



MEDECINS SANS FRONTIERES (UK)

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT & FINANCIAL STATEMENTS

31 DECEMBER 2006

**REGISTERED NUMBER 2853011
CHARITY NUMBER 1026588**

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Report of the Trustees

for the year ended 31 December 2006

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 2006. 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 REFERENCE AND ADMINISTRATIVE DETAILS

Year ended 31 December 2006

1.1 Trustees

Mrs Valerie Wistreich	<i>Chair – reappointed June 06</i>
Mr Robert Senior	<i>Treasurer</i>
Dr Nicole Klynman	
Dr Greg McNulty	<i>resigned June 06</i>
Dr Koenraad Henckaerts	<i>resigned June 06</i>
Dr Karen Hofman	
Ms Frances Stevenson	<i>resigned September 06</i>
Dr Mark Cresswell	
Dr Wilhelm de Graaf	<i>appointed January 06</i>
Dr Alexandra Hook	<i>appointed June 06</i>
Dr Jerome Oberreit	<i>appointed August 06</i>

1.2 Executive Director

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

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 2. 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.

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 2006, the HR department of the London office placed 232 staff from the UK and Ireland to work in our projects around the world (2005 – 256 staff). Since April 2006, staff going to the field have been on UK contracts, making MSF-UK their employer for the first time (previously staff were employed directly by the MSF Operational Centre they were working with), during 2006 – 112 employment contracts were issued to staff on overseas projects. The Operational Centres reimburse MSF-UK for the costs of employing these staff and sending them to the field.

4 ACHIEVEMENTS AND PERFORMANCE 2006

Although a number of significant humanitarian crises emerged and existing problems continued to develop or intensify in 2006, no major unplanned emergencies on the scale of the 2005 tsunami occurred to focus the work of the organisation around one specific issue.

Instead, the international movement faced a different type of challenge, in the form of decreasing access and increased security concerns. The blurring of distinctions between military, political and humanitarian organisations made it more difficult to carry out what should be relatively simple work of providing emergency humanitarian medical assistance to those in need.

The UK office continued its support for the work of the international movement, consolidating the success of previous years and growing in new areas. Our direct contribution to fieldwork included sending a similar number of volunteers to last year, however from mid-2006 these volunteers received contracts directly from the UK office. MSF UK's specialist medical work expanded, focusing on tropical diseases like malaria, and emerging medical issues like the increasing prevalence of TB/HIV co-infections.

New initiatives for 2006 included the establishment of an office in Dublin, and the development of new methods of advocacy in the UK aimed at reflecting the increasingly complex contexts within which MSF operates to the world.

4.1 Security and Access Concerns

In July 2006, amid intensifying armed conflict between Israeli Defence Forces (IDF) and Lebanese Hezbollah fighters, MSF launched an emergency intervention to help address medical-humanitarian needs. Assistance was offered on the Israeli side dealing with civilian deaths and injured from rocket attacks; however, the nature of the conflict was such that there were greater needs and less available assistance in Lebanon. With a high intensity bombardment cutting major roads and bridges throughout the country, transportation was difficult and dangerous, compelling MSF to make public statements reminding those engaged in the conflict that they had a responsibility to allow assistance to reach civilians caught in the fighting. Though vociferous in such demands, MSF retained its neutrality by refraining from commenting on specific military decisions of either side. This independent and impartial approach to the provision of aid allowed us to move and assist in a context where almost all movement was prevented.

The difficulties reaching people in need in Lebanon are illustrative of a growing problem of access that MSF has confronted over the past year. Despite the relative simplicity of our mission – to provide impartial medical-humanitarian assistance to those in need and prevent loss of life – our ability to obtain access to patients can rarely be assumed. Many of the people we help are trapped within highly charged and complex social and political contexts that create significant barriers in the provision of aid.

For the past several months, humanitarian organisations have been reducing activities or pulling out of Darfur, Sudan. Over a million people have been living a survival existence for more than three years in camps in Sudan and Chad. These are the lucky ones, who manage to have sustained contact with the diminishing and underfunded aid made available to them. Outside the camps, especially in West and North Darfur, violence against civilians continues, accompanied by a significant increase in targeted attacks against aid workers including MSF staff, making land travel and logistical assistance close to impossible.

MSF has been working in Darfur since early 2004 and intends to stay as long as we are able to be effective, although the situation is becoming increasingly precarious. Serious security incidents have forced us to reduce activities in some regions, despite ongoing outbreaks of cholera and we can no longer send surgical referrals by road for emergency care. This reduction in the ability to provide basic assistance is likely to have a critical impact on an already fragile health situation.

