MERCY RELIEF LIMITED
[UEN No. 200306035Z]

[A Company limited by guarantee and not having share capital]
[Incorporated in the Republic of Singapore]

AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

CONTENTS

Suhaimi Salleh & Associates
[UEN: S88PF0247L]
Public Accountants and
Chartered Accountants of Singapore
71 Ubi Crescent
Excalibur Centre, #08-01
Singapore 408571.
T: (65) 6846.8376
F: (65) 6491.5218

DIRECTORS' STATEMENT

The directors are pleased to present to their statement to the members together with the audited financial statements of Mercy Relief Limited (the "Company") for the financial year ended 31 December 2017.

In the opinion of the directors,

a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2017, and of the financial performance, changes in funds and cash flows of the Company for the financial year then ended; and

b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Satwant Singh S/O Sarban Singh	
Suhaimi Bin Rafdi	
Vincent Ling Chi-Hsin (Lin Jixun)	
Mohamad Saiful Bin Saroni	
Vivien Lai Oi Ting	(Appointed on 21 April 2017)
Tan Soh Wah	(Appointed on 27 July 2017)
Alwi Bin Abdul Hafiz	(Appointed on 27 July 2017)
Chairul Fahmy Bin Hussaini	(Appointed on 27 July 2017)
Wong Pakshong, Jennifer Mei Yin	(Appointed on 27 July 2017)
Lam Wy-ning	(Appointed on 23 March 2018)
Koh Yee Ling, Cheryl	(Appointed on 23 March 2018)

Arrangements to enable directors to acquire benefits

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

Other matters

As the Company is limited by guarantee, matters relating to interest in shares, debentures or share options are not applicable.

Independent auditors

The independent auditors, Messrs. Suhaimi Salleh & Associates, Public Accountants & Chartered Accountants of Singapore, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors,

Suhaimi Bin Rafdi
Director

Mohamad Saiful Bin Saroni
Director

Singapore, 03 April 2018

Suhaimi Salleh & Associates
Public Accountants and
Chartered Accountants of Singapore

71 Ubi Crescent
Excalibur Centre, #08-01
Singapore 408571.
T: (65) 6846.8376
F: (65) 6491.5218

Independent auditor's report to the members of:

MERCY RELIEF LIMITED
[UEN: 200306035Z]

[A Company limited by guarantee and not having a share capital]
[Incorporated in the Republic of Singapore]

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mercy Relief Limited (the "Company"), which comprise the statement of financial position of the Company as at 31 December 2017, and the statement of financial activities, statement of changes in funds and statement of cash flows of the Company for the financial year ended 31 December 2017, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Companies Act"), the Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations") and Charities Accounting Standard in Singapore (the "CAS") so as to give a true and fair view of the financial position of the Company as at 31 December 2017 and the financial performance, changes in funds and cash flows of the Company for the year then ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the Directors' statement set out on page 2, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. 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.

Suhaimi Salleh & Associates
Public Accountants and
Chartered Accountants of Singapore

71 Ubi Crescent
Excalibur Centre, #08-01
Singapore 408571.
T: (65) 6846.8376
F: (65) 6491.5218

(CONT'D)

Independent auditor's report to the members of:

MERCY RELIEF LIMITED
[UEN: 200306035Z]

[A Company limited by guarantee and not having a share capital]
[Incorporated in the Republic of Singapore]

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act, the Charities Act and Regulations and the CAS, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditors' 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 auditors' 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 SSAs 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.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Suhaimi Salleh & Associates
Public Accountants and
Chartered Accountants of Singapore

71 Ubi Crescent
Excalibur Centre, #08-01
Singapore 408571.
T: (65) 6846.8376
F: (65) 6491.5218

(CONT'D)

Independent auditor's report to the members of:

MERCY RELIEF LIMITED
[UEN: 200306035Z]

[A Company limited by guarantee and not having a share capital]
[Incorporated in the Republic of Singapore]

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also (Cont'd):

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Suhaimi Salleh & Associates
Public Accountants and
Chartered Accountants of Singapore

71 Ubi Crescent
Excalibur Centre, #08-01
Singapore 408571.
T: (65) 6846.8376
F: (65) 6491.5218

(CONT'D)

Independent auditors' report to the members of:

MERCY RELIEF LIMITED
[UEN: 200306035Z]

[A company limited by guarantee and not having a share capital]
[Incorporated in the Republic of Singapore]

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required to be kept by the Company have been properly kept in accordance with the provisions of the Companies Act, and the Charities Act and Regulations.

During the course of our audit, nothing has come to our attention that causes us to believe that during the year:

(a) the Company has not used of the donation moneys in accordance with its objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and

(b) the Company has not complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.

