



**2021**

# **Annual report & Financial statements**

# MedAccess Guarantee Ltd

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### For the year ended

31 December 2021

### Company number

11080032

### Company secretary

Simon Andrew Sweet

### Registered office

25 Wilton Road  
London  
SW1V 1LW

### Independent auditor

Deloitte LLP  
1 New Street Square  
London  
EC4A 3BZ

### Directors

Michael Anderson  
Holger Walter Rothenbusch  
Nigel Keen  
Diana Noble  
Egbe Osifo-Dawodu  
Wilhelmus Verhoofstad  
Daniel Camus











## Directors' report

The Directors are pleased to present their annual report together with the audited financial statements of MedAccess Guarantee Ltd (Company Number: 11080032) for the year ended 31 December 2021.

### Directors

The Directors who served during the year, and to the date of this report, are:

Director	Appointed
Michael Anderson	23 November 2017
Holger Walter Rothenbusch	29 November 2017
Nigel Keen	17 January 2018
Diana Noble	30 April 2018
Egbe Osifo-Dawodu	11 September 2018
Wilhelmus Verhoofstad	11 September 2018
Daniel Camus	1 April 2020

### Principal activity

The principal activity of MedAccess Guarantee Ltd (MedAccess) is that of an innovative social finance company committed to expanding and accelerating access to life-saving medicines, vaccines and diagnostics primarily in Africa and South Asia. MedAccess was incorporated on 23 November 2017.

### Business and performance review

MedAccess is a wholly owned subsidiary of CDC Group plc. CDC Group plc made a US\$200 million commitment to MedAccess, of which the full amount was contributed as at 31 December 2019. The net income generated by MedAccess is from short term investments and volume guarantee contracts. MedAccess recorded a net expense of US\$2,156,068 for the year ended 31 December 2021 (2020: US\$3,334,688 net income). The net asset value of MedAccess was US\$204,253,655 at 31 December 2021 (2020: US\$206,409,723).

### Financial statements

MedAccess' financial assets (as defined in IFRS 7) comprise cash, short-term investments and trade and other receivables, refer to notes 7 - 9 for detail. MedAccess' financial liabilities comprise trade and other payables and

amounts due to its parent company. Details are provided in note 11 of the financial statements. MedAccess has taken advantage of section 414b of the Companies Act 2006 not to produce a strategic report on the grounds that it is a small company.

### Proposed dividend

The Directors do not recommend payment of a dividend for the year (2020: US\$ nil).

### Going concern

The Directors have a reasonable expectation that MedAccess has adequate financial resources to continue in operational existence for the next 12 months. The Directors have given consideration to the share capital of \$200 million, business plan assumptions, operational risks, guarantee exposure, and operational expenditure commitments. The Directors have concluded that MedAccess has sufficient liquidity to meet business obligations and commitments as they fall due. The Directors have also assessed the implications of COVID-19, the conflict between Russia and the Ukraine and the downturn in the global bond market, concluding that there are no material impacts on the business operations of MedAccess. Accordingly, the Directors continue to adopt the going

concern basis in preparing the report and financial statements.

### Subsequent events

There have been no material events since the reporting period that would require adjustment to these financial statements, refer to note 18 for detailed note.

### Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- ▶ so far as the Director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- ▶ the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Auditor

The auditors, Deloitte LLP, have indicated their willingness to continue in office.

### Small companies note

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the Board of Directors on 27 May 2022 and signed on its behalf.



**Nigel Keen**  
Chairman

## Directors' responsibilities statement

For the Year Ended 31 December 2021

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of MedAccess and of the loss of MedAccess for the financial year. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- ▶ properly select and apply accounting policies;
- ▶ present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- ▶ provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- ▶ make an assessment of MedAccess' ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain MedAccess' transactions and disclose with reasonable accuracy at any time the financial position of MedAccess and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of MedAccess and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on MedAccess' website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Independent auditor's report to the members of MedAccess Guarantee Ltd

### Opinion

In our opinion the financial statements of MedAccess Guarantee Ltd (the 'company'):

- ▶ give a true and fair view of the state of the company's affairs as at 31st December 2021 and of its loss for the year then ended;
- ▶ have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- ▶ the statement of comprehensive income;
- ▶ the statement of financial position;
- ▶ the statement of changes in equity;
- ▶ the statement of cash flows; and
- ▶ the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted IFRSs as issued by the IASB.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## Independent auditor’s report to the members of MedAccess Guarantee Ltd

In preparing the financial statements, the directors are responsible for assessing the company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC’s website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor’s report.

### Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company’s industry and its control environment, and reviewed the company’s documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- ▶ had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, 2006 and relevant tax legislation; and
- ▶ do not have a direct effect on the financial statements but compliance with which may be fundamental to the company’s ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified there is a risk that the guarantees may be materially misstated due to over/under estimation of the fair value including an inherent risk of fraud associated with significant judgements, and our specific procedures performed to address it are described below:

- ▶ The fair value of the guarantee contracts. We assessed the key inputs and judgements pertaining to these contracts to determine their appropriateness and determined if the fair values were reasonable.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.



## Independent auditor's report to the members of MedAccess Guarantee Ltd

In addition to the above, our procedures to respond to the risks identified included the following:

- ▶ reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- ▶ performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- ▶ enquiring of management and in-house legal counsel concerning actual and potential litigation and claims and instances of non-compliance with laws and regulations; and
- ▶ reading minutes of meetings of those charged with governance.

### Report on other legal and regulatory requirements

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- ▶ the information given in the the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ▶ the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

#### Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- ▶ the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report;
- ▶ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ▶ the financial statements are not in agreement with the accounting records and returns; or
- ▶ certain disclosures of directors' remuneration specified by law are not made; or
- ▶ we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

#### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.



