



Médecins Sans Frontières (UK)

(a company limited by guarantee)

**TRUSTEES' REPORT & FINANCIAL STATEMENTS**

31st December 2005

Registered Number 2853011

Charity Number 1026588

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## Report of the Trustees

for the year ended 31 December 2005

The trustees (who are also the directors for the purposes of the Companies Act 1985) present their report along with the financial statements of the charity for the year ended 31 December 2005. The financial statements have been prepared in accordance with the accounting policies set out in note 2 to the financial statements and comply with the requirements of the Statement of Recommended Practice, "Accounting and Reporting by Charities" revised in March 2005.

### 1 LEGAL AND ADMINISTRATIVE DETAILS

Year ended 31 December 2005

#### 1.1 Trustees

Dr Gregory McNulty	<i>Chair – until December 05</i>
Mrs Valerie Wistreich	<i>Chair – from December 05</i>
Ms Bernadette Orbinski-Burke	<i>Treasurer – resigned April 05</i>
Mr. Robert Senior	<i>Treasurer – appointed June 05</i>
Dr Nicole Klynman	
Mr Grant Leaity	<i>resigned June 05</i>
Dr Koenraad Henckaerts	
Dr Philippe Lacoux	<i>resigned June 05</i>
Dr Egbert Sondorp	<i>resigned June 05</i>
Dr Karen Adams	<i>appointed June 05</i>
Ms Frances Stevenson	<i>appointed August 05</i>
Dr Mark Cresswell	<i>appointed June 05</i>
Dr Wilhelm de Graaf	<i>appointed January 06</i>

#### 1.2 Chief Executive

Jean-Michel Piedagnel

#### 1.3 Company Secretary

Helen Clarkson

#### 1.4 Main advisors to the charity are:

*Auditors:*

KPMG LLP

1 Forest Gate

Brighton Road

Crawley

West Sussex RH11 9PT

*re-appointed August 05*

*Bankers:*

Bank of Scotland

38 Threadneedle Street

London

EC2P 2EH

*Solicitors:*

Bates, Wells & Braithwaite

Cheapside House

138 Cheapside

London

EC2V 6BB

## **2 STRUCTURE, GOVERNANCE & MANAGEMENT**

### **2.1 Constitution**

Médecins Sans Frontières (UK) was set-up as a registered charity (Charity Number 1026588) and a company limited by guarantee (Company Number 2853011) in September 1993.

The governing document is the Memorandum & Articles of Association, where the objects are set out as: "to relieve and promote the relief of sickness and to provide medical aid to the injured and to protect and preserve good health by the provision of medical supplies, personnel and procedures calculated to overcome disease, injury or malnutrition in any part of the world and in accordance with the principles espoused by the International Council of Médecins Sans Frontières in October 1990".

### **2.2 THE CHARTER OF MEDECINS SANS FRONTIERES**

- Médecins Sans Frontières offers assistance to populations in distress, to victims of natural or man-made disasters and to victims of armed conflict, without discrimination and irrespective of race, religion, creed or political affiliation.
- Médecins Sans Frontières observes strict neutrality and impartiality in the name of universal medical ethics and the right to humanitarian assistance and demands full and unhindered freedom in the exercise of its functions.
- Médecins Sans Frontières' volunteers undertake to respect their professional code of ethics and to maintain complete independence from all political, economic and religious powers.
- As volunteers, members are aware of the risks and dangers of missions they undertake, and have no right to compensation for themselves or their beneficiaries other than that which Médecins Sans Frontières is able to afford them.

### **2.3 Trustees & Executive**

The trustees in office during the period and at the date of this report are set out on page 1. Up to four trustees can be co-opted to the Board and the members of the company elect the remainder at the Annual General Meeting.

Médecins Sans Frontières (UK) Association is an unincorporated association whose membership is made up of personnel who work or who have worked for us overseas or who are ex-employees of the London office. If there is a vacancy on the Board of Trustees, the Association is invited to nominate one of its members to stand for election to fill that position. New trustees are invited to attend training courses and seminars on trustee responsibilities, by external providers, with feedback to existing trustees to update them on new issues. Issues arising on trustees' responsibilities are regularly discussed at board meetings, and the board are in the process of compiling job descriptions.

The trustees are responsible for the appointment of the Executive Director who leads the management team of MSF-UK, and is responsible for the implementation of the long-term vision and strategy for MSF-UK and for the running of the UK office.

## **2.4 International Organisational Structure**

Initially founded in Paris in 1971, MSF has become an international organisation with support offices in 20 countries around the world. MSF UK was set up as one of these support offices to recruit volunteers, provide information and raise vital funds.

All the MSF offices agree to abide by the principles of the International Charter of MSF.

The 20 offices work in collaboration with one another and meet regularly through various fora to discuss operational and cross-cutting issues. Resource provision between the entities is at arm's length and all the sections are separate legal entities.

## **2.5 Risk Management**

The Board of Trustees, together with the Management Team of the charity have undertaken a detailed review of the major risks which the charity faces and developed a risk register. From the results of this review, the Trustees believe that sufficient controls are in place to minimise financial risk. We also believe that due to the small size of the UK organisation a separate internal audit programme is not necessary.

Other operational and business risks were also reviewed; particularly bearing in mind the unavoidable dangers that the personnel that the UK office recruits to work overseas are often exposed to. All possible safeguards are put in place in the field to avoid any security incidents. The Board of Trustees is responsible for reviewing the risks highlighted on the risk register on a regular basis.

## **3 AIMS AND OBJECTIVES**

Médecins Sans Frontières (MSF) is the leading international non-governmental organisation for emergency medical aid. We provide independent medical relief to victims of war, disasters and epidemics in 80 countries around the world. We strive to provide assistance to those who need it most, regardless of ethnic origin, religion or political affiliation.

To get access to and care for the most vulnerable, MSF's operational policies must remain scrupulously independent of governments, as well as religious and economic powers. We rely on private individuals for the majority of our funding. In the field, we conduct our own assessments, manage projects directly and monitor the impact of our aid. We campaign locally and internationally for greater respect for humanitarian law and the right of civilians to impartial humanitarian assistance. We also campaign for fairer access to medicines and health care for the world's poorest people.

MSF is a voluntary organisation. Each year about 2,500 doctors, nurses, logistics specialists and engineers of all nationalities leave on field assignments. They work closely with thousands of national staff. During 2005, the HR department of the London office placed 256 staff from the UK and Ireland to work in our projects around the world (2004 – 168 staff).

## **4 ACHIEVEMENTS AND PERFORMANCE 2005**

This was another challenging year for the international movement and one of substantial advance in the UK. There were very significant increases in MSF UK's direct contribution to the fieldwork by sending many more volunteers, receiving increased donations and expanding our specialist medical work. The traditional distinctions between MSF's five operational centres in mainland Europe and the other "partner" sections, who had a much more limited role in providing resources for projects managed elsewhere, have been breaking down. Management is being shared and the burden of responsibility for life and

death in the field is now being taken up by a wider range of national sections. In the UK, we have been focusing our efforts on making use of the particular strength that this country has in tropical medicine. The specialist medical unit, in its second year of operation, has expanded its activities and its hands on work in the field. Some of the specifics will be covered in the section about the issues around disease management in the places where MSF works. The overall recruitment of volunteers to work in the whole range of MSF's projects around the world has seen a very substantial rise. 52% more UK volunteers (256 in total) went out last year than in 2004. And there were some very big emergencies that helped to drive that total.