Suhaimi Salleh & Associates

Suhaimi Salleh & Associates
Public Accountants and
Chartered Accountants
Singapore, 03 April 2018

Partner in-charge: Soo Hon Weng
PAB No.: 01089

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		2017																						2016
			Restricted Funds																					
	Note	Unrestricted fund	General relief fund	SAP fund	IDP 2015/2016	MFA Timor Leste project	Jambi haze scoping study	Indonesia Dreem development work	Myanmar water	Bangladesh refugees	Aceh earthquake relief	Japan earthquake relief	Myanmar conflicts & floods	Myanmar conflict Rakhine	Nepal earthquake relief	Typhoon Haiyan relief	Typhoon Haima relief	Typhoon Nina	South Asia floods	South India floods	Sri Lanka floods	Total unrestricted funds	Total unrestricted and restricted funds	Total unrestricted and restricted funds
		S$	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$
INCOME																								
Income from generating funds																								
Voluntary income																								
Donations	5	419,633	215,000	0	10,473	0	0	52,000	61,000	193,809	6,867	0	0	180,761	133,800	0	580	12,670	183,560	0	62,723	1,113,243	1,532,876	1,678,745
Grants																								
Tote Board		50,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	50,000	50,000
Economic Development Board		121,332	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	121,332	75,000
SIIA – Scoping study grant		0	0	0	0	0	12,032	0	0	0	0	0	0	0	0	0	0	0	0	0	0	12,032	12,032	0
NCSS - VCF ICT grant		4,882	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,882	0
Activities for generating funds																								
Fundraising events		46,874	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	46,874	69,363
Income from charitable activities																								
MOVE facilitation fees		4,600	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,600	8,923
Other income		15,362	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	15,362	22,391
Total income		662,683	215,000	0	10,473	0	12,032	52,000	61,000	193,809	6,867	0	0	180,761	133,800	0	580	12,670	183,560	0	62,723	1,125,275	1,787,958	1,904,422
EXPENDITURES																								
Cost of generating funds																								
Publicity and promotions		27,095	0	0	0	0	0	0	0	0	0	50	0	0	0	0	0	0	0	0	0	50	27,145	30,631
Tele-mercy charges		(1)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(1)	7,449
Fundraising expenses		70,232	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	342	0	0	0	342	70,574	75,597
		97,326	0	0	0	0	0	0	0	0	0	50	0	0	0	0	0	342	0	0	0	392	97,718	113,677
Cost of charitable activities																								
Asset written off		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6,500
Bank charges		1,598	0	0	0	0	0	0	0	1,408	83	0	0	0	0	0	0	15	1,116	0	475	3,097	4,695	4,714
Bad debts		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,367
Depreciation		35,770	6,958	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6,958	42,728	20,310
Development		1,459	432	0	18,049	1,414	4,032	19,000	44,084	0	0	0	0	0	187,811	19,493	30,291	0	0	8,197	0	332,803	334,262	109,691
Events		1,849	0	0	0	0	0	0	0	0	34	0	0	0	0	0	0	0	0	0	0	34	1,883	1,489
Insurance		7,020	2,887	0	0	0	0	0	0	61	0	0	0	0	0	0	0	0	74	0	0	3,022	10,042	14,884
Office and warehouse rental		41,088	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	41,088	41,088
Office supplies		5,267	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,267	3,636
Printing and photocopying		5,966	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	261	0	0	0	261	6,227	9,610
Reconstruction		30	0	0	0	31,416	0	0	0	0	2,991	13,363	2,699	69,378	168,052	28,591	34,860	0	10,000	759	0	362,109	362,139	342,979
Relief missions		1,620	271	0	0	0	0	0	0	52,522	9,366	16,303	0	71,383	0	1,574	17	(351)	33,385	-	22,122	206,592	208,212	195,340
Repair and maintenance		4,323	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,323	4,217
Staff costs	6	515,077	3,824	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,824	518,901	470,034
Telecom and IT charges		9,745	62	947	0	0	99	0	0	25	150	62	0	0	4	0	0	0	0	0	130	1,479	11,224	9,528
Utilities		11,319	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	11,319	10,394
		642,131	14,434	947	18,049	32,830	4,131	19,000	44,084	54,016	12,624	29,728	2,699	140,761	355,867	49,658	65,168	(75)	44,575	8,956	22,727	920,179	1,562,310	1,246,781