**Allee Bonnard**

(Senior Statutory Auditor)

For and on behalf of Deloitte LLP, Statutory Auditor  
United Kingdom





MedAccess Guarantee Ltd – Annual accounts 2021  
**Statement of Financial Position**

Registered number: 11080032

as at 31 December 2021

	Note	2021 US\$	2020 US\$
<b>Non-current assets</b>			
Property, plant and equipment	4	3,285	191,881
Deferred tax asset	5	854,733	101,347
Volume guarantee contracts	6	280,760	1,118,037
		<b>1,138,778</b>	<b>1,411,265</b>
<b>Current assets</b>			
Short-term investments	7	198,673,637	198,928,134
Trade and other receivables (including prepayments)	8	4,274,150	1,381,196
Cash and cash equivalents	9	5,019,892	8,231,819
		<b>207,967,679</b>	<b>208,541,149</b>
<b>Total assets</b>		<b>209,106,457</b>	<b>209,952,414</b>
<b>Equity and liabilities</b>			
Issued capital	10	200,000,000	200,000,000
Retained earnings		4,253,655	6,409,723
		<b>204,253,655</b>	<b>206,409,723</b>
<b>Non-current liabilities</b>			
Other payables	11	977,164	533,409
		<b>977,164</b>	<b>533,409</b>
<b>Current liabilities</b>			
Trade and other payables	11	2,996,583	1,032,938
Amounts due to parent company	11	879,055	166,780
Taxation payable		-	1,606,342
Short-term lease liability	4	-	203,222
		<b>3,875,638</b>	<b>3,009,282</b>
<b>Total liabilities</b>		<b>4,852,802</b>	<b>3,542,691</b>
<b>Total equity and liabilities</b>		<b>209,106,457</b>	<b>209,952,414</b>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 May 2022.



**Nigel Keen**  
 Chairman



**Michael Anderson**  
 Chief Executive Officer

The notes on pages 16 to 33 form part of these financial statements.

MedAccess Guarantee Ltd – Annual accounts 2021  
**Statement of Comprehensive Income**

for the Year Ended 31 December 2021

	Note	2021 US\$	2020 US\$
Fair value gains on short-term investments	7	522,069	9,202,303
Fair value gains on volume guarantee contracts	6	1,347,180	1,880,209
Administrative and other expenses	12	(7,016,265)	(7,221,527)
<b>Operating (loss)/profit</b>		<b>(5,147,016)</b>	<b>3,860,985</b>
Finance income		1,967	14,621
Other operating income	13	2,333,435	-
Net foreign exchange (loss)/gain		(98,027)	241,586
<b>(Loss)/profit before tax</b>		<b>(2,909,641)</b>	<b>4,117,192</b>
Taxation	14	753,573	(782,504)
<b>Total comprehensive (expense)/income for the year</b>		<b>(2,156,068)</b>	<b>3,334,688</b>

All the above items are derived from continuing operations.

MedAccess has no items of other comprehensive income for the current year or the previous year.

The notes on pages 16 to 33 form part of these financial statements



MedAccess Guarantee Ltd – Annual accounts 2021  
**Statement of Cash Flows**

for the Year Ended 31 December 2021

	2021 US\$	2020 US\$
<b>Cash flows from operating activities</b>		
(Loss)/profit from operations before tax	(2,909,641)	4,117,192
<b>Adjustments for:</b>		
Depreciation	192,674	475,498
Decrease in long term lease liability	-	(260,645)
Increase in trade and other receivables	(2,892,954)	(494,337)
Increase in trade and other payables	2,407,400	472,955
Movements in amounts due to parent company	(166,780)	159,196
Fair value gains on short term investment	(522,069)	(9,202,303)
Corporation tax paid	(776,566)	-
Fair value gains from volume guarantee portfolio	837,277	(709,273)
Net foreign exchange loss/(gain)	98,027	(241,586)
<b>Net cash used in operating activities</b>	<b>(3,732,632)</b>	<b>(5,683,303)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(4,078)	-
Sale of short-term investments	776,566	13,552,036
<b>Net cash from investing activities</b>	<b>772,488</b>	<b>13,552,036</b>
<b>Cash flows from financing activities</b>		
Lease payment	(203,222)	(209,375)
<b>Net cash used in financing activities</b>	<b>(203,222)</b>	<b>(209,375)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(3,163,366)</b>	<b>7,659,358</b>
Cash and cash equivalents at 1 January	8,231,819	330,875
Effect of exchange rate fluctuations on cash held	(48,561)	241,586
<b>Cash and cash equivalents at the end of year</b>	<b>5,019,892</b>	<b>8,231,819</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	5,019,892	8,231,819
	<b>5,019,892</b>	<b>8,231,819</b>

The notes on pages 16 to 33 form part of these financial statements.

## Statement of Changes in Equity

for the Year Ended 31 December 2021

	Issued capital US\$	Retained earnings US\$	Total equity US\$
At 1 January 2020	200,000,000	3,075,035	203,075,035
<b>Comprehensive income for the year</b>			
Profit for the year	-	3,334,688	3,334,688
At 31 December 2020	200,000,000	6,409,723	206,409,723
<b>Comprehensive expense for the year</b>			
Loss for the year	-	(2,156,068)	(2,156,068)
<b>At 31 December 2021</b>	<b>200,000,000</b>	<b>4,253,655</b>	<b>204,253,655</b>

The notes on pages 16 to 33 form part of these financial statements.