In these increasingly complex circumstances, with an ever-growing number of aid organisations playing a part in offering relief, it is no surprise that attempts at

co-ordination should take place. But MSF believes that although there can be positive results, lack of co-ordination is often used as a blanket excuse for the failure of aid. In some cases it is not a failure of aid but a deliberate and politically motivated lack of access to aid for people in need. MSF remained careful in 2006 to separate itself from these co-ordination processes, instead relying on independence of assessment and action to respond to specific needs of specific populations, rather than contributing to a global framework of dubious origins and effectiveness. Independent and impartial assessment is not only a principle, but also a practical approach that allows us the safest and most rapid access possible to people in need.

4.2 An effective response - not just medical care

Despite our concerns around these issues, our records over the past year show a massive volume of medical care to individuals and families around the world: this includes more life-saving surgery, more malaria treatment, and more mental health support to people than ever before. In 2006, MSF provided medical-humanitarian assistance to over 10 million people in more than 60 countries. But these numbers mean nothing without an understanding of the relevance of the assistance and the quality of our work: each patient is much more than a statistic, and we must be sure that if we treat someone for malaria, for example, that they get a humane consultation, the right diagnosis and treatment.

Strides forward do take place. Particularly when we have access to field-appropriate medical and logistical tools we are able to adopt new methods of treatment to provide relevant and quality care, such as in our work around malnutrition in Niger.

Likewise, as we continue to provide a full package of HIV/AIDS prevention and treatment to people and communities in 32 countries, our developing strategy is to decentralise care and increase the number of sites where treatment is available. The size of the scaleup that is needed, however, continues to be limited by a shortage of human resources and the state of health systems in many countries. Whilst it is unrealistic to expect that these issues will be addressed sufficiently to treat everyone with HIV/AIDS, a comprehensive response is precluded by a lack of drugs, diagnosis and monitoring tools for resource-poor countries, which must instead make do with the detritus of western-focused research, a situation that is mirrored with regard to many other diseases.

The UK's specialist Medical Unit, in its fourth year of operation, supported MSF's aim of bringing the best and most appropriate treatments to those it works with through a range of activities, focusing on TB/HIV, and malaria in 2006. Named after the father of modern tropical medicine, the Manson Unit seeks to work with operations teams in the field to help to implement new diagnostic and treatment policies, to steer the practical aspects of implementation, to ensure that good monitoring systems are in place, and to document the lessons learnt from these activities to constantly ensure that MSF delivers the best possible care.

One third of the world's population is currently infected with the tuberculosis (TB) bacilli. Drugs used to treat TB are from the 1950s and a course of treatment takes six months, whilst diagnostic tools are difficult to use in the field and not accurate. In 2006, the Unit worked to identify training, diagnostic and clinical support needs for the teams working on TB related projects in the field, and delivered several field visits and training sessions to missions, for example in Rep.of Congo, the Democratic Republic of Congo, Angola, Sudan, Somalia and Uzbekistan. It highlighted drug quality and procurement issues in the field and helped teams to improve their monitoring and evaluation of TB interventions. This work resulted in a measurably increased number of TB patients diagnosed and cured by MSF.

Malaria is caused by four species of the parasite Plasmodium, and if left untreated, can cause death. It strikes against poor and rural communities, as well as slum dwellers and

refugees. Although ACT treatment can be effective, in many areas where malaria is rife in Africa, government policy is to treat with a less effective chloroquine based treatment to which Malaria parasites are resistant, or if the policy has changed in theory, the most appropriate drugs are not always available to the patients who need them in practice. In 2006, MSF treated around two million people for malaria and urged governments to change their protocols. The Manson Unit focused on the validity of the use of Rapid Diagnostic Tests (RDTs) in the field as a principal diagnostic tool, as well as implementation of the diagnosis and correct treatment of malaria.

Support in malaria has principally been through one member who is head of the Malaria working group within MSF as a whole. This work therefore involves co-ordinating and meeting with external bodies including the WHO and research institutions like the London School of hygiene and tropical medicine.

The Manson Unit also focused on several other issues including reproductive health in 2006, with the aim of improving availability of appropriate contraception in MSF programmes, of understanding the cultural barriers to contraceptive use and of improving the abortion choices for women subjected to sexual violence in key selected MSF projects. Support has primarily been given here in the drawing up of protocols, which can be implemented in projects throughout the movement's work where appropriate.

