue recognition**

**(i) Donation income**

Donation income represents cash received from various fund raising projects and is recognised upon receipt.

**(ii) Interest income**

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

**(l) 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 and non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value 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.

**(m) Related parties**

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

- (i) has control or joint control over the organisation;
- (ii) has significant influence over the organisation; or
- (iii) is a member of the key management personnel of the organisation or the organisation's parent.

# **1 Significant accounting policies (continued)**

## **(m) Related parties (continued)**

- (2) An entity is related to the organisation if any of the following conditions applies:
- (i) The entity and the organisation 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 organisation or an entity related to the organisation.
  - (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**

	<i>2012</i>	<i>2011</i>
	\$	\$
Associate membership fee	8,050	6,800
Bank interest income	4,293	6,982
Book sales	1,069	2,456
Others	-	20,000
	<u>13,412</u>	<u>36,238</u>

#### 4 Designated surplus for the year

Designated surplus for the year is arrived at after charging:

	2012	2011
	\$	\$
Salaries, wages and other benefits (including contributions to defined contribution retirement plan of \$926,710 (2011: \$707,314))	16,717,475	12,374,842
Depreciation	147,306	230,733
Operating lease charges for property rentals	<u>1,250,658</u>	<u>1,106,873</u>

#### 5 Emergency and medical programmes

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

<i>Locations of projects</i>	2012	2011
	\$	\$
Afghanistan	13,965,240	10,544,120
Bahrein	202,310	-
Bangladesh	7,004,140	3,775,139
Brazil	24,911	172,115
Burkina Faso	-	7,085
Burundi	3,320,822	2,490,445
Central Africa Republic	1,000	-
Chad	6,000,000	2,922,938
Colombia	3,000,000	2,922,938
Cote d'Ivoire	236,777	4,511,705
Democratic Republic of Congo	15,204,048	9,227,507
Egypt	1,709,547	2,719,058
Ethiopia	2,778,409	2,856,742
Gaza	1,000	-
Guinea	4,912,714	4,226,220
Haiti	6,404,584	6,448,144
India	10,778,708	13,755,138
Iraq	4,000,000	5,728,927
Italy	13,798	488,718
Japan	-	1,102,000
Jordan	723	-

## 5 Emergency and medical programmes (continued)

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

<i>Locations of projects (continued)</i>	<i>2012</i>	<i>2011</i>
	\$	\$
Kenya	5,097,957	4,239,185
Liberia	103,800	1,549,510
Libya	1,162,609	1,212,934
Malawi	3,363,373	4,894,218
Mali	514,525	543,430
Mauritania	2,749,693	-
Mozambique	3,587,899	2,915,910
Myanmar (Burma)	12,603,000	7,015,050
Niger	4,139,576	6,085,609
Nigeria	7,000,000	3,507,525
Pakistan	3,426,738	5,058,599
Peru	-	84,071
Papua New Guinea	3,500,000	1,753,763
Philippines	10,848	9,289
General project funding	746,337	-
Russia	5,000,000	5,880,738
Sierra Leone	5,712,623	3,909,584
Somalia	6,725,672	38,308,718
South Africa	3,236,106	2,727,381
Sri Lanka	70,000	7,976,768
Sudan North	570,292	1,874,060
Sudan South	18,069,887	6,061,264
Syria	1,505,563	12,098
Tajikistan	-	2,198,340
Thailand	42,155	1,176,449
Uganda	53,447	-
Ukraine	982,602	2,002,240
Uzbekistan	3,239,000	4,631,895
Yemen	19,300	-
Zimbabwe	5,942,041	3,288,926
Other projects:		
- MSF International Fund	1,237,377	1,333,507
	<u>179,971,151</u>	<u>194,150,000</u>



## **6 Programme support and development**

Included in expenditures for programme support and development is an amount of \$21,926,091 (2011: \$20,083,932) transferred to Operational Section Brussels to aid indirect operational costs.