# MedAccess Guarantee Ltd – Annual accounts 2021

## Notes to the financial statements

### 1. Corporate information and accounts preparation

#### Corporate information

MedAccess Guarantee Ltd is a limited company incorporated on 23rd November 2017 in England and Wales, limited by shares. It is a wholly owned subsidiary of CDC Group plc, a public limited company incorporated in England and Wales. MedAccess' registered office is located at 25 Wilton Road, London SW1V 1LW, England. CDC Group plc acts as the intermediate parent and its financial statements are publicly available. The ultimate parent is the Secretary of State for Foreign, Commonwealth and Development Affairs (previously Secretary of State for International Development).

The principal activity of MedAccess is that of an innovative social finance company committed to expanding and accelerating access to life-saving medicines, vaccines and diagnostics primarily in Africa and South Asia.

#### Statement of compliance

The financial statements of MedAccess have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standards Board (IASB) and Interpretations (collectively IFRSs).

#### Basis of preparation

The financial statements have been prepared on a historical cost basis, except for derivative financial instruments and other financial instruments that have been presented and measured at fair value in accordance with relevant accounting standards. The financial statements are presented on a going concern basis.

The financial statements are presented in US dollars, which is also MedAccess' functional currency. Assets and liabilities are retranslated at spot rates at the statement of financial position date. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation of assets and liabilities denominated in foreign currencies at the year end exchange rate are recognised in the statement of comprehensive income.

The preparation of financial statements under IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates are reviewed on an ongoing basis. Revisions to estimates are recognised in the period in which the estimate is revised. A summary of the critical accounting judgements and sources of estimation uncertainty can be found in note 3.

#### Going concern

The Directors have a reasonable expectation that MedAccess has adequate financial resources to continue in operational existence for the next 12 months. The Directors have given consideration to the share capital of \$200 million, business plan assumptions, operational risks, guarantee exposure, and operational expenditure commitments. The Directors have concluded that MedAccess has sufficient liquidity to meet business obligations and commitments as they fall due. The Directors have also assessed the implications of COVID-19, the conflict between Russia and the Ukraine and the downturn in the global bond market, concluding that there are no material impacts on the business operations of MedAccess. Accordingly, the Directors continue to adopt the going concern basis in preparing the report and financial statements.

### 2. Accounting policies

#### 2.1 Short term investments

MedAccess classifies its short-term investments as financial assets at fair value through profit and loss. Management determines the classification of its investments at initial recognition. Apart from loans and receivables, financial instruments are designated as fair value through profit and loss because the fair value of the investment portfolio is a key performance indicator for MedAccess.

Gains and losses realised on disposal or redemption, by reference to the valuation at the previous statement of financial position date and unrealised gains and losses from changes in the fair values of the investment portfolio are taken to the statement of comprehensive income.

## MedAccess Guarantee Ltd – Annual accounts 2021

# Notes to the financial statements

### 2.2 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash within three months and which are subject to an insignificant risk of change in value.

### 2.3 Fair value

The financial statements have been prepared at historical cost with the exception of the following items:

Items	Measurement Basis
Volume guarantee contracts	Fair value
Short-term investments	Fair value

Fair value is defined in IFRS 13 Fair Value Measurement as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market (or the most advantageous market in the absence of a principal market) at the measurement date. In determining the fair value of a financial asset or liability, MedAccess uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs as far as possible.

Assets and liabilities measured and reported at fair value are classified and disclosed based on the observability of inputs used in the determination of fair value, according to the following fair value hierarchy which distinguishes between observable and unobservable inputs:

- ▶ **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities;
- ▶ **Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- ▶ **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, MedAccess determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no transfers between the Levels during the year and there were no changes in valuation techniques during the year.

Fair value is estimated by using a discounted cash flow analysis of the guarantee contract's expected future cash flows, and is calculated as the estimated discounted future income streams (for volume guarantee contracts) less estimated discounted shortfall payment amounts (or guarantee call losses). Estimates of key inputs used in this methodology include the discount rate and assumed inputs used to calculate estimated potential guarantee call losses, including assumptions relating to the probability of a call on the guarantee. It includes the evaluation of historical volumes achieved, estimated future volumes, economic and/or market events, and other pertinent information.

Guarantee contracts are categorised as Level 3 as significant unobservable inputs are utilised. Given the bespoke nature of guarantee contracts, their fair value cannot be readily determined by market prices or observable inputs only. As such, the determination of fair value requires significant judgments, assumptions and estimations.

Due to the inherent uncertainty, these estimated values may differ significantly from the values that would have been used had a ready market for volume guarantees existed, and it is reasonably possible that the difference could be material.

Short-term investments are categorised as Level 1.

### 2.4 IFRS 16 Leases

MedAccess adopted IFRS 16 (replacing IAS 17) from 1 January 2019 on a modified retrospective basis and did not restate comparatives for the 2018 reporting period as permissible by IFRS 16.



## Notes to the financial statements

IFRS 16 applies to all leases except for licenses of intellectual property, rights held by licensing agreement within the scope of IAS 38, Intangible Assets, service concession arrangements, leases of biological assets within the scope of IAS 41, Agriculture, and leases of minerals, oil, natural gas and similar non-regenerative resources.

IFRS 16 does not result in a significant change to lessor accounting; however, for lessee accounting there is no longer a distinction between operating and finance leases.

Lessees will be required to recognise both:

- 1 A lease liability, measured at the present value of remaining cash flows on the lease, and
- 2 A right of use asset, measured at the amount of the initial measurement of the lease liability, plus any lease payments made prior to commencement date, initial direct costs, and estimated costs of restoring the underlying asset to the condition required by the lease, less any lease incentives received.

Subsequently the lease liability will increase for the accrual of interest, resulting in a constant rate of return throughout the life of the lease, and reduce when payments are made.

The right of use asset will amortise to the income statement over the life of the lease.

There is a recognition exemption in IFRS 16 for short term leases and leases of low-value assets which allows the lessee to apply similar accounting as an operating lease under IAS 17.