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

		2017																						2016
			Restricted Funds																					
	Note	Unrestricted fund	General relief fund	SAP fund	IDP 2015/2016	MFA Timor Leste project	Jambi haze scoping study	Indonesia Dream development work	Myanmar water	Bangladesh refugees	Aceh earthquake relief	Japan earthquake relief	Myanmar conflicts & floods	Myanmar conflict Rakhine	Nepal earthquake relief	Typhoon Haiyan relief	Typhoon Haima relief	Typhoon Nina	South Asia floods	South India floods	Sri Lanka floods	Total unrestricted funds	Total unrestricted and restricted funds	Total unrestricted and restricted funds
		S$	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$
EXPENDITURES ((CONT'D)																								
Cost of governance and administrative costs																								
Audit fees		10,000	0	0	0	0	0	0	0	1,000	0	0	0	0	0	0	0	600	600	0	600	2,800	12,800	17,900
Bank charges		398	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	398	695
Board expense		116	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	116	222
Depreciation		8,943	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8,943	3,397
Insurance		1,755	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,755	1,731
Inventories written down		0	85,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	85,000	85,000	0
Inventories written off		0	1,400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,400	1,400	0
Office rental		10,272	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10,272	10,272
Office supplies		1,317	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,317	877
Printing and photocopying		1,492	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,492	922
Professional fees		4,184	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,184	2,547
Repair and maintenance		1,081	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,081	979
Staff costs	6	128,769	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	128,769	112,988
Telecom and IT charges		2,436	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,436	2,125
Utilities		2,830	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,830	2,598
		173,593	86,400	0	0	0	0	0	0	1,000	0	0	0	0	0	0	0	600	600	0	600	89,200	262,793	157,253
Total expenditures before reallocation		913,050	100,834	947	18,049	32,830	4,131	19,000	44,084	55,016	12,624	29,778	2,699	140,761	355,867	49,658	65,168	867	45,175	8,956	23,327	1,009,771	1,922,821	1,517,711
Less: Allocation of HQ expenses	16	(139,575)	0	0	0	1,000	8,000	2,400	550	29,775	10,600	5,800	50	1,300	22,500	3,600	1,400	1,475	35,300	900	14,925	139,575	0	0
Total expenditures after reallocation		773,475	100,834	947	18,049	33,830	12,131	21,400	44,634	84,791	23,224	35,578	2,749	142,061	378,367	53,258	66,568	2,342	80,475	9,856	38,252	1,149,346	1,922,821	1,517,711
Net income / (expenditure)		(110,792)	114,166	(947)	(7,576)	(33,830)	(99)	30,600	16,366	109,018	(16,357)	(35,578)	(2,749)	38,700	(244,567)	(53,258)	(65,988)	10,328	103,085	(9,856)	24,471	(24,071)	(134,863)	386,711
Transfer from funds		0	0	0	(152,399)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(152,399)	(152,399)	31,943
Transfer to funds		0	152,399	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	152,399	152,399	(31,943)
Net transfer in funds		0	152,399	0	(152,399)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net movement in funds		(110,792)	266,565	(947)	(159,975)	(33,830)	(99)	30,600	16,366	109,018	(16,357)	(35,578)	(2,749)	38,700	(244,567)	(53,258)	(65,988)	10,328	103,085	(9,856)	24,471	(24,071)	(134,863)	386,711
Total funds brought forward		1,192,428	543,256	12,459	233,926	(2,887)	0	0	0	0	218,125	49,524	61,239	0	851,432	119,065	103,298	(10,047)	0	39,314	0	2,218,704	3,411,132	3,024,421
Total funds carried forward		1,081,636	809,821	11,512	73,951	(36,717)	(99)	30,600	16,366	109,018	201,768	13,946	58,490	38,700	606,865	65,807	37,310	281	103,085	29,458	24,471	2,194,633	3,276,269	3,411,132

The accompanying notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 S$	2016 S$
ASSETS			
Current assets			
Cash and cash equivalents	7	3,032,054	2,659,002
Other receivables	8	144,547	512,544
Inventories	9	0	86,400
		3,176,601	3,257,946
Non-current assets			
Property, plant and equipment	10	168,656	197,123
Total assets		3,345,257	3,455,069
LIABILITIES			
Current liabilities			
Other payables	11	68,988	43,937
Total liabilities		68,988	43,937
NET ASSETS		3,276,269	3,411,132
FUNDS			
Unrestricted fund			
General fund	12	1,081,636	1,192,428
Restricted funds	13		
General relief fund		809,821	543,256
SAP fund		11,512	12,459
Nepal earthquake relief		606,865	851,432
Japan earthquake relief		13,946	49,524
South Indian floods		29,458	39,314
Typhoon Haima relief		37,310	103,298
Aceh earthquake relief		201,768	218,125
Myanmar conflicts and flood		58,490	61,239
Typhoon Haiyan relief		65,807	119,065
Typhoon Nina relief		281	(10,047)
IDP 2015/2016		73,951	233,926
MFA Timor Leste project		(36,717)	(2,887)
Jambi haze scoping study		(99)	0
Indonesia DREEM development work		30,600	0
Myanmar water		16,366	0
Bangladesh refugees		109,018	0
Myanmar conflict Rakhine		38,700	0
South Asia floods		103,085	0
Sri Lanka floods		24,471	0
		2,194,633	2,218,704
TOTAL FUNDS		3,276,269	3,411,132