Other areas of work have included sleeping sickness and visceral leishmaniasis, through participation in working groups, research and field support including in countries like Sudan and the Democratic Republic of Congo. In total the unit was involved in producing 12 scientific publications last year.

4.3 Speaking out

MSF can only offer immediate and time-limited solutions. It must be clear that the modest contribution that we can make should neither be viewed as an opportunity for governments and international organisations to abdicate their responsibilities, nor as an alibi for political inaction. Speaking out and raising awareness of this neglect is how we play our part in solving this problem in the longer term.

The UK Programmes Unit contributed to MSF's advocacy work in a variety of ways, including a Lecture Tour comprising talks on humanitarian issues to academic institutions (Sussex, SOAS, Cambridge, UCL, LSE, Oxford, Reading). A series of six open discussion evenings were organised, which covered topics including protection, the dilemmas of handover, fragile states and standards. These were so successful that they will be continued in 2007, and a number of external publications based on the discussions, Dialogues, will be published in 2007 and distributed to the MSF movement and UK humanitarian sector. Finally, a number of articles were written for key publications, including one on Access to Health for Trade & Aid magazine and another on User Fees for the Lancet.

Direct communication with the media represented another important aspect of the UK office's contribution to advocacy. More than 50 press releases were issued, which provided briefings to key media influencers who have the power to reach hundreds of thousands of people through their writing. More than 900 articles about MSF's work appeared in the media during the year, and numerous others were written without a mention of MSF but which highlighted the issues facing neglected areas where we work.

4.4 Accountability and transparency

Self-criticism is an essential element of MSF and the 19 sections, including the UK, went through an internal process in 2006 aimed at improving operations and governance, called La Mancha. Developing from this was a clear mandate to communicate as openly as

possible, a commitment to maintain the transparency of our actions and concretely increase the accountability we have to those we assist, as well as the donors who generously assist our work. It is our reliance on individual donations that allows us to act quickly and independently and in response to human needs.

In the UK, the long-term strategy has been to increase the ratio of funds given by private individuals as compared to institutions such as governments.

We see this accountability as a potent tool to reflect openly on our operations and improve them significantly as we meet new challenges and obstacles. MSF will continue to look for new ways to manoeuvre past whatever barriers may arise - whether logistical, security based or political - and assist those who are being neglected. The process of La Mancha re-established this aspect of MSF's identity, grounding it within all sections of the movement, and renewed our intention to provide quality medical care for people who would otherwise have none.

4.5 Expanding UK capacity to contribute

In April, MSF UK opened an office in Dublin for the main purpose of supporting UK activity on recruitment, communications and fundraising. The office is an integrated part of MSF UK and supports the overall objectives and direction of MSF UK.

The Irish office is staffed with three full-time positions, with assistance from returned field volunteers and office volunteers. In total volunteer time donated to the Irish office was equivalent to 130 days during the year.

In addition to recruitment, and work preparing for a 2008 fundraising campaign, various activities were undertaken to introduce MSF to the Irish public and media, and to promote humanitarian debate. These included a media evening and exhibiting at the Festival of World Culture in Dun Loaghaire. Several lectures/presentations were undertaken throughout the second half of the year by a variety of MSF volunteer speakers and two discussion evenings were hosted on the subjects of Protection and Failed States.

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

Key Performance Indicators

Indicator	Plan 2006-2008 Target	2006 Actual	2005 Actual
<i>UK expenditure covered by regular gifts</i>	160% by 2008	169%	128%
<i>Cost of raising £1 (private funds only)</i>	20p	15p	25p*

*The result in 2005 was due to an additional fundraising investment of £1m: 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 £22.8m (2005: £25.3m) from the general public, provision of staff to the field, bank interest, DFID, Jersey Overseas Aid and Ireland Aid. This represents a decrease of 10% from 2005, but this is made up of a 12% increase in private funds (from £13.0m to £14.6m), and a 38% decrease in institutional funding (from £12.0m to £7.5m). This shift has led to an improvement in the ratio of private-institutional income to 66:34 (2005 52:48), in line with the objective of financial independence as generally understood across the MSF movement.

Regular gifts by direct debit and standing order are the core of MSF UK's financial growth and security. They deliver a predictable flow of funds, which can be used according to need, and which are not reliant on the media attention. Regular giving is the bedrock of MSF's financial independence. In 2006 donations by direct debit and standing order increased by 35% to £7.4m (2005: £5.5m).

This increase was principally achieved through a series of campaigns inserted in newspapers and magazines, providing detailed information on MSF's work in emergencies current at that time. These aimed to recruit regular givers, and raise awareness of MSF's work to wider audiences.