### ***Tsunami response***

The start of the year was completely dominated by the huge challenge of responding to the destruction caused by the Asian tsunami. More than 200 MSF international volunteers and hundreds of national staff rushed to the hardest-hit areas, especially Indonesia and Sri Lanka. Within 72 hours, our first teams began working in conjunction with national efforts to provide emergency relief to thousands of people affected by the disaster. MSF's response included providing medical staff and materials to existing health facilities, running mobile clinics where no health care was available, setting up emergency water and sanitation systems where displaced people were gathering, distributing essential relief items, and once initial medical needs had been met, giving psychosocial assistance to those traumatized by the event and its consequences.

### ***Independence guaranteed by our supporters***

In sharp contrast to virtually every other catastrophe that humanitarian organizations addressed in the past year, the tsunami generated an exceptional outpouring of goodwill, solidarity and generosity on an international level. Less than a week after the tsunami, MSF estimated that it had received more than sufficient funds for its foreseen emergency medical activities in the region and asked donors to withhold further contributions to this relief effort.

Despite this announcement, MSF continued to receive more funds and consequently approached its donors worldwide to request their permission to use their donations in other crisis situations such as Niger, Somalia, Colombia or the Democratic Republic of the Congo (DRC), where huge numbers of people continue to suffer year after year in deafening silence. Our supporters were overwhelmingly positive and their donations are now being used in places like southwest Niger, where, MSF teams treated more than 35,000 severely malnourished children in 2005 and where an adequate international response to the nutritional and medical crisis failed to materialize.

It is the ongoing support of thousands of individuals that makes it possible for MSF to assess needs and provide medical relief within hours of a disaster or a crisis. MSF can start working without having to wait for the international community to wake up to the crisis or for institutional donors to release funds. Thanks to its supporters, MSF can retain its independence and intervene when and where our assistance is most needed. This impartiality and independence of analysis and action are crucial elements of MSF's identity that must be upheld despite the changing landscape of humanitarian aid.

In the UK, our long-term strategy has been to increase the ratio of funds given by private individuals as compared to institutions such as governments. There has certainly been progress on that front this year with a 26% increase in private funds to £13m (2004: 10.3m). Again in line with our continuing wish to maximise the security of funding for MSF's work, the amount given by individuals on a regular basis, by monthly donations, also rose by 35% to £5.5m (2004: £4m). There was still a substantial contribution coming from the Department for International Development at £12.1m (2004: £14.3m)

### ***Assisting those in conflict zones***

One conflict in which MSF's neutrality has been so crucial is in the DRC, where, for the majority of the people, the so-called transition from war to peace remained little more than a mirage in 2005. Thousands continued to die from treatable diseases such as malaria and measles. Violence continued to flare, trapping those living in the provinces of Ituri, North and South Kivu and Katanga. In June 2005, the abduction of two MSF staff members by armed militiamen forced MSF to withdraw its teams from the outskirts of the town of Bunia, leaving thousands without medical care. Yet MSF continued its work in the city hospital, where surgeons operated on adults and children who had survived gunshot wounds, machete attacks, burning or sexual violence directly targeted at them. Elsewhere in the DRC, MSF teams provided hospital and basic care to local populations and people displaced by violence. Their activities spanned from giving nutritional and medical assistance to malnourished children to providing psychological counselling to victims of war.

In Colombia, people have been forced for decades to live amid violent confrontations among government forces, paramilitary groups and armed guerrillas, which have terrorized and targeted civilians in both rural and urban areas. In its projects around the country, MSF tries to alleviate some of the suffering by bringing medical services, including psychological care, to vulnerable and displaced civilians. Similarly, in the Haitian capital of Port au Prince, civilians have also been caught in the crossfire of political and criminal violence that has wracked their city in waves since September 2004. While living conditions in several of the poorest neighbourhoods deteriorate and brutal attacks intensify, the number of people who have been injured by violent acts—and who have received emergency medical and surgical care from MSF—continues to grow. In July 2005, MSF spoke out on the worsening security situation and publicly called on all armed groups to respect the safety of civilians and to allow the wounded to obtain emergency medical care.

### ***Calling attention to Darfur's ongoing violence***

Today, approximately two years after violence broke out in Sudan's western region of Darfur, the conflict has faded from the media. But the terror it inflicts on civilians remains ever-present. Many of those gathered in camps within Sudan or just across the border in eastern Chad see no end in sight to their plight, and repeated village burnings, sexual violence and attacks have made returning home an unrealistic option for most. Yet the camps or villages in which they have gathered are far from secure. People living in these areas continue to be subjected to repeated aggression and recurring displacement. During 2005, MSF continued to assist more than one million people forced to flee their homes or otherwise affected by the violence and its consequences.

In addition to the medical care provided, MSF spoke out on a number of occasions, including before the UN Security Council, on what our teams have witnessed in Darfur. After having provided medical care to hundreds of women and girls who had survived rapes or other sexual violence in Darfur, MSF spoke out on violence against women in a March 2005 report. The report's stark findings led the Sudanese government to arrest the two MSF international volunteers who directed MSF's work in Darfur. International outcry finally led to the men's eventual release. Despite the personal risks involved, MSF staff members see it as a responsibility to make people and governments aware of the abuses it witnesses so that action is taken to stop them. To remain silent is impossible.

Meanwhile, the inhabitants of wide areas of southern Sudan have started to slip silently into deprivation and malnutrition due to food scarcity. MSF teams working there are treating a growing number of children suffering from severe malnutrition as the precarious nutritional situation has been aggravated by the return of displaced people and refugees now that the peace agreement is in place.

### ***Promoting better care for those with neglected diseases***

Every day, in countries around the world, MSF confronts another form of violence that touches millions. Patients living with diseases such as malaria, tuberculosis (TB), HIV/AIDS, sleeping sickness and Chagas disease, to name only a few, die simply because the medicines needed to treat them are not available in sufficient quantities, are too expensive or do not even exist. Because these diseases mainly affect poor people living in developing nations, there is little urgency to increase the supply of crucial medicines, find new treatments or develop better diagnostic tools. In recent years, there has been a timid resurgence of research on these diseases, however, considering the decades of neglect, these improvements are precarious and disproportionately minor for patients awaiting diagnosis and treatment today.

While MSF and many others have shown that it is possible to treat HIV-positive adults—even those living in very resource-poor settings—the same has not been true for the disease's youngest victims. Today our efforts to treat children infected with HIV/AIDS are severely hampered by a lack of appropriate drug formulations and diagnostic tools. The HIV tests currently available in developing countries do not work in infants younger than 18 months old. Half of all children with AIDS never reach their second birthdays. Despite the fact that MSF is now successfully treating more than 40,000 patients in 27 countries, our field teams are forced to devise makeshift solutions, such as breaking adult pills in two or struggling to get young children to swallow syrups frequently, to treat them. For HIV/AIDS patients who are also infected with TB (the most common opportunistic infection accompanying HIV/AIDS), the obstacles are just as high. Problems in diagnosing TB, high pill loads, drug interactions, and the lack of coordinated care are some of the difficulties facing our medical teams in various countries, especially in parts of southern Africa, where both diseases kill thousands every year. In countries such as South Africa, some important headway has enabled extremely ill patients to regain their health and restart their lives.