## **7 Other humanitarian activities**

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

<i>Name of projects</i>	<i>2012</i> \$	<i>2011</i> \$
DNDi	964,873	871,821
Access Campaign	914,424	756,030
	<u>1,879,297</u>	<u>1,627,851</u>

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

Included in expenditures for management, general and administration is an amount of \$2,098,980 (2011: \$1,984,792) 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 (2011: \$Nil) in respect of services to the organisation during the year.

## **10 Taxation**

No provision has been made in the financial statements for Hong Kong taxation as the organisation is an approved charitable organisation and is exempted from tax under section 88 of the Inland Revenue Ordinance.

## 11 Fixed assets

	<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 2011	1,235,915	312,266	396,062	1,086,047	3,030,290
Additions	-	-	18,228	67,500	85,728
Disposals	-	-	-	(12,000)	(12,000)
At 31 December 2011	<u>1,235,915</u>	<u>312,266</u>	<u>414,290</u>	<u>1,141,547</u>	<u>3,104,018</u>
<b>Accumulated depreciation:</b>					
At 1 January 2011	1,229,754	287,080	311,044	868,856	2,696,734
Charge for the year	6,161	13,458	53,503	157,611	230,733
Written back on disposals	-	-	-	(7,200)	(7,200)
At 31 December 2011	<u>1,235,915</u>	<u>300,538</u>	<u>364,547</u>	<u>1,019,267</u>	<u>2,920,267</u>
<b>Net book value:</b>					
At 31 December 2011	<u>-</u>	<u>11,728</u>	<u>49,743</u>	<u>122,280</u>	<u>183,751</u>
	<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 2012	1,235,915	312,266	414,290	1,141,547	3,104,018
Additions	-	-	21,428	81,388	102,816
At 31 December 2012	<u>1,235,915</u>	<u>312,266</u>	<u>435,718</u>	<u>1,222,935</u>	<u>3,206,834</u>
<b>Accumulated depreciation:</b>					
At 1 January 2012	1,235,915	300,538	364,547	1,019,267	2,920,267
Charge for the year	-	11,728	31,620	103,958	147,306
At 31 December 2012	<u>1,235,915</u>	<u>312,266</u>	<u>396,167</u>	<u>1,123,225</u>	<u>3,067,573</u>
<b>Net book value:</b>					
At 31 December 2012	<u>-</u>	<u>-</u>	<u>39,551</u>	<u>99,710</u>	<u>139,261</u>

**12 Debtors, deposits and prepayments**

Included in deposits and prepayments is deposits of \$658,569 (2011: \$595,586) which is 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.

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

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

**14 Creditors and accrued expenses**

Apart from accrual for long service payment of \$604,648 (2011: \$552,645) which is not expected to be settled within one year, all other creditors and accrued expenses are expected to be settled within one year.

**15 Financial risk management and fair values**

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

**(a) Credit risk**

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

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

**(b) Liquidity risk**

The organisation'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 2012 and 2011.

**16 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.

**17 Operating lease commitments**

At 31 December 2012, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2012	2011
	\$	\$
Within one year	1,516,505	1,534,772
After one year but within five years	1,520,184	1,901,251
	<u>3,036,689</u>	<u>3,436,023</u>

The organisation 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 three years, at the end of which period all terms are renegotiated. None of the leases includes contingent rentals.

**18 Material related party transactions**

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

**19 Comparative figures**

Certain comparative figures have been adjusted to conform to current year's presentation as the organisation has adopted certain presentation requirements of Médecins Sans Frontières International in relation to public donations and other income.

**20 Possible impact of amendments, new standards and Interpretations issued but not yet effective for the year ended 31 December 2012**

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31 December 2012 and which have not been adopted in these financial statements.

*Effective for  
accounting periods  
beginning on or after*

Amendments to HKAS 1, *Presentation of financial statements*  
– *Presentation of items of other comprehensive income*

1 July 2012

*Annual Improvement to HKFRSs 2009 - 2011 Cycle*

1 January 2013

The organisation 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 organisation's results of operations and financial position.