Awareness raising is critical to MSF UK's fundraising, being key to recruiting new donors by the internet, with £1.5m being received via the web in 2006. The total of £1.4m in 2005 was partly driven by public awareness of the Tsunami, Niger, and Kashmir emergencies. In 2006 web donations were received largely independent of media focus on major crises, indicating an underlying growth in online giving for MSF's work.

MSF UK's supporters are increasingly recruiting family, friends, colleagues, and local communities to support MSF's work. This is enabled partly by MSF UK's personal web pages for people raising funds. Donations are raised in place of wedding or birthday gifts, in memory of a loved one or friend, or as sponsorship for a challenge event. In 2006 gifts raised in this way increased by 7% to £725k (2005: £678K).

Restricted private donations of £2.1m (2005: £2.3m) were received during the year, a reduction of 9% for the year. This was lower than 2005 due to the lack of large-scale emergencies. The restricted funds have been absorbed in charitable expenditure and have not had an impact on the level of reserves.

Restricted income included funds from the Guardian newspaper's appeal for MSF's work to provide antiretroviral treatment for HIV/AIDS. This launched at the end of 2005, completing in January 2006. Guardian readers support HIV treatment through long-term monthly giving, as well as individual gifts, with a total of £593k being received in 2006.

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 2006 amount to £1.5m (2005: £2.1m). The budgeted UK expenditure for 2006 is £5.0m – this equates to approximately 4 months' planned expenditure (2005: 5 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 & Dublin offices. During 2006, volunteers provided a total of 126 weeks (2005: 72 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 2006 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 Recommended Practice (revised 2005) ('SORP') and with applicable accounting standards.

6 FUTURE OUTLOOK

The UK office is continuing to follow its strategic plan for 2006-08 which reflects the growing operational confidence and activity in the office.

Plans for 2006-2008 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 2007 include:

- Retaining the same level of international departures as 2006 (250 volunteers) and continuing to focus on retention and quality of volunteers. This will be addressed by moving the active recruitment activities to Dublin and establishing the position of training and development officer in London;
- Establishment of the nutrition unit in keeping with the goals above;
- Build on the platform established with the discussion evenings in 2006 through the publication of discussion papers, and hosting more discussion evenings in 2007;
- Continued reduction in the overall amount of institutional funds, to improve the private : institutional funding ratio.

7 AUDITORS

Disclosure of Information to Auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

Date: 24 April 2007

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 judgments 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.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



KPMG LLP

1 Forest Gate
Brighton Road
Crawley
RH11 9PT
United Kingdom

Independent auditors' report to the members of Médecins Sans Frontières (UK)

We have audited the financial statements of Médecins Sans Frontières (UK) for the year ended 31 December 2006 which comprise the Statement of Financial Activities, the Balance Sheet, 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 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 12.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the 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 Directors' 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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

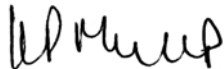
Independent auditors' report to the members of Médecins Sans Frontières (UK) (continued)

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 company's affairs as at 31 December 2006 and of its incoming resources for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



KPMG LLP

24 April 2007

Chartered Accountants

Registered Auditor

Statement of Financial Activities

(incorporating an income and expenditure account)

for the year ended 31 December 2006

		Unrestricted	Restricted	2006	2005
		£'000	£'000	Total	Total
	Note			£'000	£'000
Incoming Resources					
Incoming resources from generated funds:					
Voluntary income					
Donations, legacies and similar income	3	12,498	2,112	14,610	12,961
Grants for operational programmes	5		7,477	7,477	12,089
Activities for generating funds	3	1	-	1	-
Other income from charitable activities	4	544	-	544	
Investment Income	6	120	25	145	205
Total incoming resources		13,163	9,614	22,777	25,255
Resources Expended					
Costs of generating funds					
Costs of generating voluntary income	7	2,295	-	2,295	2,656
Charitable activities					
Operational programmes	8	11,432	10,032	21,464	21,950
Governance costs	9	39	-	39	36
Total charitable expenditure		13,766	10,032	23,798	24,642
Net (outgoing) / incoming resources	10	(603)	(418)	(1,021)	613
(net income / (expenditure) for the year)					
Fund balances brought forward					
at 1 January 2006		2,094	425	2,519	1,906
Fund balances carried forward					
at 31 December 2006	<i>17,18</i>	1,491	7	1,498	2,519

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.

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

The notes on pages 18 to 31 form part of these financial statements.