### ***UK medical contribution***

It is in these areas of specialist care and treatment advances that the medical unit in London has been concentrating its resources. There have been nine full time staff, including five doctors, an epidemiologist and a laboratory specialist. The major area of work in 2005 was in completing the initial mandate of the unit: ensuring implementation of the combination drug therapy for malaria in MSF Holland's field missions. That involved clinical training and supervision of local and expatriate staff in the use of these new treatments and diagnostic methods, supporting drug efficacy studies and lobbying the appropriate authorities in the country to accept the change in treatment regime. There has also been significant work in TB on the improvement of diagnosis and treatment, including integration with HIV/AIDS care, the development of good contraception and abortion services in priority missions, and work with specific projects on buruli ulcer, sleeping sickness and kala azar. The unit also mounted another successful "scientific day" colloquium, which brought together MSF's medical research work from across the movement to engage with the scientific, clinical and journalistic communities in London.

### ***Fulfilling our commitments***

Whether caring for an HIV/AIDS patient co-infected with TB, a gunshot victim in DRC or Haiti, or a malnourished child in Niger whose family is unable to pay for food or medical assistance, MSF continues to strive to bring medical assistance to those who most need it. Yet our ability to gain access to people in need is challenged by the abuse of humanitarian symbols for political purposes, and the concurrent violence against humanitarian aid workers themselves. MSF has been accused at times of being "old fashioned" and even extremist for reaffirming its basic principles in an evolving world.

However, it is the use of these very principles to interpret and respond to a changing environment that allows us to carry out pragmatic actions under such conditions. We always have one goal in mind: to provide medical assistance to those who need it, whatever the circumstances.

## 5 FINANCIAL REVIEW

### 5.1 Grant-making Policy

The location of grants for unrestricted income are decided on the basis of needs identified by Médecins Sans Frontières – Holland and on specific requests by other MSF sister organisations. Grants derived from non-institutional restricted income are made according to the requests of the donors.

### 5.2 Fundraising Activities

The Board took the decision in 2005 to invest an addition £1m in fundraising, with a target return-on-investment (ROI) of 5-1 over 5 years, the same target that is used for all our fundraising campaigns.

#### Key Performance Indicators

Indicator	Plan 2003-2005 Target	2005 Actual	2004 Actual
<i>UK expenditure covered by regular gifts</i>	100% by 2005	<b>128%</b>	133%
<i>Cost of raising £1 (private funds only)</i>	20p	<b>25p*</b>	20p

\*The difference from 2004 was due to the fundraising investment: without this investment the cost of raising £1 was 15p, and the coverage of UK costs by regular giving was 166%.

In the new 3-year plan the key performance indicators are as follows:

Indicator	Plan 2006-2008 Target
<i>UK expenditure covered by regular gifts</i>	160% by 2008
<i>Return-on-investment over 5 years</i>	5-1
<i>Private funds</i>	£25m by 2008
<i>Private – public funding ratio</i>	>80% private funds by 2008

During the year, the charity had total incoming resources of £25.3m (2004: £24.8m) from the general public, bank interest, DFID, Jersey Overseas Aid and Ireland Aid. This represents an increase of 2% from 2004, but with a change in the ratio of private-institutional income to 52:48 (2004 40:60), in line with the objective of financial independence as generally understood across the MSF movement.

Restricted private donations of £2.3m (2003: £1.8m) were received during the year. This included £600k each earmarked for the Tsunami disaster and Darfur, £225k for the Niger emergency, and £175k for the Kashmir earthquake as well as other earmarked donations. These funds have so far been absorbed in charitable expenditure and have not had an impact on the level of reserves.

The internet is becoming an increasingly important source of new donors. In 2005 £1.4m (2004: £472k) was received from donors giving via the web.

### **5.3 Reserves Policy**

MSF UK has a policy of maintaining a target of 6 months of UK expenditure as an acceptable level of reserves – with 3 months as the lowest and 12 months as the highest acceptable levels. The free reserves at 31 December 2005 amount to £2.1m (2004: £1.7m). The budgeted UK expenditure for 2006 is £4.7m – this equates to approximately 5 months' planned expenditure (2004: 6 months). The level of restricted funds is always kept to a minimum. We always aim to spend any restricted funds as soon as possible after they are received.

### **5.4 Voluntary help and support**

The trustees are particularly grateful to the UK and Irish personnel that we sent out to field projects during the year. They are all prepared to accept a very small remuneration, which cannot even compare to what they could earn if they stayed in the UK. We could not continue our work without them.

We are also grateful to the many volunteers who give up their time to help out in the UK office. During 2005, volunteers provided a total of 72 weeks (2004: 54 weeks) of time. We are extremely grateful for all their support and willingness to help out with any task.

### **5.5 SORP 2005**

The annual report and accounts for the year ended 31 December 2005 have been prepared in accordance with the Governing document of MSF and in compliance with the Companies Act 1985, the Accounting and Reporting by Charities: Statement of Recommend Practice (revised 2005) ('SORP') and with applicable accounting standards. Where applicable, comparative results have been restated to comply with SORP 2005 but these restatements have had no effect on the funds brought forward at the start of the year.

## **6 FUTURE OUTLOOK**

The UK office has just undertaken an internal review of its progress so far and drawn up a strategic plan for the next three years of its development. That direction is very much based on the growing operational confidence and activity in the office.

Plans for the next three years include:

- Development of the medical unit into more substantial work in TB, an expansion of the reproductive health specialism and continuing consultancy in malaria;
- Establishment of a specialised nutrition unit;
- Continued growth in fundraising (25% p.a.) following the indicators outlined above;

In addition goals for 2006 include:

- Retaining the same level of international departures as 2005 (250 volunteers) and focusing on retention and quality of volunteers;
- Establishment of a delegate office in Dublin;
- Reduction of reserves to 4 months' expenditure;
- Continued reduction in the overall amount of institutional funds, while diversifying the sources of those funds.

## **7 AUDITORS**

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors is to be proposed at the forthcoming Annual General Meeting.

**By order of the Board**



Robert Senior  
Treasurer  
7 April 2006

Registered Office:  
67-74 Saffron Hill, London EC1N 8QX

## **Statement of trustees' responsibilities in respect of the trustees' report and the financial statements**

Under charity law, the trustees are responsible for preparing the Trustees' Report and the financial statements for each financial year which show a true and fair view of the state of affairs of the charity and of the excess of income over expenditure for that period.

In preparing these financial statements, generally accepted accounting practice entails that the trustees:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the recommendations of the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether the financial statements comply with the trust deed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue its activities.

The trustees are required to act in accordance with the trust deed of the charity, within the framework of trust law. They are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the trustees to ensure that, where any statements of accounts are prepared by them under section 42(1) of the Charities Act 1993, those statements of accounts comply with the requirements of regulations under that provision. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.



## **Report of the independent auditors to the members of Médecins Sans Frontières**

We have audited the financial statements of Médecins Sans Frontières (UK) for the year ended 31<sup>st</sup> December 2005 which comprise the Statement of Financial Activities, the Balance Sheet and the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditors**

As described in the Statement of trustees' responsibilities on page 11, the company's trustees, who are also the directors of Médecins Sans Frontières (UK) for the purposes of company law, are responsible for the preparation of the financial statements in accordance with applicable law and UK accounting standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31<sup>st</sup> December 2005 and of its incoming resources and application of resources in the year then ended and;
- have been properly prepared in accordance with the Companies Act 1985.