### 2.5 Financial liabilities

Financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, contractual obligations, to deliver cash or another financial asset to another entity are measured at amortised cost using the effective interest method.

### 2.6 Provisions, contingent liabilities and contingent assets

Provisions are recognised if there is a present obligation, whether legal or constructive, which has arisen as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are disclosed where the existence of an obligation will only be confirmed by future events or where the amount of the obligation cannot be measured with reasonable reliability.

Contingent assets are not recognised, but are disclosed where an inflow of economic benefits is probable.

### 2.7 Income

Income is recognised to the extent that it is probable that the economic benefits will flow to MedAccess and can be reliably measured.

### 2.8 Grant income

Grants received on capital expenditure are generally deducted in arriving at the carrying amount of the asset purchased. Grants for revenue expenditure are netted against the cost incurred by the Company. Where retention of a government grant is dependent on the Company satisfying certain criteria, it is initially recognised as deferred income. When the criteria for retention have been satisfied, the deferred income balance is released to the statement of comprehensive income or netted against the asset purchased.

### 2.9 Employee benefits

The Variable Element of Pay Plan (VEPP) is an additional element of the organisation's remuneration, which aims to reward and recognise employees' contribution to the delivery of the organisation's strategic goals over time. The cost of the VEPP is charged to the statement of comprehensive income in the period to which the award relates.

## Notes to the financial statements

### 2.10 Taxation

Income tax expense comprises current and deferred tax. Current tax is recognised as income or expense and is included in the net profit for the period, unless it relates to a transaction or event which is recognised directly in equity, whereupon the current tax is charged or credited to equity accordingly.

Current and deferred tax assets and liabilities are offset only when they arise from the same tax reporting Company and relate to the same tax authority and when the legal right to offset exists.

Current and deferred taxes are recognised as a tax credit or expense in the period in which they arise except for deferred taxes recognised or disposed of upon the acquisition or disposal of a subsidiary.

Deferred tax is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in MedAccess financial statements. Deferred tax is measured on an undiscounted that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted or substantially enacted at the statement of financial position date.

Deferred tax assets are recognised only to the extent that the Directors consider that it is probable that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

### 2.11 Impact of new and amended IFRS Standards that are effective for the current year

In the current year, there are no amendments to IFRS Standards and Interpretations that have had an impact on the disclosures or on the amounts reported in these financial statements.

### 2.12 New and revised IFRS Standards in issue but not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that MedAccess has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2022:

- ▶ Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- ▶ Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- ▶ Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS16 and IAS 41); and
- ▶ References to Conceptual Framework (Amendments to IFRS 3).

The following amendments are effective for the period beginning 1 January 2023:

- ▶ Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- ▶ Definition of Accounting Estimates (Amendments to IAS 8); and
- ▶ Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that ‘settlement’ includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022. However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after 1 January 2023.

## MedAccess Guarantee Ltd – Annual accounts 2021

# Notes to the financial statements

In response to feedback and enquiries from stakeholders, in December 2020, the IFRS Interpretations Committee (IFRIC) issued a Tentative Agenda Decision, analysing the applicability of the amendments to three scenarios. However, given the comments received and concerns raised on some aspects of the amendments, in April 2021, IFRIC decided not to finalise the agenda decision and referred the matter to the IASB. In its June 2021 meeting, the IASB tentatively decided to amend the requirements of IAS 1 with respect to the classification of liabilities subject to conditions and disclosure of information about such conditions and to defer the effective date of the 2020 amendment by at least one year.

MedAccess is currently assessing the impact of these new accounting standards and amendments. MedAccess will assess the impact of the final amendments to IAS 1 on classification of its liabilities once those are issued by the IASB. MedAccess does not believe that the amendments to IAS 1, in their present form, will have a significant impact on the classification of its liabilities.

### *Other*

MedAccess does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the company.

### **3. Critical accounting judgements and sources of estimation uncertainty**

The preparation of financial statements in accordance with IFRS requires management to exercise judgement in applying relevant accounting policies. The key areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the individual financial statements, is the fair value of financial instruments under IFRS 9.

The preparation of financial statements in accordance with IFRS requires the use of estimates. The key accounting estimates are the carrying value of our investment assets and guarantee contracts, which are stated at fair value. Asset valuations for unquoted investments are inherently subjective, as they are made on the basis of assumptions which may not prove to be accurate such as discount rates and assumptions in expected cash flows.

There is a critical judgement regarding the accounting treatment for each guarantee that the Company issues based on the specifics in the contract. There is judgement to determine under which IFRS the guarantee should be accounted and there is further judgement regarding the appropriate application of IFRS 9. To date, all contracts have been determined to be derivative contracts and held at fair value through the profit and loss under IFRS 9.

The fair value of guarantee contracts is estimated by using a discounted cash flow analysis of the guarantee contract's expected future cash flows, and is calculated as the estimated discounted future income streams (for volume guarantees) less estimated discounted shortfall payment amounts (or guarantee call losses). Estimates of key inputs used in this methodology include the discount rate and assumed inputs used to calculate estimated potential guarantee call losses, including assumptions relating to the probability of a call on the guarantee. It includes the evaluation of historical volumes achieved, estimated future volumes, economic and/or market events, and other pertinent information.

Given the bespoke nature of guarantee contracts, their fair value cannot be readily determined by market prices or observable inputs only. As such, the determination of fair value requires significant judgments, assumptions and estimations. Due to the inherent uncertainty, these estimated values may differ significantly from the values that would have been used had a ready market for guarantees existed, and it is reasonably possible that the difference could be material. Refer to note 6 for sensitivity analysis.



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**Notes to the financial statements**

**4. Property plant and equipment**

Right of use assets comprise leased assets that do not meet the definition of investment property.