Balance Sheet

at 31 December 2006

	Note	2006 £'000	2005 £'000
Fixed assets			
Tangible assets	14	77	119
Investment	13	-	-
Current assets			
Debtors	15	3,481	4,114
Cash at bank and in hand		2,444	4,088
		<hr/>	<hr/>
		5,925	8,202
Creditors: amounts falling due within one year	16	(4,504)	(5,802)
		<hr/>	<hr/>
Net current assets		1,421	2,400
		<hr/>	<hr/>
Total assets less current liabilities		1,498	2,519
		<hr/>	<hr/>
Net assets	19	1,498	2,519
		<hr/> <hr/>	<hr/> <hr/>
Funds			
Unrestricted	17	1,491	2,094
Restricted	18	7	425
		<hr/>	<hr/>
		1,498	2,519
		<hr/> <hr/>	<hr/> <hr/>

These financial statements were approved by the board of trustees on 19 April 2007 and were signed on its behalf by:



Robert Senior
 Treasurer

The notes on pages 18 to 31 form part of these financial statements.

Cash flow statement

for the year ended 31 December 2006

	<i>Note</i>	2006 £'000	2005 £'000
Cash flow from operating activities	22	(1,761)	405
Return of investments and servicing of finance			
Interest received	5	145	205
Capital expenditure and financial investment			
Purchase of tangible fixed assets	14	(28)	(61)
		_____	_____
(Decrease) / increase in cash in the year	23	(1,644)	549
		=====	=====

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 2006 the company has 9 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 (including committed giving) is 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, and 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; where it relates to a restricted gift the tax is restricted for the same country.

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 Executive 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 are 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. Operating lease rentals are charged to the profit & loss account on a straight line basis over the period of the lease.

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 £'000	Restricted Funds £'000	2006 Total £'000	2005 Total £'000
Appeals	1,570	364	1,934	3,024
Legacies	1,518	0	1,518	1,026
Corporate	366	61	427	575
Trust	315	1,037	1,352	697
Committed Giving	6,980	428	7,408	5,453
Other donations	1,749	222	1,971	2,186
Total donations, legacies and similar income	12,498	2,112	14,610	12,961
Other income				
Income from MSF Enterprises Ltd	-	-	-	-
Other	1	-	1	-
Total other income	1	-	1	-
Total	12,499	2,112	14,611	12,961

4 Income from other charitable activities

	Unrestricted Funds £'000	Restricted Funds £'000	2006 Total £'000	2005 Total £'000
Income from supply of staff to overseas projects	544	-	544	-

Notes (continued)

5 Grants for operational programmes

	2006	2005
	£'000	£'000
<u>UK Govt - Department for International Development (DFID):</u>		
Angola (Bie)	21	292
Angola (Malange)	98	385
Angola (Uige)	-	548
Democratic Republic of Congo (Bukavu)	1,034	751
Democratic Republic of Congo (Dungu)	17	485
Democratic Republic of Congo (Equateur)	496	575
Democratic Republic of Congo (Katanga)	-	138
Chad (Darfur refugees)	63	725
Cote d'Ivoire (Danane)	400	400
Cote d'Ivoire (Western Mtns)	243	115
Liberia (Monrovia)	150	200
Somalia (Bakool)	410	415
Somalia (Lower Juba)	306	589
Sudan (Darfur)	1,365	1,119
Sudan (Jonglei)	1,303	1,429
Sudan (North)	74	2,346
Sudan (Tonj)	289	463
	<u>6,269</u>	<u>10,975</u>
<u>Irish Aid (formerly DCI):</u>		
Burundi (Bujumbura)	175	-
Burundi (Bujumbura - Sexual violence)	-	133
Burundi (Kayanza)	135	-
Democratic Republic of Congo	237	-
Sierra Leone (Tonkolili)	118	199
Somalia	206	-
Sudan (Darfur)	240	238
Sudan (Nuba)	-	238
	<u>1,111</u>	<u>808</u>
<u>Jersey Overseas Aid (JOA):</u>		
Angola	-	65
Bolivia	33	-
Central African Republic	-	65
Ecuador	-	61
Georgia	-	65
Tanzania	64	-
Uzbekistan (MDR TB)	-	50
	<u>97</u>	<u>306</u>
	<u>7,477</u>	<u>12,089</u>

All the income arising under the above contracts is considered to be restricted to particular projects. In 2006 £700,000 was received from DfID with respect to contracts for other MSF sister organisations, and transferred on to those organisations (2005: £239,614). As MSF (UK) acts as a conduit these amounts are not included in the accounts.