**KPMG LLP**

KPMG LLP

25th April 2006

Chartered Accountants, Registered Auditor

1, Forest Gate, Brighton Road, Crawley. RH11 9PT

## Statement of Financial Activities

### (incorporating an income and expenditure account)

for the year ended 31 December 2005

		Unrestricted	Restricted	2005	2004
		Funds	Funds	Total	Total
	Note	£	£	£	£
<b>Incoming Resources</b>					
Incoming resources from generated funds:					
Voluntary income					
Donations, legacies and similar income	3	10,668,237	2,292,734	<b>12,960,971</b>	10,347,386
Grants for operational programmes	4	-	12,088,413	<b>12,088,413</b>	14,264,063
Activities for generating funds	3	400	-	<b>400</b>	33,606
Investment Income	5	178,541	26,903	<b>205,444</b>	131,782
<b>Total incoming resources</b>		<b>10,847,178</b>	<b>14,408,050</b>	<b>25,255,228</b>	<b>24,776,837</b>
<b>Resources Expended</b>					
Costs of generating funds					
Costs of generating voluntary income	6	2,644,946	11,261	<b>2,656,207</b>	1,881,612
Charitable activities					
Grants payable to partner organisations	7	-	12,088,413	<b>12,088,413</b>	14,264,063
Operational programmes	8	7,793,066	2,068,258	<b>9,861,324</b>	7,879,794
Governance costs	9	36,036	-	<b>36,036</b>	32,597
<b>Total charitable expenditure</b>		<b>10,474,048</b>	<b>14,167,932</b>	<b>24,641,980</b>	<b>24,058,066</b>
<b>Net incoming resources</b>	10	<b>373,130</b>	<b>240,118</b>	<b>613,248</b>	718,771
(net income for the year)					
Fund balances brought forward					
at 1 January 2005		1,721,274	184,481	<b>1,905,755</b>	1,186,984
Fund balances carried forward					
at 31 December 2005	17,18	2,094,404	424,599	<b>2,519,003</b>	1,905,755

There are no recognised gains and losses other than those in the statement of financial activities. Therefore no statement of total recognised gains and losses has been prepared. All of the above amounts relate to continuing activities.

All figures for 2004 have been re-stated in accordance with SORP 2005.

There is no difference between the historical cost surplus and the reported surplus.

The notes on pages 16 to 29 form part of these financial statements.

**Balance Sheet**  
 at 31 December 2005

	Note	2005 £	2004 £
<b>Fixed assets</b>			
Tangible assets	14	97,950	72,007
Intangible assets	14	20,816	7,207
Investment	13	1	1
<b>Current assets</b>			
Debtors	15	4,113,856	2,288,363
Cash at bank and in hand		4,088,599	3,539,163
		<hr/>	<hr/>
		8,202,455	5,827,526
<b>Creditors:</b> amounts falling due within one year	16	(5,802,219)	(4,060,726)
		<hr/>	<hr/>
<b>Net current assets</b>		2,400,236	1,766,800
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		2,519,003	1,905,755
		<hr/>	<hr/>
<b>Net assets</b>	19	2,519,003	1,905,755
		<hr/>	<hr/>
<b>Funds</b>			
Unrestricted	17	2,094,404	1,721,274
Restricted	18	424,599	184,481
		<hr/>	<hr/>
		2,519,003	1,905,755
		<hr/>	<hr/>

These financial statements were approved by the board of trustees on 7 April 2006 and were signed on its behalf by:



Robert Senior  
 Treasurer

The notes on pages 16 to 29 form part of these financial statements.

**Cash flow statement**

*for the year ended 31 December 2005*

	<i>Note</i>	<b>2005</b>	<b>2004</b>
		<b>£</b>	<b>£</b>
Cash flow from operating activities	<i>22</i>	<b>404,967</b>	2,086,207
Return of investments and servicing of finance			
Interest received	<i>5</i>	<b>205,444</b>	131,782
Capital expenditure and financial investment			
Purchase of tangible fixed assets	<i>14</i>	<b>(60,975)</b>	(110,218)
		_____	_____
Increase in cash in the year	<i>23</i>	<b>549,436</b>	2,107,771
		=====	=====

## Notes

(forming part of the financial statements)

### 1 Legal status

Medecins Sans Frontieres (UK) is a registered charity and a company limited by guarantee. On winding up each person who is a member at that date is liable to contribute a sum not exceeding £1 towards the assets of the company. As at 31 December 2005 the company has 8 members.

### 2 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

#### Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, the Companies Act 1985, the Statement of Recommended Practice: Accounting and Reporting by Charities (March 2005), and under the historical cost convention.

#### Donations

Donated income recognised when it becomes receivable. Where specific instructions are received from the donor relating to the usage of the donation the amounts are accounted for within restricted income. Donated goods or services are included in other donations, but only if these would otherwise have been purchased by the charity. They are valued at the lower of what the charity would have paid or the cost to the donor. Tax on covenant or gift aid donations is reclaimed on the charity's behalf by Charities Aid Foundation and is accounted for in the year of receipt.

#### Grants payable and receivable

Grants from the Department for International Development (DFID), Jersey Overseas Aid (JOA) and Development Co-operation Ireland (DCI) are accounted for on a receivable basis.

When receiving these grants MSF-UK is acting as an intermediary charity between the funding agencies, as listed above, and other MSF offices, namely MSF-Belgium, MSF-France, MSF-Holland, MSF-Spain and MSF-Switzerland. However, MSF-UK signs the contracts with the funding agency and is therefore acting as principal and accepts responsibility for their charitable application.

- The proportion of grant recognised as income at the year end is equivalent to the grant expenditure at that date, as it is considered that this is when the grant conditions have been met.
- Where, at the year end, grants received are potentially repayable these show in creditors as 'grants authorised' and in debtors as 'amounts contracted with sister organisations'.
- Where income/expenditure has occurred but the grant has not yet been received, but has been requested within the year or within one month of the year end, this is shown in debtors as 'amounts due from DFID/JOA/DCI' and in creditors as 'amounts owed to sister organisations not yet received'.
- Where income/expenditure has occurred but the grant has not yet been received, and has not yet been requested from DFID/JOA/DCI, this is shown in 'other debtors (DFID/JOA/DCI)' and in creditors as 'grants contracted to sister organisations'.
- Where a grant agreement has been signed directly between a sister organisation and a funding agency the income and expenditure is not recognised by MSF-UK as MSF-UK acts only as a conduit for these funds. Where these amounts are outstanding at the year-end they are shown as 'conduit funds received not yet transferred to sister organisations'

#### Legacies

Legacies are accounted for on a receivable basis. Material legacies receivable at the year-end are included at the probate value.

#### Cost of generating funds

Fundraising costs include expenses incurred in attracting donations, legacies and similar incoming resources, both private and institutional, and the costs of activities for income generation. It also includes costs associated with raising the profile of the charity.

#### Charitable expenditure

Grants payable to partner organisations consists of grants from DFID, JOA and DCI.

## 2 Accounting policies (continued)

Operational programmes consist of donations received in the UK that are transferred to sister organisations to fund aid projects.