	Office equipment US\$	Right of use assets US\$	Total US\$
<b>Cost</b>			
At 1 January 2021	-	834,533	834,533
Additions	4,078	-	4,078
Disposals	-	(834,533)	(834,533)
At 31 December 2021	<b>4,078</b>	-	<b>4,078</b>
<b>Depreciation</b>			
At 1 January 2021	-	642,652	642,652
Charge for the year on owned assets	793	-	793
Charge for the year on financed assets	-	191,881	191,881
Disposals	-	(834,533)	(834,533)
At 31 December 2021	<b>793</b>	-	<b>793</b>
<b>Net book value</b>			
At 31 December 2021	<b>3,285</b>	-	<b>3,285</b>
At 31 December 2020	-	<b>191,881</b>	<b>191,881</b>

In respect of prior year:

	Right of use assets US\$
<b>Cost</b>	
At 1 January 2020	573,099
Additions	261,434
At 31 December 2020	834,533
<b>Depreciation</b>	
At 1 January 2020	167,154
Charge for the year on financed assets	475,498
At 31 December 2020	642,652
<b>Net book value</b>	
At 31 December 2020	<b>191,881</b>
At 31 December 2019	<b>405,945</b>



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	2021 US\$	2020 US\$
<b>Lease liabilities</b>		
Non-current liabilities	-	-
Current liabilities	-	203,222
<b>Total lease liabilities</b>	<b>-</b>	<b>203,222</b>
<b>Amounts recognised in profit and loss in respect of leases</b>		
Interest on lease liabilities/finance costs	1,252	18,245
Depreciation	191,881	475,498
<b>Total</b>	<b>193,133</b>	<b>493,743</b>

MedAccess adopted IFRS 16 on 1 January 2019. For further details on the specific accounting policy relating to the adoption of IFRS 16 refer to note 2.

MedAccess' lease agreements expired in June 2021 and therefore no liability exists as at 31 December 2021.

MedAccess also had a short-term lease for temporary office premises in Brighton which expired on 31 August 2021. In accordance with IFRS 16 MedAccess has not capitalised the short-term lease and all rent payments in relation to the short-term lease are expensed.

MedAccess replaced the previous lease agreement with a short-term lease for a new property and all rent payments have been expensed in line with IFRS 16.

## 5. Deferred taxation

	2021 US\$	2020 US\$
At beginning of year	101,347	49,201
Charged to statement of comprehensive income	753,386	52,146
<b>At end of year</b>	<b>854,733</b>	<b>101,347</b>

The deferred tax asset is made up as follows:

	2021 US\$	2020 US\$
Bonus provisions	244,291	101,347
Fixed asset timing differences	(821)	-
Tax losses	611,263	-
	<b>854,733</b>	<b>101,347</b>

## 6. Guarantee contracts

The exposure of new guarantee contracts underwritten during the year was \$31.5 million (2020: \$50.0 million). The total net exposure of all guarantee contracts as at 31 December 2021 was \$77.6 million (2020: \$58.5 million). Guarantee contract movements for the financial year are summarised in the below:



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# Notes to the financial statements

### Guarantee contracts exposure

	2021 US\$	2020 US\$
<b>Volume guarantees</b>		
Opening net exposure	8,444,744	26,464,599
New volume guarantee contracts	31,480,000	-
Commitments discharged	(12,353,156)	(18,019,855)
Closing net exposure	<b>27,571,588</b>	<b>8,444,744</b>
<b>Procurement guarantees</b>		
Opening net exposure	50,000,000	-
New procurement guarantee contracts	-	50,000,000
Closing net exposure	<b>50,000,000</b>	<b>50,000,000</b>
<b>Total closing exposure</b>	<b>77,571,588</b>	<b>58,444,744</b>

MedAccess' guarantee portfolio comprises three volume guarantee contracts as at 31 December 2021 (2020 – two volume guarantee contracts) and one procurement guarantee (2020 – one procurement guarantee). The fair value of all guarantee contracts as at 31 December 2021 was:

### Guarantee contracts fair valuation

	2021 US\$	2020 US\$
Volume guarantees	280,760	1,118,037
Procurement guarantees	-	-
<b>Guarantee contracts fair valuation</b>	<b>280,760</b>	<b>1,118,037</b>

### Volume guarantee contracts

MedAccess provides volume guarantee contracts that reduce commercial risk for medical manufacturers, allowing them to accelerate supplies into new markets at affordable and sustainable prices.

MedAccess classifies its volume guarantee contracts as derivative financial instruments.

The volume guarantee contracts are initially recognised at fair value at the date when MedAccess enters into the derivative contract. At each subsequent reporting period, the fair value of the contracts are estimated, and the resulting gain or loss immediately recognised in the statement of comprehensive income.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

Derivatives are not offset in the financial statements unless MedAccess has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or non-current liability if the remaining maturity of the instrument is more than 12 months and is not due to be realised or settled within 12 months. A derivative with remaining maturity that is less than 12 months and that is due to be realised or settled within 12 months is presented as current assets or current liabilities.

Volume guarantee contracts guarantee a certain volume of sales over a specified period. For any volume guarantee contract that MedAccess underwrites, the initial exposure for that contract is the maximum amount that MedAccess could be contractually obliged to pay out under that contract's terms. New contracts entered into in the course of the year are reported using the same approach.

MedAccess' commitments under the volume guarantee contracts are discharged as sales are achieved by guarantee counterparties. This is reported in the 'Commitments discharged' line, and for this year was \$12.4 million (2020: \$18.0 million).

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The resulting net exposure is the net total outstanding contractual exposure at year end, and for 2021 was \$27.6 million (2020: \$8.7 million). This information on exposure is presented independently, as it is an important measure by which MedAccess assesses its performance. This is different from the Fair Value of the volume guarantee contracts, which is shown separately and is explained in the following note.