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2017	Note	Balance at beginning of year S$	Net income/ (expenditure) for the year S$	Transfer from/ (to) S$	Balance at end of year S$
Unrestricted fund					
General fund	12	1,192,428	(110,792)	0	1,081,636
Restricted funds	13				
General relief fund		543,256	114,166	152,399	809,821
SAP fund		12,459	(947)	0	11,512
Nepal earthquake relief		851,432	(244,567)	0	606,865
Japan earthquake relief		49,524	(35,578)	0	13,946
South Indian floods		39,314	(9,856)	0	29,458
Typhoon Haima relief		103,298	(65,988)	0	37,310
Aceh earthquake relief		218,125	(16,357)	0	201,768
Myanmar conflicts and flood		61,239	(2,749)	0	58,490
Typhoon Haiyan relief		119,065	(53,258)	0	65,807
Typhoon Nina relief		(10,047)	10,328	0	281
IDP 2015/2016		233,926	(7,576)	(152,399)	73,951
MFA Timor Leste project		(2,887)	(33,830)	0	(36,717)
Jambi haze scoping study		0	(99)	0	(99)
Indonesia DREEM development work		0	30,600	0	30,600
Myanmar water		0	16,366	0	16,366
Bangladesh refugees		0	109,018	0	109,018
Myanmar conflict Rakhine		0	38,700	0	38,700
South Asia floods		0	103,085	0	103,085
Sri Lanka floods		0	24,471	0	24,471
Total funds		3,411,132	(134,863)	0	3,276,269
2016					
Unrestricted fund					
General fund	12	1,143,059	49,369	0	1,192,428
Restricted funds	13				
General relief fund		322,906	188,407	31,943	543,256
SAP fund		13,738	(1,279)	0	12,459
Nepal earthquake relief		875,994	(24,562)	0	851,432
Japan earthquake relief		0	49,524	0	49,524
South Indian floods		113,577	(74,263)	0	39,314
Typhoon Haima relief		0	103,298	0	103,298
Aceh earthquake relief		0	218,125	0	218,125
Gaza conflict relief		31,943	0	(31,943)	0
Myanmar conflicts and flood		85,255	(24,016)	0	61,239
Typhoon Haiyan relief		233,472	(114,407)	0	119,065
Typhoon Nina relief		0	(10,047)	0	(10,047)
IDP 2015/2016		204,477	29,449	0	233,926
MFA Timor Leste project		0	(2,887)	0	(2,887)
Total funds		3,024,421	386,711	0	3,411,132

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017 S$	2016 S$
Cash flows from operating activities			
Net (expenditure)/income for the year		(134,863)	386,711
Adjustments for:			
- Bad debt written off		0	2,367
- Depreciation of property, plant and equipment	10	51,671	23,707
- Fixed asset written off	10	0	6,500
- Inventories written off		1,400	0
- Inventories written down	9	85,000	0
Operating cash flow before working capital changes		3,208	419,285
Changes in operating assets and liabilities			
- Other receivables		367,997	(123,804)
- Other payables		25,051	946
Net cash generated from operating activities		396,256	296,427
Cash flows from investing activities			
Purchases of property, plant and equipment	10	(23,204)	(194,539)
Net cash used in investing activities		(23,204)	(194,539)
Net increase in cash and cash equivalents		373,052	101,888
Cash and cash equivalents at beginning of financial year		2,659,002	2,557,114
Cash and cash equivalents at end of financial year	7	3,032,054	2,659,002
Cash and cash equivalents comprise:			
Cash on hand		600	600
Cash at bank		3,031,454	2,658,402
	7	3,032,054	2,659,002

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

Mercy Relief Limited (the "Company") is incorporated and domiciled in Singapore. The Company's registered office and principal place of business is located at Block 160, Lorong 1 Toa Payoh, #01-1568 Singapore 310160.

The Company was registered as charity under the Charities Act, Chapter 37 on 19 December 2003. The Company has been accorded an Institutions of a Public Character ("IPC") status until 30 November 2018.

The principal activities of the Company are those of providing humanitarian aid programmes, collaborate with other organisations involved in humanitarian aid and to raise funds for distribution to the needy and humanitarian aid projects.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Charities Accounting Standards ("CAS"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

These financial statements are presented in Singapore Dollars (S$), which is the Company's functional currency.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.2 Income recognition

Income comprises the fair value of the consideration received or receivable in the ordinary course of the Company's activities. Income is recognised as follows:

2.2.1 Donations

Donations are recognised in the statement of financial activities upon receipt. Donations-in-kind are recognised when the fair value of the assets received can be reasonably ascertained.

2.2.2 Tele – mercy

Income from donations received through telephone calls are recorded when funds are received from the telecommunications companies.

2. Significant accounting policies (Cont'd)

2.2 Income recognition (Cont'd)

2.2.3 Fundraising

Income from special events is recognised when the event takes place.

2.2.4 Grants

Grants are recognised as income in the financial statements over the periods necessary to match them with the related costs, which they are intended to compensate on a systematic basis.