Operational support includes costs associated with the recruitment of personnel to work in our projects overseas; costs associated with advocacy and publicity issues related to our work overseas and promotions of an educational manner; costs associated with our medical department which provides medical expertise directly to our field projects; and costs associated with our programme support team which includes representation to the UK government.

Support costs include all costs relating to management and administration including the salary costs of the General Director and the heads of the finance, press and human resources departments.

Overhead costs such as housing, depreciation, IT, stationary, general office and communications costs are apportioned to each department. The basis for this apportionment is the number of full-time equivalent positions in each department during the year.

### Governance Costs

In accordance with SORP 2005, Governance Costs have now been shown separately from other support costs. These include the costs of the strategic governance of the charity, such as the costs of trustees' meetings and insurance.

### Taxation

Médecins Sans Frontières (UK) was registered as a charity in September 1993. Under S505 TA 1998 the charity is not subject to taxation on its charitable activities.

### Purpose of funds

Restricted funds consist of grants or donations made for specific aid projects or appeals.

Unrestricted funds consist of donations for general use by the Charity. The Charity allocates a portion of these funds to aid projects controlled by sister organisations.

### Fixed assets and depreciation

Assets that cost over £1,000 are capitalised as fixed assets and depreciation is provided to write off the cost of the asset in equal annual instalments over their useful economic lives as follows:

Furniture, office equipment & structural alterations	4 years
Computer hardware and software	3 years

Any donated assets are included as general donations at their estimated value and depreciated in the normal way.

Intangible fixed assets have been capitalised at cost.

### Liabilities

Liabilities are recognised on an accruals basis.

### Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on transactions are included in the statement of financial activities.

### Leases

Where the charity enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over the shorter of its estimated useful life and the lease term. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the statement of financial activities, and the capital element which reduces the outstanding obligation for future instalments.

### Pensions

The Company contributes to employees' personal pension schemes. The amount charged to the profit and loss account represents the contributions payable in respect of the accounting period.

Notes (continued)

3 Donations, legacies and similar incoming resources

	Unrestricted Funds £	Restricted Funds £	2005 Total £	2004 Total £
Appeals	1,874,162	1,149,745	3,023,907	2,326,570
Legacies	1,026,050	-	1,026,050	2,051,701
Corporate	325,652	249,033	574,685	229,706
Trust	422,370	274,983	697,353	818,340
Committed Giving	5,389,433	63,807	5,453,240	4,038,168
Other donations	1,630,570	555,166	2,185,736	882,901
<b>Total donations, legacies and similar income</b>	<b>10,668,237</b>	<b>2,292,734</b>	<b>12,960,971</b>	<b>10,347,386</b>
<b>Other income</b>				
Income from MSF Enterprises Ltd	-	-	-	32,848
Other	400	-	400	758
<b>Total other income</b>	<b>400</b>	<b>-</b>	<b>400</b>	<b>33,606</b>
<b>Total</b>	<b>10,668,637</b>	<b>2,292,734</b>	<b>12,961,371</b>	<b>10,380,992</b>

Unrestricted other donations includes £200 (2004 £300) donated assets received. These have been included at market value.

A legacy of £200,000 was received subsequent to the year-end but has not been recognised as it did not meet the criteria set out in SORP 2005.

Notes (continued)

4 Grants for operational programmes

	2005	2004
	£	£
<b><u>UK Govt - Department for International Development (DFID):</u></b>		
Angola (Bie)	292,317	236,500
Angola (Kuito)	-	221,760
Angola (Malange)	385,499	-
Angola (Uige)	547,850	-
Burundi (Karuzi + Bujumbura)	-	450,000
Democratic Republic of Congo (Bukavu)	751,141	550,000
Democratic Republic of Congo (Dungu)	484,813	473,097
Democratic Republic of Congo (Equateur)	575,000	1,035,150
Democratic Republic of Congo (N.Kivu)	-	58,797
Democratic Republic of Congo (Katanga)	137,455	394,587
Chad (Darfur refugees)	724,430	104,125
Cote d'Ivoire (Danane)	400,000	296,016
Cote d'Ivoire (Western Mtns)	115,000	-
Ethiopia (TB)	-	36,475
Liberia (Bong)	-	265,000
Liberia (Monrovia)	200,000	578,756
Republic of Congo (Sleeping Sickness)	-	500,045
Somalia (Bakool)	415,032	85,168
Somalia (Shabelle)	-	315,841
Somalia (Lower Juba)	589,043	330,000
Sudan (Darfur)	1,118,694	2,836,829
Sudan (Ibba)	-	354,362
Sudan (Jonglei)	1,428,804	1,068,212
Sudan (North)	2,346,372	2,002,804
Sudan (Tonj)	463,087	383,984
	<b><u>10,974,537</u></b>	<b><u>12,577,508</u></b>
<b><u>Development Co-operation Ireland (DCI):</u></b>		
Afghanistan (Herat)	-	14,208
Burundi (Bujumbura - Eprep)	-	235,641
Burundi (Bujumbura - Sexual violence)	133,091	76,890
Democratic Republic of Congo (Equateur)	-	268,717
Sierra Leone (Bombali)	-	141,327
Sierra Leone (Tonkolili)	199,258	-
Sudan (Darfur)	238,079	320,330
Sudan (Nuba)	238,079	286,105
	<b><u>808,507</u></b>	<b><u>1,343,218</u></b>
<b><u>Jersey Overseas Aid (JOA):</u></b>		
Angola	64,899	-
Armenia	-	250
Burma (Malaria)	-	27,703
Burundi	-	7,229
Cambodia	-	65,000
Central African Republic	65,000	-
Ecuador	60,534	-
Georgia	64,936	-
Haiti	-	65,000
Kenya	-	65,000
Sudan (TB)	-	15,155
South Sudan	-	48,000
Uzbekistan (MDR TB)	50,000	50,000
	<b><u>305,369</u></b>	<b><u>343,337</u></b>
	<b><u>12,088,413</u></b>	<b><u>14,264,063</u></b>

All the income arising under the above contracts is considered to be restricted to particular projects.

**Notes (continued)**

**5 Investment Income and Interest**

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>2005 Total</b>	<b>2004 Total</b>
	£	£	£	£
Bank interest	178,541	26,903	<b>205,444</b>	131,782
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**6 Costs of generating voluntary income**

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>2004 Total</b>	<b>2004 Total</b>
	£	£	£	£
Salaries, Pensions & Tax	225,556	-	<b>225,556</b>	190,827
Travel & Subsistence	5,060	-	<b>5,060</b>	2,822
Other Personnel Costs	8,239	-	<b>8,239</b>	3,021
Housing Costs	35,707	-	<b>35,707</b>	32,177
Office Costs (incl depreciation)	36,409	-	<b>36,409</b>	35,585
Professional costs	48,323	-	<b>48,323</b>	13,809
Promotional costs	2,285,652	11,261	<b>2,296,913</b>	1,603,371
	<hr/>	<hr/>	<hr/>	<hr/>
	2,644,946	11,261	<b>2,656,207</b>	1,881,612
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

7 Grants Payable to Partner Organisations

	Unrestricted funds £	Restricted funds £	2005 Total £	2004 Total £
Institutional grants transferred to MSF Sections	0	12,088,413	<b>12,088,413</b>	14,264,063