#### Procurement Guarantees

MedAccess provided a procurement guarantee during the prior year with a total exposure value of \$50 million. The agreement operates by providing a revolving guarantee to a third party (United Nations Children’s Fund) to support the accessibility of affordable medical supplies. This specific guarantee was put in place to enable the United Nations Children’s Fund (UNICEF) to accelerate access to vital coronavirus-related medical supplies and differs to the volume guarantees in that there are no fees associated with the guarantee and the guarantee was for a period of 12 months, which was subsequently been renewed for a further 12 months. The guarantee is accounted for as a derivative financial instrument recognising the fair value of call losses as an expense and an associated negative fair value recognised as a financial liability. The fair value assessment at 31 December indicated there were no call losses and therefore no associated expenses or liabilities were recognised in the financial statements relating to this agreement.

#### Volume guarantee contracts – fair value

Volume guarantee contracts represent Level 3 of the fair value hierarchy. The net fair value gain of \$1,347,180 (2020: \$1,118,036) for the volume guarantee contracts has been recognised in the profit and loss statement. The fair value calculation is detailed further on in Note 2.

	2021 US\$	2020 US\$
Opening value	1,118,037	408,763
Fair value gains	1,347,180	1,880,209
Realised fees - volume guarantee contracts	(2,184,457)	(1,170,935)
<b>At 31 December, at fair value</b>	<b>280,760</b>	<b>1,118,037</b>

The most significant unobservable input into the volume guarantee contracts is the discount rate, which comprises two elements: the risk-free rate (30 year treasury yield) and a risk premium. The following is a sensitivity analysis of the volume guarantee contract’s fair value in respect of the discount rate, which is considered to be an unobservable input:

+1% increase in discount rate will lead to a decrease in Fair Value of \$3,629 (2020: \$14,456)

-1% decrease in discount rate will lead to an increase in Fair Value of \$3,732 (2020: \$14,813)

At each subsequent reporting period, the fair value of the contracts are estimated, and the resulting gain or loss immediately recognised in the profit and loss statement.

#### 7. Short-term investments

The short-term investments relate to the assets managed by PIMCO Europe Ltd, under an Investment Management Agreement.

	2021 US\$	2020 US\$
At 1 January, at fair value	198,928,134	203,277,866
Additions	-	-
Cash withdrawals	(776,566)	(13,552,035)
Fair value gains	522,069	9,202,303
<b>At 31 December, at fair value</b>	<b>198,673,637</b>	<b>198,928,134</b>

Short-term investments represent Level 1 of the fair value hierarchy, as detailed in note 2.

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**8. Trade and other receivables**

	2021 US\$	2020 US\$
Trade receivables	294,969	-
VAT recoverable	63,251	240,478
Other receivables	3,915,930	1,140,718
<b>Total receivables</b>	<b>4,274,150</b>	<b>1,381,196</b>

Other receivables include accrued income from guarantee fee income.

**9. Cash and cash equivalents**

	2021 US\$	2020 US\$
Cash at bank	5,019,892	8,231,819
<b>Total cash and cash equivalents</b>	<b>5,019,892</b>	<b>8,231,819</b>

Cash at bank earns interest at floating rates based on daily bank deposit rates. The fair value of cash and cash equivalents is \$5,019,892 (2020: \$8,231,819).

**10. Issued capital**

	2021 US\$	2020 US\$
<b>Authorised, allotted, called up and fully paid</b>		
<b>200,000,000 Ordinary shares of \$1 each</b>	<b>200,000,000</b>	<b>200,000,000</b>

**11. Trade and other payables (current and non-current)**

	2021 US\$	2020 US\$
Trade payables	25,755	171,319
Accruals	1,501,174	861,619
Deferred income	1,469,654	-
<b>Total trade and other payables</b>	<b>2,996,583</b>	<b>1,032,938</b>
Amounts due to parent company	879,055	166,780
Tax payable	-	1,606,342
Short-term lease liability	-	203,222
<b>Total payables (current)</b>	<b>3,875,638</b>	<b>3,009,282</b>
Other payables	977,164	533,409
<b>Total other payables (non-current)</b>	<b>977,164</b>	<b>533,409</b>



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**Notes to the financial statements**

**12. Administrative and other expenses**

	2021 US\$	2020 US\$
Wages and salaries	2,821,329	2,423,204
Social security costs	577,659	429,054
Pension cost - defined contribution	199,318	152,891
Variable element of pay plan (VEPP)	970,212	539,531
<b>Total employee benefits expense</b>	<b>4,568,518</b>	<b>3,544,680</b>
Professional services	1,255,245	2,210,412
Auditor remuneration	54,550	43,744
Other administrative expenses	1,137,952	1,422,691
<b>Total administrative and other expenses</b>	<b>7,016,265</b>	<b>7,221,527</b>

The average monthly number of employees during the period was 21 (2020: 17). MedAccess operates a long-term incentive scheme called the Variable Element of Pay Plan (VEPP). The VEPP is an additional element of the organisation's remuneration, which aims to reward and recognise employees' contribution to the delivery of the organisation's strategic goals over time. Pay-out under the current plan is capped, limiting the maximum potential reward of all employees.

Auditors remuneration is for the audit of the statutory financial statements.

The aggregate of Directors' emoluments is presented below:

	2021 US\$	2020 US\$
Salaries, fees, bonuses and benefits in kind	433,596	507,389
Amounts receivable under long-term incentive plans	82,557	102,621
<b>Total Directors' emoluments</b>	<b>516,153</b>	<b>610,010</b>

One director is a member of MedAccess' defined contribution pension plan.