2.2.5 Other income

Other income is recognised when received.

2.3 Expenditure recognition

All expenditure is accounted for on accrual basis, aggregated under the respective areas. Direct costs are attributed to the activity where possible. Where costs are not wholly attributable to an activity, they are apportioned on a basis consistent with the use of resources.

2.3.1 Cost of generating funds

Cost of generating funds comprises all directly attributable costs incurred in the generating voluntary income and fundraising activities. These costs include costs related to constitutional and statutory requirements and an apportionment of overhead and shared costs.

2.3.2 Cost of charitable activities

Cost of charitable activities comprises all directly attributable costs incurred in the pursuit of the charitable objects of the Company. Those costs, where not wholly attributable, are apportioned between the categories of charitable expenditure. The total costs of each category of charitable expenditure therefore include an apportionment of support costs, where possible.

2.3.3 Governance and administrative costs

Governance costs include the cost of governance arrangement, which related to the general running of the Company, providing governance infrastructure and ensuring public accountability. These costs include costs related to constitutional and statutory requirements and an apportionment of overhead and shared costs.

2.3.4 Allocation of costs

Where appropriate, expenditure, which is specifically identifiable to each cost classification, is allocated directly to the type of costs incurred. Where apportionment between each costs classification is necessary, the following apportionment bases are applied:

- Usage
- Headcount i.e. on the number of people employed within an activity
- Floor area occupied by an activity; and
- On time basis

2. Significant accounting policies (Cont'd)

2.4 Property, plant and equipment

2.4.1 Measurement

All property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management.

2.4.2 Depreciation

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Computer and office equipment	3 to 5 years
Furniture and fittings	5 years
Renovation	shorter of 5 years or premise's lease term
Road show equipment	5 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in the statement of financial activities in the financial year in which the changes arise.

2.4.3 Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Other subsequent expenditure is recognised as repair and maintenance expenses in the statement of financial activities during the financial year in which it is incurred.

2.4.4 Disposal

On disposal of an item of property, plant and equipment, the difference between the net disposals proceeds and its carrying amount is taken to the statement of financial activities.

Fully depreciated assets still in use are retained in the financial statements.

2.5 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the First-In, First-Out method and includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

When necessary, allowance in provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

2. Significant accounting policies (Cont'd)

2.6 Financial assets

2.6.1 Classification

The Company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re–evaluates this designation at every reporting date.

Loans and receivables are non–derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the reporting date, which are classified as non–current assets. Loans and receivables are classified within "Cash and cash equivalents" and "Other receivables" on the statement of financial position.

2.6.2 Recognition and de-recognition

Usual purchases and sales of financial assets are recognised on trade-date – the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

2.6.3 Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

2.6.4 Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using effective interest method.

2.6.5 Impairment

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments is considered indicators that the receivable is impaired.

An allowance for impairment of loans and receivables including other receivables, are recognised when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the amount becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment losses decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2. Significant accounting policies (Cont'd)

2.7 Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits with financial institutions, which are subject to an insignificant risk of changes in value.

2.8 Other receivables

Other receivables are initially recognised at fair value, and subsequently carried at amortised cost, using the effective interest method.

2.9 Financial liabilities

Financial liabilities are recognised when the Company becomes a party to the contractual agreements of the instrument and are classified according to the substance of the contractual arrangements entered into. All interest related charges are recognised in the statement of financial activities. Financial liabilities includes "Other payables".

Financial liabilities which are due to be settled within 12 months after the reporting date are presented as current liabilities in the statement of financial position even though the original term was for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting date and before the financial statements are authorised for issue. Other financial liabilities due to be settled more than 12 months after the reporting date are presented as non-current liabilities in the statement of financial position.

Financial liabilities is derecognised when the obligations under the liability is discharged or cancelled or expires. When existing financial liabilities are replaced by another from the same lender on substantially different terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the statement of financial activities.

2.10 Other payables

Other payables excluding accruals, are recognised at their transaction price, excluding transaction cost, if any, both at initial recognition and at subsequent measurement. Transaction costs are recognised as expenditure in the statement of financial activities as incurred. Accruals are recognised at the best estimate of the amount payable.

2.11 Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

2.12 Foreign currencies

Transactions in foreign currencies are measured in Singapore Dollar and recorded at exchange rates approximating those ruling at the transaction dates. Foreign currency monetary assets and liabilities are measured using the exchange rates ruling at the reporting date. All exchange differences are recognised in the statement of financial activities.

2. Significant accounting policies (Cont'd)

2.13 Funds

Restricted fund balances are restricted by outside sources and may only be utilised in accordance with the purposes for which they are established. Designated funds are earmarked for specific purposes and are largely made up of funds allocated at the discretion of the Board of Directors. These designated funds are treated as restricted funds as they contain funds restricted by outside sources.