8 Operational Support

	Unrestricted funds £	Restricted funds £	2005 Total £	2004 Total £
Funds allocated to MSF aid projects and campaigns				
Afghanistan	-	323	<b>323</b>	259,761
Angola	537,806	2,194	<b>540,000</b>	270,000
Armenia	-	570	<b>570</b>	-
Bangladesh	3,961	154	<b>4,115</b>	100,000
Brazil	-	32	<b>32</b>	-
Burma	287,681	52,319	<b>340,000</b>	220,000
Burundi	367,416	102,584	<b>470,000</b>	183,734
Cambodia	-	151	<b>151</b>	-
Cameroon	1,779	-	<b>1,779</b>	-
Caucasus/Russia	497,549	2,451	<b>500,000</b>	360,673
Central African Republic	-	133	<b>133</b>	-
Chad	39,565	435	<b>40,000</b>	65,000
Colombia	439,350	650	<b>440,000</b>	160,000
Congo	140,000	5,130	<b>145,130</b>	220,000
Darfur (Sudan / Chad)	31,724	771,196	<b>802,920</b>	1,023,785
Democratic Rep. of Congo	200,000	6,172	<b>206,172</b>	74,070
Ethiopia	269,710	51,666	<b>321,376</b>	207,050
Haiti	-	6,802	<b>6,802</b>	-
HIV/AIDS projects	-	122,646	<b>122,646</b>	81
India	501,486	282	<b>501,768</b>	165,357
Indonesia	4,586	-	<b>4,586</b>	-
Iraq	-	-	-	4,583
Ivory Coast	-	-	-	220,000
Kenya	460	33	<b>493</b>	30,000
Kyrgyzstan	1,782	-	<b>1,782</b>	-
Liberia	169,279	1,721	<b>171,000</b>	220,000
Malawi	-	1,215	<b>1,215</b>	3,000
Mali	-	128	<b>128</b>	-
Mauritania	-	875	<b>875</b>	-
Mexico	-	-	-	100,071
Morocco	-	-	-	6,000
Mozambique	-	5,171	<b>5,171</b>	-
Nepal	70,000	-	<b>70,000</b>	-
Niger	23,401	228,389	<b>251,790</b>	-
Nigeria	274,286	3,193	<b>277,479</b>	361,261
Pakistan	269,940	60	<b>270,000</b>	363,763
Pakistan Earthquake	-	165,000	<b>165,000</b>	-
Palestine	-	5,875	<b>5,875</b>	7,262
Rwanda	-	1,100	<b>1,100</b>	80
Sierra Leone	-	1,550	<b>1,550</b>	163,734
Somalia	595,287	24,713	<b>620,000</b>	163,036
South Africa	664	28,017	<b>28,681</b>	66,264
Sudan	158,733	11,267	<b>170,000</b>	-
Thailand	7,227	10,400	<b>17,627</b>	52,127

<b>Note 8 continued...</b>	£	£	£	£
Tsunami disaster	-	441,867	<b>441,867</b>	-
Turkmenistan	40,000	-	<b>40,000</b>	-
Uganda	338,634	11,366	<b>350,000</b>	691,112
Ukraine	69,980	20	<b>70,000</b>	111,828
Uzbekistan	169,980	20	<b>170,000</b>	200
Zambia	240,220	225	<b>240,445</b>	220,000
Zimbabwe	42,409	163	<b>42,572</b>	160,000
Access to Essential Medicines Campaign	94,441	-	<b>94,441</b>	89,265
Crisis Cell Management (MSF-CH)	-	-	-	200,000
Drugs for Neglected Diseases Initiative	99,483	-	<b>99,483</b>	70,959
MSF-Holland general field funding	181,775	-	<b>181,775</b>	-
MSF-Switzerland HIV/TB study	28,107	-	<b>28,107</b>	-
	<hr/>	<hr/>	<hr/>	<hr/>
	6,198,701	2,068,258	<b>8,266,959</b>	6,614,056
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Medical &amp; Programme Support</b>				
Salaries, Pensions & Tax	399,915	-	<b>399,915</b>	289,349
Travel & Subsistence	38,420	-	<b>38,420</b>	29,369
Other Personnel costs	13,494	-	<b>13,494</b>	6,191
Housing costs	72,583	-	<b>72,583</b>	42,349
Office Costs (incl depreciation)	72,194	-	<b>72,194</b>	43,583
Professional costs	68,661	-	<b>68,661</b>	71,083
Symposia & presentations	14,375	-	<b>14,375</b>	3,011
	<hr/>	<hr/>	<hr/>	<hr/>
	679,642	-	<b>679,642</b>	484,935
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Recruitment for Overseas Projects</b>				
Salaries, Pensions & Tax	199,642	-	<b>199,642</b>	124,758
Travel & Subsistence	13,908	-	<b>13,908</b>	14,863
Other Personnel costs	17,925	-	<b>17,925</b>	50,952
Housing costs	41,649	-	<b>41,649</b>	23,488
Office Costs (incl depreciation)	50,815	-	<b>50,815</b>	33,337
Professional fees	7,371	-	<b>7,371</b>	20,663
Promotional costs	11,119	-	<b>11,119</b>	13,356
	<hr/>	<hr/>	<hr/>	<hr/>
	342,429	-	<b>342,429</b>	281,417
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Témoignage &amp; Advocacy</b>				
Salaries, Pensions & Tax	80,340	-	<b>80,340</b>	92,834
Travel & Subsistence	13,156	-	<b>13,156</b>	4,305
Other Personnel costs	7,197	-	<b>7,197</b>	2,587
Housing costs	25,962	-	<b>25,962</b>	21,140
Office Costs (incl depreciation)	36,153	-	<b>36,153</b>	26,447
Professional costs	1,609	-	<b>1,609</b>	4,079
Promotional costs	12,293	-	<b>12,293</b>	25,994
	<hr/>	<hr/>	<hr/>	<hr/>
	176,710	-	<b>176,710</b>	177,386
	<hr/>	<hr/>	<hr/>	<hr/>

**Notes (continued)**

<i>Note 8 continued...</i>	£	£	£	£
<b>Support Costs</b>				
Salaries, Pensions & Tax	238,016	-	<b>238,016</b>	216,800
Travel & Subsistence	11,852	-	<b>11,852</b>	4,873
Other Personnel costs	7,143	-	<b>7,143</b>	7,308
Housing costs	21,410	-	<b>21,410</b>	14,218
Office Costs (incl depreciation)	30,786	-	<b>30,786</b>	26,844
Repayment of profits to MSF-Enterprises	11,584	-	<b>11,584</b>	-
Foreign Exchange costs	403	-	<b>403</b>	(694)
Legal & Professional fees	10,234	-	<b>10,234</b>	9,908
Promotions	4,068	-	<b>4,068</b>	3,537
Loss on disposal of fixed assets	3,880	-	<b>3,880</b>	1,337
Contribution to Intl Office expenses	56,208	-	<b>56,208</b>	37,869
	395,584	-	<b>395,584</b>	322,000
<b>Total</b>	7,793,066	2,068,258	<b>9,861,324</b>	7,879,794

**9 Governance costs**

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>2005 Total</b>	2004 Total
	£	£	£	£
Costs of trustees' meetings	4,753	-	<b>4,753</b>	5,442
Professional liability insurance	8,107	-	<b>8,107</b>	5,291
Audit fees – statutory audit	21,176	-	<b>21,176</b>	16,817
– international combined accounts	2,000	-	<b>2,000</b>	5,047
	36,036	-	<b>36,036</b>	32,597

**10 Net movement in funds**

Net movement in funds for the year is stated after charging:

	<b>2005 Total</b>	2004 Total
	£	£
Depreciation	<b>77,282</b>	49,141
Hire of other assets – operating leases (note 20)	<b>147,724</b>	95,674
Auditors' remuneration – statutory audit	<b>21,176</b>	16,817
Exchange (gains) / losses	<b>(722)</b>	(694)

**11 Remuneration of directors/trustees**

None of the directors/trustees received any remuneration during the period.