The remuneration of the director, who is the key management personnel of MedAccess is set out below:

	2021 US\$	2020 US\$
Salaries, fees, bonuses and benefits in kind (short-term employee benefits)	309,927	377,545
Amounts receivable under long-term incentive plans (other long-term benefits)	82,557	102,621
<b>Total key management personnel compensation</b>	<b>392,484</b>	<b>480,166</b>

There are no post employment benefits payable.

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**Notes to the financial statements**

**13. Other operating income**

	2021 US\$	2020 US\$
Grant income	2,322,091	-
Sundry income	11,344	-
	<b>2,333,435</b>	<b>-</b>

Grant income received from Foreign, Commonwealth and Development Office (“FCDO”) are intended to subsidise costs associated with developing, executing, and implementing financial guarantees that ultimately increase access to HIV, TB, and malaria products.

**14. Taxation**

	2021 US\$	2020 US\$
<b>Current tax</b>		
Current year charge	-	829,775
Prior year charge	(187)	4,875
	<b>(187)</b>	<b>834,650</b>
<b>Deferred tax</b>		
Current year credit	(727,634)	(47,388)
Prior year credit	4,751	(4,758)
Effect of tax rate change on opening balance	(30,503)	-
<b>Total income tax expense per the statement of comprehensive income</b>	<b>(753,573)</b>	<b>782,504</b>

**Factors affecting tax charge for the year**

The UK Corporation tax rate is reconciled to the effective tax rate for the period as follows:

	2021 %	2020 %
UK Corporation rate	(19.0)	(19.0)
<b>Effect of:</b>		
Temporary timing differences	-	(1.2)
Recognition of deferred tax asset on temporary timing differences	-	1.2
Remeasurement of deferred tax for changes in tax rates	(6.69)	-
Adjustments in respect of previous periods	(0.21)	-
<b>Effective tax rate for the year</b>	<b>(25.90)</b>	<b>(19.0)</b>





## MedAccess Guarantee Ltd – Annual accounts 2021

### Notes to the financial statements

#### 15. Related party transactions

During the financial year, MedAccess entered into transactions with its parent company CDC Group plc, all of which were carried out on an arm's length basis. The transactions entered into and trading balances outstanding at 31 December were as follows:

	2021 US\$	2020 US\$
<b>Statement of comprehensive income</b>		
Service level agreement fees (administrative and other expenses)	428,223	401,019
<b>Statement of financial position</b>		
<b>Amounts due to CDC Group plc</b>	<b>(879,055)</b>	<b>(166,780)</b>

In December 2021, MedAccess sheltered its profits for the financial year 2020 using losses from other wholly owned UK subsidiaries of CDC. The 2020 tax liability to corporation tax was £649,774 and under the group relief provisions under UK tax law which are available to it, MedAccess' tax liability to HMRC will be reduced to nil. MedAccess has raised a corresponding liability to the CDC Group Entity of £649,774.

#### 16. Financial instruments

MedAccess' financial assets (as defined in IFRS 7) comprise cash, short-term investments and trade and other receivables. Financial liabilities comprise trade and other payables and amounts due to parent company.

##### Interest rate exposures

	Fixed rate US\$	Floating rate US\$	No interest US\$	Total US\$	Fixed rate weighted average interest rate %	Fixed rate weighted period to full maturity Years	No interest maximum period to full maturity Years
<b>Financial assets: Cash</b>							
31 December 2021	-	5,019,892	-	5,019,892	-	-	-
31 December 2020	-	8,231,819	-	8,231,819	-	-	-

##### Currency exposures

The tables below show MedAccess' currency exposures that give rise to exchange rate gains and losses that are recognised in the statement of comprehensive income. Such exposures comprise those monetary assets and liabilities that are not denominated in MedAccess' functional currency. The following table shows MedAccess' foreign currency denominated cash balances:

	2021 US\$	2020 US\$
Functional currency		
Sterling	3,337,168	7,520,322
<b>Total</b>	<b>3,337,168</b>	<b>7,520,322</b>

## MedAccess Guarantee Ltd – Annual accounts 2021

### Notes to the financial statements

#### Liquidity risk

The following tables show the maturity profile of MedAccess' financial assets and liabilities other than cash:

	Short-term investments US\$	Trade receivables US\$	Other receivables US\$
<b>Financial assets: Maturity profile</b>			
On demand	-	-	-
Due within one year, but not on demand	198,673,637	294,969	3,915,930
<b>31 December 2021</b>	<b>198,673,637</b>	<b>294,969</b>	<b>3,915,930</b>
<b>31 December 2020</b>			
On demand	-	-	-
Due within one year, but not on demand	198,928,134	-	1,140,718
<b>31 December 2020</b>	<b>198,928,134</b>	<b>-</b>	<b>1,140,718</b>

	Trade payables US\$	Accruals US\$	Amounts due to parent company US\$	Other payables US\$
<b>Financial liabilities: Maturity profile</b>				
On demand	-	-	-	-
Due within one year, but not on demand	25,755	1,501,174	879,055	-
Due between two and five years	-	-	-	977,164
<b>31 December 2021</b>	<b>25,755</b>	<b>1,501,174</b>	<b>879,055</b>	<b>977,164</b>
<b>31 December 2020</b>				
On demand	-	-	-	-
Due within one year, but not on demand	171,319	861,619	166,780	-
Due between two and five years	-	-	-	533,409
<b>31 December 2020</b>	<b>171,319</b>	<b>861,619</b>	<b>166,780</b>	<b>533,409</b>

MedAccess does not net off contractual amounts of financial assets and liabilities.

#### Fair value of financial assets and liabilities

##### Financial assets

There is no material difference between the fair value and the book value of cash, short-term investments and trade and other receivables.