6 Investment income and interest

	Unrestricted	Restricted	2006	2005
	Funds	Funds	Total	Total
	£'000	£'000	£'000	£'000
Bank interest	120	25	145	205

Notes (continued)

7 Costs of generating voluntary income

	Unrestricted Funds £'000	Restricted Funds £'000	2006 Total £'000	2005 Total £'000
Salaries, Pensions & Tax	284	-	284	226
Travel & Subsistence	7	-	7	5
Other Personnel Costs	9	-	9	8
Housing Costs	38	-	38	36
Office Costs (incl depreciation)	34	-	34	36
Professional costs	12	-	12	48
Promotional costs	1,911	-	1,911	2,297
	<hr/>	<hr/>	<hr/>	<hr/>
	2,295	-	2,295	2,656
	<hr/>	<hr/>	<hr/>	<hr/>

8 Operational support

	Unrestricted funds £'000	Restricted funds £'000	2006 Total £'000	2005 Total £'000
Institutional grants transferred to MSF Sections	-	7,477	7,477	12,089
	<hr/>	<hr/>	<hr/>	<hr/>

Funds allocated to MSF aid projects and campaigns

Angola	535	5	540	540
Armenia	1	-	1	1
Azerbaijan	1	-	1	-
Bangladesh	-	-	-	4
Burma	700	-	700	340
Burundi	357	1	358	470
Cambodia	2	50	52	-
Cameroon	120	-	120	2
Caucasus/Russia	697	3	700	500
Central African Republic	236	4	240	
Chad	237	3	240	40
Colombia	400	100	500	440
Congo	350	-	350	145
Cote d'Ivoire	371	4	375	-
Darfur (Sudan / Chad)	54	347	401	803
Democratic Rep. of Congo	794	106	900	206
Ethiopia	300	-	300	321
Guardian HIV/Appeal	-	710	710	-
Haiti	-	-	-	7
HIV/AIDS projects	-	614	614	123
India	349	1	350	502
Indonesia	7	38	45	5
Kenya	3	2	5	-
Kyrgyzstan	-	-	-	2
Lebanon	91	59	150	-
Liberia	167	3	170	171
Mali	-	-	-	1

Notes (continued)

(Note 8 continued...)

	£'000	£'000	£'000	£'000
Mauritania	-	-	-	1
Mozambique	-	50	50	5
Nepal	75	-	75	70
Niger	115	65	180	252
Nigeria	62	-	62	277
Pakistan	300	-	300	270
Pakistan Earthquake	119	81	200	165
Palestine	-	-	-	6
Rwanda	-	-	-	1
Sierra Leone	2	-	2	2
Somalia	692	9	701	620
South Africa	1	28	29	29
Sudan	612	44	656	170
Thailand	-	-	-	18
Tsunami disaster	-	182	182	442
Turkmenistan	168	2	170	40
Uganda	506	44	550	350
Ukraine	-	-	-	70
Uzbekistan	-	-	-	170
Zambia	300	-	300	240
Zimbabwe	170	-	170	43
Access to Essential Medicines Campaign	57	-	57	94
Drugs for Neglected Diseases Initiative	138	-	138	99
MSF-Holland general field funding	-	-	-	182
MSF-Switzerland HIV/TB study	-	-	-	28
	9,089	2,555	11,644	8,267
Medical & programme support				
Salaries, Pensions & Tax	428	-	428	400
Travel & Subsistence	34	-	34	38
Other Personnel costs	12	-	12	14
Housing costs	69	-	69	73
Office Costs (incl depreciation)	60	-	60	72
Professional costs	52	-	51	69
Symposia & presentations	11	-	11	14
	666	-	665	679
Recruitment for overseas projects				
Salaries, Pensions & Tax	232	-	232	200
Travel & Subsistence	14	-	14	14
Other Personnel costs	22	-	22	18
Housing costs	44	-	44	42
Office Costs (incl depreciation)	54	-	54	51
Professional fees	23	-	23	7
Promotional costs	8	-	8	11
	397	-	397	343

Notes (continued)