£4,753 was reimbursed for directly incurred travel expenses to 8 trustees (2004: £5,547 to 8 trustees)

In addition to this professional liability insurance (covering trustees' indemnity) has been purchased at a cost of £8,107 (2004: £5,091)

**Notes (continued)**

**12 Staff numbers and costs**

The average number of UK contracted employees throughout the year, calculated on a full-time equivalent basis, was:

	<b>Number of employees</b>	Number of employees
	<b>2005</b>	2004
Private & Institutional Fundraising	<b>7</b>	7
Medical & Programme Support	<b>12</b>	9
Temoignage & Advocacy	<b>5</b>	4
Management and administration	<b>6</b>	5
Recruitment for overseas projects	<b>9</b>	6
	<b>39</b>	31

**The costs of employing those staff were:**

	<b>£</b>	£
Wages and salaries	<b>950,419</b>	746,706
Social security costs	<b>96,552</b>	78,067
Pension costs	<b>98,881</b>	92,119
	<b>1,145,852</b>	916,892

In addition to the above, many supporters of the company assist on a voluntary basis from time to time. Approximately 361 days (equivalent to approx 1.4 years) of time has been given to the organisation during 2004, by 22 UK office volunteers (2004: 16 volunteers, 383 days).

No employee earned £60,000 or more in 2005 (2004: none). The Charity operates a pay policy whereby the highest paid employee never earns more than 3 times the lowest paid employee.

**13 Investments**

The Charity owns 100% of the share capital in MSF Enterprises Limited, a subsidiary, incorporated in England and Wales. The Charity has not prepared consolidated accounts, as the results of MSF Enterprises Ltd are not material.

**14 Fixed Assets**

	<b>Tangible fixed assets</b>		<b>Intangible fixed assets</b>	
	<b>2005</b>	2004	<b>2005</b>	2004
	<b>£</b>	£	<b>£</b>	£
<b>Cost</b>				
At beginning of period	<b>229,993</b>	168,488	<b>61,742</b>	20,812
Additions	<b>42,446</b>	69,511	<b>18,529</b>	40,930
Disposals	<b>(14,336)</b>	(8,006)	<b>(12,295)</b>	-
	<b>258,103</b>	229,993	<b>67,976</b>	61,742
<b>Depreciation</b>				
At beginning of period	<b>125,716</b>	96,481	<b>27,065</b>	13,605
Charge for period	<b>45,401</b>	35,681	<b>31,881</b>	13,460
Disposals	<b>(10,964)</b>	(6,446)	<b>(11,786)</b>	-
	<b>160,153</b>	125,716	<b>47,160</b>	27,065
<b>Net book value</b>				
At 31 December 2005	<b>97,950</b>	104,277	<b>20,816</b>	34,677
At 31 December 2004	<b>104,277</b>	72,007	<b>34,677</b>	7,207

All assets are used for charitable purposes.

## 15 Debtors

	2005	2004
	£	£
Amounts contracted with sister orgs	<b>8,210</b>	193,824
Other debtors (DfID)	<b>3,559,644</b>	112,294
Amounts due from DFID	<b>331,072</b>	1,795,788
Amounts owed by sister organisations	<b>129,506</b>	75,015
Amounts due from subsidiary (MSF Enterprises)	<b>9,707</b>	58,094
Other debtors	<b>55</b>	1,924
Accrued Income (Trust)	<b>50,000</b>	32,557
Prepayments and deferred charges	<b>25,662</b>	18,867
	<hr/>	<hr/>
	<b>4,113,856</b>	2,288,363
	<hr/> <hr/>	<hr/> <hr/>

## 16 Creditors: amounts falling due within one year

	2005	2004
	£	£
DfID grants authorised:		
DRC (Pweto, Katanga)		23,201
Somalia (Bakool)		37,532
DCI (Ireland Aid) grants authorised:		
Burundi (Bujumbura)		133,091
Sierra Leone	<b>8,210</b>	
	<hr/>	<hr/>
	<b>8,210</b>	193,824
	<hr/>	<hr/>
Grants contracted to sister organisations	<b>3,559,644</b>	112,294
Amounts received not yet transferred to sister organisations	<b>1,139,504</b>	1,371,669
Amounts owed to sister organisations by grant funders	<b>331,072</b>	1,795,788
Amounts held on account for sister organisations	-	239,614
MSF sister organisation creditors	<b>25,822</b>	115,788
MSF sister organisation grants authorised	<b>386,325</b>	-
-Other tax and social security	<b>33,814</b>	24,050
Trade creditors	<b>302,273</b>	191,360
Accruals	<b>15,555</b>	16,339
	<hr/>	<hr/>
	<b>5,794,009</b>	3,866,902
	<hr/>	<hr/>
	<b>5,802,219</b>	4,060,726
	<hr/> <hr/>	<hr/> <hr/>

## 17 Unrestricted Funds

	2005	2004
	£	£
Balance at 1 January	<b>1,721,274</b>	1,147,005
Surplus for the year	<b>373,130</b>	574,269
	<hr/>	<hr/>
<b>Balance at 31 December</b>	<b>2,094,404</b>	1,721,274
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

18 Restricted Funds

The income funds of the Charity include restricted funds comprising the following unexpended balances of donations to be applied for specific purposes:

	Balance at 1 January 2005	Incoming resources	Programme Expenditure	Fundraising Costs	Balance at 31 December 2005
	£	£	£	£	£
Afghanistan	-	323	323	-	-
Angola	-	4,161	2,194	-	1,967
Armenia	-	570	570	-	-
Bangladesh	-	154	154	-	-
Brazil	-	32	32	-	-
Burma	-	52,319	52,319	-	-
Burundi	-	102,584	102,584	-	-
Cambodia	-	50,151	151	-	50,000
Caucasus/Russia	-	2,451	2,451	-	-
Central African Republic	-	133	133	-	-
Chad	-	435	435	-	-
Colombia	-	650	650	-	-
Congo	-	5,130	5,130	-	-
Cote d'Ivoire	-	646	-	-	646
Darfur (Sudan / Chad)	159,158	587,659	771,196	(29,168)	4,789
Democratic Rep. of Congo	-	8,687	6,172	-	2,515
Eritrea	50	-	-	-	50
Ethiopia	-	51,666	51,666	-	-
Guardian HIV Appeal	-	116,420	-	-	116,420
Haiti	53	7,629	6,802	-	880
HIV/AIDS programmes	-	140,915	122,646	18,269	-
India	-	282	282	-	-
Iraq	215	151	-	-	366
Kenya	-	33	33	-	-
Liberia	-	1,892	1,721	-	171
Malawi	-	1,215	1,215	-	-
Mali	-	128	128	-	-
Mauritania	-	875	875	-	-
Mozambique	-	55,171	5,171	-	50,000
Niger	-	228,389	228,389	-	-
Nigeria	-	3,193	3,193	-	-
Pakistan	-	60	60	-	-
Pakistan Earthquake disaster	-	172,010	165,000	288	6,722
Palestine	-	6,155	5,875	-	280
Philippines	5	-	-	-	5
Rwanda	-	1,100	1,100	-	-
Sierra Leone	-	1,550	1,550	-	-
Somalia	-	24,713	24,713	-	-
South Africa	25,000	3,017	28,017	-	-
Sudan	-	19,280	11,267	-	8,013
Thailand	-	10,400	10,400	-	-
Tsunami disaster	-	645,514	441,867	21,872	181,775
Uganda	-	11,366	11,366	-	-
Ukraine	-	20	20	-	-
Uzbekistan	-	20	20	-	-
Zambia	-	225	225	-	-
Zimbabwe	-	163	163	-	-
DFID/JOA/Ireland Aid Grants		12,088,413	12,088,413	-	-
	184,481	14,408,050	14,156,671	11,261	424,599