##### Financial liabilities

There is no material difference between the fair value and the book value of trade and other payables and amounts payable by MedAccess to its parent company.

## 17. Financial risk management

MedAccess' activities expose them to a variety of financial risks including market risk, credit risk, liquidity risk and cash flow interest rate risk. Market risk includes foreign currency risk, interest rate risk and price risk. The main financial risks managed by MedAccess are foreign currency risk, interest rate risk, liquidity risk and credit risk. MedAccess do not undertake any trading activity in financial instruments.

#### Liquidity risk

MedAccess' policy on liquidity risk is to ensure that they always have sufficient funding to meet all short to medium-term funding requirements. See note 16 for maturity analysis of MedAccess' commitments.

## MedAccess Guarantee Ltd – Annual accounts 2021

# Notes to the financial statements

### Credit risk

Credit risk is the risk of financial loss to MedAccess if the counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at 31 December was:

	2021 US\$	2020 US\$
Cash and cash equivalents	5,019,892	8,231,819
Short-term investments	198,673,637	198,928,134
Trade and other receivables (excluding VAT)	4,210,899	1,140,716
<b>Total</b>	<b>207,904,428</b>	<b>208,300,669</b>

MedAccess' policy is to recognise an impairment loss when objective evidence exists that the estimated future cash flows of the asset have decreased and that this decrease can be reliably estimated. Several factors are considered when identifying indicators of impairment including breach of contract or financial difficulties being experienced by the obligor. Based on historical trends MedAccess believes no impairment allowance is necessary in respect of financial assets not past due. Global financial markets are volatile and impacted by central bank policy, inflation and world events. Financial markets underperformed in the first quarter of 2022 but recovery is expected towards the latter part of 2022.

Credit risk on MedAccess' cash balances is mitigated as MedAccess transact with institutions with high credit ratings. If possible, cash is deposited with financial institutions that have a long-term credit rating ascribed by Moody's of A2 or above.

### Market risk

#### Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. In preparing the sensitivity analysis a movement of 1% has been used as it represents a reasonable and realistic potential change in value. The sensitivity analysis is based on the assumption that all other variables remain constant, a 1% movement in the average interest rate with all other variables held constant would impact profit by US\$63,433 (2020: US\$13,396).

#### Foreign currency risk

Exposure to currency risk arises in the normal course of MedAccess' activities. MedAccess has exposure to Sterling. MedAccess held a cash balance in Sterling equivalent to US\$3,337,168 (2020: US\$7,520,322) as at 31 December 2021.

In preparing the sensitivity analysis a movement of 10% has been used as it represents a reasonable and realistic potential change in value. The sensitivity analysis is based on the assumption that all other variables remain constant, a 10% movement in the average exchange rate for Sterling against US dollar with all other variables held constant would impact profit by US\$333,717 (2020: US\$752,032).

### Capital management

MedAccess considers its capital to be the total equity shown in statement of changes of equity. MedAccess' objectives when managing capital are:

- ▶ to safeguard MedAccess' ability to continue as a going concern, so that it can continue to provide returns and benefits for stakeholders; and
- ▶ to maintain a strong capital base to support the development of MedAccess' businesses.

There are no externally imposed capital requirements.

The Board monitors the results of MedAccess and its financial position.



## Notes to the financial statements

### 18. Subsequent events

Quarter 1 of 2022 saw the worst quarter on record for the global investment grade credit markets, which returned a negative 6.9% due to the combined effect of spreads widening and rates moving higher. In the higher inflationary environment government bond yields rose sharply, Central Banks were hawkish, and markets priced in a faster pace of monetary normalisations. MedAccess continues to maintain an investment portfolio with PIMCO of approximately \$195 million and in Q1 of 2022 suffered a negative return of -2.45%. However, the portfolio outperformed the market which was benchmarked at -3.22%. Although the outlook is uncertain PIMCO expects to see a recovery over the next 12 months.

The macro-economic impact of the on-going conflict between the Ukraine and Russia has been assessed and no direct impact on MedAccess' ability to continue as a going concern has been noted.

In accordance with the requirements of IFRS the fair valuations at the date of the statement of financial position reflect the economic conditions in existence at that date. The next date at which a valuation of investments will be performed will be as at 31 December 2022. The potential losses associated with these developments will be recognised in the 2022 financial statements. At present the extent of these potential losses cannot be reliably estimated, however there are no anticipated going concern issues.

In 2022 MedAccess will sign a guarantee to enable countries to access additional COVID-19 vaccines through the COVAX Facility. The guarantee supports COVAX's cost-sharing mechanism, which enables countries receiving vaccines through the COVAX Advance Market Commitment to procure additional doses using funds from multilateral development banks. In April 2022, MedAccess, the Open Society Foundations and Gavi, the Vaccine Alliance announced a \$200 million risk sharing facility to support COVAX's cost-sharing mechanism. MedAccess and OSF both provided \$100 million guarantees to the facility. The COVAX cost-sharing mechanism is designed to help countries meet their national COVID-19 vaccination targets. COVAX projects that more than four billion doses will be available in 2022, including 134 million through cost-sharing.

## Photography credits

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15: © 2021, UNICEF/Tru, Viet Nam – 1,500,100 doses of Moderna vaccine arrive in Ha Noi – around half of the 3,000,060 doses donated by the US Government through the COVAX Facility

22: © 2021, UNICEF/Yeslam, Sudan – A health care worker prepares the COVID-19 vaccine before she vaccinates people

29: © 2021, UNICEF/Nick Sells, Cambodia – UNICEF staff member, Mr Tan Pheng holds a vaccine bottle of Johnson & Johnson COVID-19 vaccine from the US Government

35: © 2020, Gavi, India – Manufacturing of the Oxford-AstraZeneca COVID-19 vaccine in India

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