Note 8 continued...	£'000	£'000	£'000	£'000
Témoignage & advocacy				
Salaries, Pensions & Tax	94	-	94	81
Travel & Subsistence	19	-	19	13
Other Personnel costs	11	-	11	7
Housing costs	17	-	17	26
Office Costs (incl depreciation)	20	-	20	36
Professional costs	7	-	7	2
Promotional costs	31	-	31	12
	<hr/>	<hr/>	<hr/>	<hr/>
	199	-	199	177
	<hr/>	<hr/>	<hr/>	<hr/>
International staff				
	<hr/>	<hr/>	<hr/>	<hr/>
Costs of employment of international staff	544	-	544	-
	<hr/>	<hr/>	<hr/>	<hr/>
Support costs				
Salaries, Pensions & Tax	327	-	327	238
Travel & Subsistence	11	-	11	12
Other Personnel costs	14	-	14	7
Housing costs	31	-	31	21
Office Costs (incl depreciation)	31	-	31	31
Repayment of profits to MSF-Enterprises	-	-	-	12
Foreign Exchange costs	2	-	2	0
Legal & Professional fees	33	-	33	10
Promotions	9	-	9	4
Loss on disposal of fixed assets	1	-	1	4
Contribution to Intl Office expenses	78	-	78	56
	<hr/>	<hr/>	<hr/>	<hr/>
	537	-	537	395
	<hr/>	<hr/>	<hr/>	<hr/>
Total	11,432	10,032	21,464	21,950
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

9 Governance costs

	Unrestricted Funds £'000	Restricted Funds £'000	2006 Total £'000	2005 Total £'000
Costs of trustees' meetings	9	-	9	5
Professional liability insurance	9	-	9	8
Audit fees – statutory audit	19	-	19	21
– international combined accounts	2	-	2	2
	<hr/>	<hr/>	<hr/>	<hr/>
	39	-	39	36
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

10 Net movement in funds

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

	2006	2005
	Total	Total
	£'000	£'000
Depreciation	68	77
Hire of other assets – operating leases (note 20)	112	96
Auditors' remuneration – statutory audit	19	21
Exchange (gains) / losses	2	(1)
	—————	—————

11 Remuneration of directors/trustees

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

£9,394 was reimbursed for directly incurred travel expenses to 9 trustees (2005: £4,753 to 8 trustees)

In addition to this professional liability insurance (covering trustees' indemnity) has been purchased at a cost of £8,611 (2005: £8,107).

12 Staff numbers and costs

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

	Number of employees	Number of employees
	2006	2005
Private & Institutional Fundraising	8	7
Medical & Programme Support	13	12
Temoignage & Advocacy	5	5
Management and administration	7	6
Recruitment for overseas projects	9	9
UK staff in international projects	—————	—————
	42	39
	—————	—————

The costs of employing those staff were:

	£'000	£'000
Wages and salaries	1,432	950
Social security costs	189	97
Pension costs	141	99
	—————	—————
	1,762	1,146
	—————	—————

In addition to the above, many supporters of the company assist on a voluntary basis from time to time. Approximately 629 days (equivalent to approx 2.4 years) of time has been given to the organisation during 2006, by 41 UK office volunteers (2005: 22 volunteers, 361 days).

No employee earned £60,000 or more in 2006 (2005: none). The Charity operates a pay policy whereby the highest paid employee never earns more than 3 times the lowest paid employee.

Notes (continued)

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

Fittings, furniture & other office equipment

	2006	2005
	£'000	£'000
Cost		
At beginning of period	326	292
Additions	28	61
Disposals	(11)	(27)
	<hr/>	<hr/>
At end of period	343	326
	<hr/>	<hr/>
Depreciation		
At beginning of period	207	153
Charge for period	68	77
Disposals	(9)	(23)
	<hr/>	<hr/>
At end of period	266	207
	<hr/>	<hr/>
Net book value		
At 31 December 2006	77	119
	<hr/>	<hr/>
At 31 December 2005	119	139
	<hr/> <hr/>	<hr/> <hr/>

All assets are used for charitable purposes.

15 Debtors

	2006	2005
	£'000	£'000
Amounts contracted with sister orgs	235	8
Other debtors (DfID)	408	3,560
Amounts due from DFID	2,388	331
Amounts owed by sister organisations	327	130
Amounts due from subsidiary (MSF Enterprises)	21	10
Other debtors	1	0
Accrued Income (Trust)	61	50
Prepayments	40	25
	<hr/>	<hr/>
	3,481	4,114
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

16 Creditors: amounts falling due within one year

	2006	2005
	£'000	£'000
Grants authorised:		
Irish Aid (formerly DCI)		
Burundi (Bujumbura)	26	-
Burundi (Kayanza)	64	8
Sierra Leone	71	-
JOA		
India	65	-
Bolivia (refund due to JOA)	9	-
	235	8
Grants contracted to sister organisations	408	3,560
Amounts received not yet transferred to sister organisations	513	1,139
Amounts owed to sister organisations by grant funders	2,388	331
MSF sister organisation creditors	30	26
MSF sister organisation grants authorised	719	386
Other tax and social security	53	34
Trade creditors	130	302
Accruals	28	16
	4,269	5,794
	4,504	5,802