The Board of Directors retains full control over the use of unrestricted funds for any of the Company's purposes.

2.14 Operating leases as lessee

Finance leases which transfer to the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.15 Employee compensation

2.15.1 Defined contribution plans

The Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.15.2 Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

2.16 Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefit is probable.

2. Significant accounting policies (Cont'd)

2.17 Events after the reporting date

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

2.18 Related parties

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

- (i) Has control or joint control over the Company;
- (ii) Has significant influence over the Company; or
- (iii) Is a member of the key management personnel of the Company or of a parent of the Company;

(b) An entity is related to the Company if any of the following conditions applies:

- (i) The entity and the Company are members of the same group which means that each parent, subsidiary and fellow subsidiary is related to the others;
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) Both entities are joint ventures of the same third party;
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
- (vi) The entity is controlled or jointly controlled by a person identified in (a);
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

3. Significant accounting judgements and estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of income, expenditure, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgement made in applying accounting policies

The Management is of the opinion that there are no significant judgements made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. Significant accounting judgements and estimates (Cont'd)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

3.2.1 Impairment of other receivables

The impairment of other receivables is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of the Company's other receivables as at 31 December 2017 were S$144,547 (2016: S$512,544).

3.2.2 Useful lives of property, plant and equipment

The useful life of an item of property, plant and equipment is estimated at the time the asset is acquired and is based on historical experience with similar assets and takes into account anticipated technological or other changes. If changes occur more rapidly than anticipated or the asset experiences unexpected level of wear and tear, the useful life will be adjusted accordingly. The carrying amount of the Company's property, plant and equipment as at 31 December 2017 was S$168,656 (2016: S$197,123).

4. Income tax

The Company is a charity registered under the Charities Act since 19 December 2003. Consequently, the income of the Company is exempted from tax under the provisions of Section 13 of the Income Tax Act Cap.134.

5. Donations

	2017 S$	2016 S$
Tax deductible donations	365,703	402,900
Non-tax deductible donations	1,167,173	1,275,845
	1,532,876	1,678,745

The Company issued tax-exempt receipts for donations collected amounting to S$365,703 (2016: S$402,900).

6. Staff costs

	2017 S$	2016 S$
Employer's CPF contribution	72,819	67,982
Foreign worker levy	7,800	4,703
Medical and dental	1,256	1,547
Provision for unconsumed leaves	11,790	0
Salaries and allowances	546,138	491,359
Skill development levy	1,017	930
Staff recruitment and training	3,904	13,035
Staff welfare	2,946	3,466
	647,670	583,022

The staff costs were allocated as follows:		
• Costs of charitable activities	518,901	470,034
• Governance and administrative costs	128,769	112,988
	647,670	583,022

7. Cash and cash equivalents

	2017 S$	2016 S$
Cash on hand	600	600
Cash at bank	3,031,454	2,658,402
	3,032,054	2,659,002

8. Other receivables

	2017 S$	2016 S$
Other receivables	134,030	475,732
Advances to staff	0	25,970
Deposits	5,526	6,064
Prepayments	4,991	4,778
	144,547	512,544

9. Inventories

	2017 S$	2016 S$
Relief supplies		
- shelters and inflatable boats	0	72,400
- water filtration system	0	14,000
	0	86,400

The write down of inventories to net realisable value was S$85,000 (2016: S$ Nil) and was included in "Governance and administrative costs".

10. Property, plant and equipment

	Computer and office equipment S$	Furniture and fittings S$	Renovation S$	Road show equipment S$	Total S$
Cost					
At 1 January 2016	36,578	0	0	40,114	76,692
Additions	19,644	32,585	142,310	0	194,539
Disposal	(12,853)	0	0	(13,000)	(25,853)
At 31 December 2016	43,369	32,585	142,310	27,114	245,378
Additions	23,204	0	0	0	23,204
At 31 December 2017	66,573	32,585	142,310	27,114	268,582
Accumulated depreciation					
At 1 January 2016	27,856	0	0	16,045	43,901
Depreciation charge	5,325	2,172	9,487	6,723	23,707
Disposal	(12,853)	0	0	(6,500)	(19,353)
At 31 December 2016	20,328	2,172	9,487	16,268	48,255
Depreciation charge	11,269	6,517	28,462	5,423	51,671
At 31 December 2017	31,597	8,689	37,949	21,691	99,926
Carrying amount					
31 December 2016	23,041	30,413	132,823	10,846	197,123
31 December 2017	34,976	23,896	104,361	5,423	168,656

11. Other payables

	2017 S$	2016 S$
Accruals	47,017	43,937
Amount due to staffs – mission trips	17,111	0
Deferred income	4,860	0
	68,988	43,937

12. Unrestricted fund

General Fund

This is a general-purpose fund to be used for non-specific purpose at the discretion of the directors in furtherance of the Company's objects.