All restricted funds are for specific humanitarian projects in particular areas of the world.

**Notes (continued)**

**19 Analysis of net assets between funds**

	<b>Tangible fixed assets</b>	<b>Net other assets</b>	<b>2005 Total</b>	2004 Total
	£	£	£	£
Restricted assets	-	424,599	<b>424,599</b>	184,481
Unrestricted assets	97,950	1,996,454	<b>2,094,404</b>	1,721,274
	<hr/>	<hr/>	<hr/>	<hr/>
	97,950	2,421,053	<b>2,519,003</b>	1,905,755
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**20 Commitments**

There were no commitments contracted or authorised at 31 December 2005 (31 December 2004: £nil).  
 Annual commitments under non-cancellable operating leases are as follows:

	<b>Land and buildings</b>	<b>Other</b>
	£	£
Operating leases which expire:		
Within 2 - 5 years (office rent, copier & franking machine)	142,340	5,384
	<hr/>	<hr/>

The amount charge to the SOFA with respect to these contracts in 2005 was £139,312 (2004: £97,015).

**21 Pension arrangements**

The company operates a defined contribution group personal pension scheme for certain UK employees. The assets of the scheme are held in a separate independently administered fund. The charge in respect of the contributions payable in the year was £99,140 (2004: £92,119) all of which was payable at 31 December. The cost is accounted for in the year it arises and there were no outstanding or prepaid amounts at 31st December 2005.

**22 Reconciliation of net incoming resources to operating cash flows**

	<b>2005</b>	2004
	£	£
Net incoming resources	<b>613,248</b>	718,771
Bank interest	<b>(205,444)</b>	(131,782)
Depreciation charge	<b>77,282</b>	49,141
Loss on disposal of fixed assets	<b>3,881</b>	1,337
(Increase) in debtors	<b>(1,825,494)</b>	(681,531)
Increase in creditors	<b>1,741,494</b>	2,130,271
	<hr/>	<hr/>
Net cash inflow from operating activities	<b>404,967</b>	2,086,207
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

23 Analysis of net cash resources

	At 1 January 2005 £	Cash Flow £	At 31 December 2005 £
Cash in hand and at bank	3,539,163	549,436	<b>4,088,599</b>

24 Related Parties

MSF Enterprises is based in the same offices as its parent company and uses the same facilities and staff. Costs incurred on behalf of MSF-Enterprises are billed on to the company on a regular basis.

The following costs were incurred by MSF UK and billed to MSF-Enterprises Ltd:

	2005 Total £	2004 Total £
Travel Expenses UK	-	116
Travel Expenses Abroad	-	1,879
Travel Expenses Project	<b>109</b>	14,694
Staff costs	<b>1,167</b>	6,937
Couriers	-	147
Video & Photo material	-	273
Other profit & loss	<b>15</b>	-
	<b>1,291</b>	24,046

At the year-end the following balances were shown on the balance sheet relating to the parent company:

	2005 £	2004 £
<b>Debtors:</b>		
Outstanding invoices due from MSF-Enterprises	<b>1,291</b>	6,802
Covenant profits (re)payable to MSF UK	<b>(11,584)</b>	32,848
Loan from MSF-UK to MSF Enterprises	<b>20,000</b>	20,000
<b>Total</b>	<b>9,707</b>	59,650

The loan to MSF-Enterprises was granted in 2004 and is repayable on demand. Interest is payable quarterly at the average quarterly rate the charity could receive on its deposit account – 3.6% for last quarter 2005, a total of £861 (2004: £0) was received during the year.

The credit note to MSF-Enterprises relates to a loss in the trading subsidiary, which is being carried back to 2004 under the deed of covenant and in accordance with tax regulations, and is thus repayable by the charity.

Notes (continued)

25 MSF sister organisations

MSF Australia  
 P O Box 847  
 Broadway  
 NSW 2007  
 AUSTRALIA

MSF Greece  
 15, Xenias St  
 GR-11527, Athens  
 GREECE

MSF Luxembourg  
 70 Rue de Gasperich  
 L-1617 Luxembourg  
 LUXEMBOURG

MSF Austria  
 Taborstrasse 10  
 PO Box 53  
 A-1020 Vienna  
 AUSTRIA

MSF Holland  
 Plantage Middenlaan 14  
 P O Box 10014  
 1001 EA Amsterdam  
 THE NETHERLANDS

MSF Norway  
 Youngstorget 1  
 0181 Oslo  
 NORWAY

MSF Belgium  
 Duprestreet 94  
 B-1090 Brussels-Jette  
 BELGIUM

MSF Hong Kong  
 Shop 5 B  
 Lai Chi Kok Bay Garden  
 272 Lai King Hill Road  
 Kowloon, HONG KONG

MSF Spain  
 Nou de la Rambla 26  
 08001 Barcelona  
 SPAIN

MSF Canada  
 720 Spadina Avenue, Suite 402  
 M5S 2T9 Toronto ON  
 CANADA

MSF International  
 Rue de Lausanne, 78  
 Case Postale 116  
 1211 Geneve 21  
 SWITZERLAND

MSF Sweden  
 Hogbergsgaten 59B  
 Box 4262  
 SE-10266 Stockholm  
 SWEDEN

MSF Denmark  
 Kristianiagade 8,2  
 DK-2100  
 Copenhagen  
 DENMARK

MSF Italy  
 Via Volturmo 58  
 00185 Rome  
 ITALY

MSF Switzerland  
 Rue de Lausanne 78  
 Case Postale 116  
 1211 Geneve 6  
 SWITZERLAND

MSF France  
 8 rue Saint Sabin  
 F-75011 Paris  
 FRANCE

MSF Japan  
 3-3-13 Takadanobaba  
 Shinjuku  
 Tokyo 169-0075  
 JAPAN

MSF USA  
 333 7<sup>th</sup> Avenue  
 2<sup>nd</sup> Floor  
 New York NY 10001  
 U.S.A.

MSF Germany  
 Am Kollnischen Park 1  
 10179 Berlin  
 GERMANY

Transactions with the above sister organisations consist of the following:

Grants of funding for charitable work in the field (note 7)

Management recharges (note 15 - amounts owed by sister organisations; note 16 amounts owed to sister organisations)