17 Unrestricted funds

	2006	2005
	£'000	£'000
Balance at 1 January	2,094	1,721
(Deficit) / surplus for the year	(603)	373
Balance at 31 December	1,491	2,094

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 2006 £'000	Incoming resources £'000	Programme Expenditure £'000	Balance at 31 December 2006 £'000
Angola	2	3	5	-
Burundi	-	1	1	-
Cambodia	50	-	50	-
Caucasus/Russia	-	3	3	-
Central African Republic	-	4	4	-
Chad	-	3	3	-
Colombia	-	100	100	-
Cote d'Ivoire	1	3	4	-
Darfur (Sudan / Chad)	5	342	347	-
Democratic Rep. of Congo	2	104	106	-
Guardian HIV Appeal	117	593	710	-
Haiti	1	-	-	1
HIV/AIDS programmes	-	614	614	-
India	-	1	1	-
Indonesia	-	38	38	-
Iraq	-	1	-	1
Kenya	-	2	2	-
Lebanon	-	59	59	-
Liberia	-	3	3	-
Mozambique	50	-	50	-
Niger	-	65	65	-
Pakistan Earthquake disaster	7	74	81	-
Sierra Leone	-	2	-	2
Somalia	-	9	9	-
South Africa	-	28	28	-
Sudan	8	36	44	-
Tsunami disaster	182	-	182	-
Turkmenistan	-	2	2	-
Uganda	-	44	44	-
Uzbekistan	-	3	-	3
DFID/JOA/Ireland Aid Grants		7,477	7,477	-
	<u>425</u>	<u>9,614</u>	<u>10,032</u>	<u>7</u>

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

19 Analysis of net assets between funds

	Tangible fixed assets £'000	Net other assets £'000	2006 Total £'000	2005 Total £'000
Restricted assets	-	7	7	425
Unrestricted assets	77	1,414	1,491	2,094
	<u>77</u>	<u>1,421</u>	<u>1,498</u>	<u>2,519</u>

Notes (continued)

20 Commitments

There were no commitments contracted or authorised at 31 December 2006 (31 December 2005: £nil). Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings £'000	Other £'000
Operating leases which expire:		
Within 1 year	17	-
Within 2 - 5 years	-	5
Over 5 years	90	-
	<hr/> <hr/>	<hr/> <hr/>

The amount charge to the SOFA with respect to these contracts in 2006 was £152,468 (2005: £139,312).

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 £121,223 (2005: £98,881) 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 2006.

22 Reconciliation of net incoming resources to operating cash flows

	2006 £'000	2005 £'000
Net (outgoing) / incoming resources	(1,021)	613
Bank interest	(145)	(205)
Depreciation charge	68	77
Loss on disposal of fixed assets	2	4
Decrease / (Increase) in debtors	633	(1,825)
(Decrease) / Increase in creditors	(1,298)	1,741
	<hr/> <hr/>	<hr/> <hr/>
Net cash (outflow) / inflow from operating activities	(1,761)	405

23 Analysis of net cash resources

	At 1 January 2006 £'000	Cash Flow £'000	At 31 December 2006 £'000
Cash in hand and at bank	4,088	(1,644)	2,444
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

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:

	2006	2005
	Total	Total
	£	£
Travel Expenses Project	-	109
Staff costs	489	1,167
Couriers	45	-
Other profit & loss	-	15
	<hr/>	<hr/>
	534	1,291
	<hr/>	<hr/>

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

	2006	2005
	£	£
Debtors:		
Outstanding payments due from MSF-Enterprises	581	1,291
Covenant profits (re)payable to MSF UK	-	(11,584)
Loan from MSF-UK to MSF Enterprises	20,000	20,000
	<hr/>	<hr/>
Total	20,581	9,707
	<hr/>	<hr/>
Creditors:		
Outstanding invoices due to MSF-Enterprises	112	-
	<hr/>	<hr/>
Total	112	-
	<hr/>	<hr/>

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 – 4.7% for last quarter 2006, a total of £936 (2004: £861) was received during the year.

The credit note to MSF-Enterprises in 2005 relates to a loss in the trading subsidiary, which was 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
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 Copenhagen
 DENMARK

MSF Italy
 Via Volturno 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

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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)