13. Restricted funds

General relief fund

This fund is for future emergency responses. This fund allows the Company to have access to ready funds such that it may execute ready response, versus the mode of having to wait for fresh pledge or donations before the Company could respond.

13. Restricted dunds (Cont'd)

SAP funds

This fund was set up for the expenses incurred on the Company's consolidated articles in the United Nations Publications and for the relevant maintenance support services to the SAP software implemented in 2012.

Nepal earthquake relief

This fund was set up to respond to the affected communities in Nepal following the devastating twin earthquakes of 7.9 and 7.3 magnitude which struck in April 2015 and displaced more than 2.8 million people. Mercy Relief worked with a host of local NGO partners in order to reach out to more than 18,000 people across 7 districts with emergency relief supplies. These partners were Heartbeat NGO, Kopan Monastery, Community Development and Relief Agency Nepal, Rotary Club – Kathmandu West and Rural Reconstruction Nepal. A medical team from Singapore comprising 4 personnel from Changi General Hospital and 2 personnel from Tan Tock Seng Hospital, along with 200kg of medical supplies, were deployed to provide emergency healthcare services and treatment for earthquake survivors.

Japan earthquake relief

This fund was set up to distribute critical aid essentials to the quake-hit communities to support immediate disaster relief efforts in the Kumamoto prefecture of Japan, where two earthquakes of magnitudes 6.5 and 7.3 hit in April 2016. Emergency relief efforts include;- setting up of hot kitchen to provide cooked meals for evacuees in emergency shelters with Association for Aid and Relief (AAR) Japan, providing medical care services including TCM treatments with Association of Medical Doctors of Asia (AMDA) at evacuation centres, and providing psychosocial activities and healthcare services for evacuees including for people with disabilities, together with Cannus Japan. In the long term, the Company also provided support for reconstruction efforts of social welfare facilities through Japan Disability Forum (JDF) to repair damaged infrastructure at 6 disability care facilities.

South India floods

This fund was set up to provide humanitarian assistance to communities in South India who were affected by severe flooding from record breaking rainfall and overflowing lakes in Nov and Dec 2015 that affected more than 3 million people. Mercy Relief worked with local NGO partner, Musthafa Sabiya Educational Trust (MSET) to distribute emergency relief supplies to 300 affected households in Chennai and 305 households in Cuddalore district of Tamil Nadu.

Typhoon Haima relief

Typhoon Haima ripped through the province of Cagayan on 19 October 2016 with torrential rain and maximum sustained winds of up to 2225 kilometres per hour (kph). According to the Philippines National Disaster Risk Reduction and Management Council (NDRRMC), over 61,000 people were affected in the regions of Ilocos, Cagayan, Central Luzon, Bicol and Cardillera. Mercy Relief distributed emergency food supplies and essentials such as rice, oil, dried foods and blankets as well as 100 water filtration kits to communities who were affected by Typhoon Haima in the Philippines. In total, 3,750 beneficiaries were reached in the municipalities of Amulung and Rizal in the Cagayan region.

Aceh earthquake relief

On 07 Dec, an earthquake of magnitude 6.5 struck Pidie Jaya regency in Aceh Province. This resulted in more than 91,000 displaced persons and over 100 fatalities in the area. Mercy Relief supported community kitchens with rice, fresh produce and utensils over 3 days for 700 villagers. The team also led a Maternal and Child Health programme to provide 217 pregnant, lactating mothers and their children with nutritional meals as well as health clinics. 266 mosquito nets were also distributed to the affected villagers to prevent the spread of diseases.

13. Restricted funds (Cont'd)

Myanmar conflicts and flood

This fund was initially set up to distribute relief supplies through the United Nations Children's Fund and the local Ministry of Social Welfare, Relief and Resettlement to the victims of the landfall disaster near the mouth of the Irrawaddy River. Prior to 2012, this fund was named Myanmar Cyclone Nargis.

In 2012, fresh public appeal was made following an appeal from the Ministry of Social Welfare, Relief and Resettlement in Myanmar. The ethnic unrest and armed conflict together with the severe flooding caused by heavy monsoon rain accounted for massive displacement. Mercy Relief provided acute relief in the form of goods and non-food items, shelters and pedal pures. The fund has since been renamed Myanmar Conflict and Flood. Any balance from the previous year's appeal relating to Cyclone Nargis has been combined with the fresh funds obtained in 2012.

In August 2015, heavy monsoon downpours exacerbated by Cyclone Komen resulted in heavy flooding across several regions in Myanmar. Mercy Relief, working in collaboration with local NGO, Myanmar Heart Development Organisation (MHDO) distributed more than 20 tonnes of emergency food supplies to 18 vulnerable villages in the worst-affected Rahkine state in Myanmar.

Typhoon Haiyan relief

This fund was set up to provide humanitarian assistance to affected communities in the Philippines in the aftermath of the Super Typhoon Haiyan, which struck the Philippine islands in early November 2013. The Company, in collaboration with local NGO partners and local government agency Department of Social Welfare and Development (DSWD), deployed and distributed 6 units of manual-powered water filtration system (PedalPure), 35,200 ready-to-eat meals (MRMs), food relief packs, shelter construction materials to bring basic stability to the survivors. Education kits and psychosocial activities were also provided to restore normalcy for the affected children. Together with Eastern Health Alliance, a group of medical professionals in Singapore, the Company with the support of local NGO partner PCDR provided healthcare services and treatment of post-traumatic syndromes through setting up of mobile clinics. The network of local NGO partners the Company had worked with were the Citizens' Disaster Response Centre (CDRC), Women Development Centre (WDC), Panay Centre for Disaster Response (PCDR), Southern Tagalog People's Centre (STPC), Centre for People's Resources and Services (CPRS) and Leyte Centre for Development (LCDE).

Typhoon Nina relief

Typhoon Nina made landfall 8 times over eastern Philippines on 25th Dec 2016 and caused devastation to electrical services and housing infrastructure. Mercy Relief's distribution operation reached a total of 505 households or more than 2,500 beneficiaries altogether, in the Polangui and Libon municipalities of the Albay Province. Each beneficiary received an emergency relief pack containing rice, dried fish and canned goods.

IDP 2015/2016

This fund consists of surplus relief fund balances to be used for development projects for the respective beneficiaries, as intended by the donors. The beneficiaries are communities in Padang and Philippines.

13. Restricted funds (Cont'd)

MFA Timor Leste project

Mercy Relief partnered the Ministry of Foreign Affairs of Singapore (MFA) to deliver a Water, Sanitation and Hygiene-based (WAS) "Health Community Project" in Timor-Leste. To be launched end 2016, the six-month project roll out will share solutions with local Timor-Leste communities on challenges such as access to safe drinking water, better sanitation and hygiene. The partnership aims to enhance access to water, sanitation and hygiene in the region, and demonstrates Singapore's continued commitment to Goal 6 of the UN's 17 Sustainable Development Goals (SDG), which focuses on clean water and sanitation.

Jambi haze scoping study

The fund for a study was supported by Singapore Institute of International Affairs which aimed to identify community projects in Jambi province of Indonesia that could complement the Indonesian government overall effort to mitigate the root causes of the haze problem. The study will examine the political economy of the haze problem in Jambi, develop ideas for a pilot community project based on local needs, assess the political impact, and identify key stakeholders for the project.

Indonesia DREEM development work

Bagan Percut Village is a coastal community made up of 240 traditional fisher folk families (1150 persons), located an hour from the city of Medan in North Sumatra. The village and its neighbouring communities, are surrounded by mangroves forests which have been a vital source of livelihood for breeding crabs and fishes as well as a natural protection against flooding and soil abrasion in the area. The rate deforestation for natural fish ponds has left less than 14% of the original mangrove forest standing. This has resulted in a threat to the ecosystem as well as increase the vulnerability of the community to seasonal and sudden floods and soil abrasion. The project aims to increase the disaster resilience of the community to sudden onset and long term disasters through community intervention, specifically by targeting the precipitating factor that contribute to this vulnerability. This is to be achieved through the development of a community-managed mangrove ecotourism centre in Bagan Percut village which serves to increase awareness and community capacity for ecological protection and restoration as well as create job opportunities for the community. Through its outreach, the project also aims to exemplify and educate the local population that environment management can be achieved in tandem with community development.

Myanmar water

In Kayin State, about 50% of households do not have access to improved water sources, this is worse than the national average of 18%. Furthermore, a trend analysis of diarrhoea rates reveals that lack of access to safe drinking water is a major contributor to diarrhoea prevalence in Kayin State. Water for Life was conceptualized to provide 110 households of Hti Wah Ka Loe Village with an improved access to safe water all year round, therefore strengthening the community's resilience against effects of water-related disasters. By developing and constructing a gravity flow water catchment system, natural spring water was tapped to the household level. This has allowed families (particularly women and children) to significantly reduce their time spent on fetching water from the spring water source previously, which can take up to 6 hours a day. Incidentally, families are now able to allocate more time to other income-generating activities and for children, time for study and play.

13. Restricted funds (Cont'd)

Bangladesh refugees

This fund was set up to provide humanitarian assistance in respond to the crisis of refugees flowing into Bangladesh from neighbouring Rakhine state. Influx of refugees restarted following the attacks on the Myanmar Boarder Guard Police posts in Rakhine state on 25th August. Over half a million people were estimated to have crossed the border into Bangladesh who now live in makeshift huts, suffering from exhausting, sickness and hunger as most of them have walked 50-60km for up to six days. It is estimated that 90% of the new arrivals are children, women and the elderly. In response to this refugee crisis, Mercy Relief worked alongside Action Aid Bangladesh and provided solar lamps, dignity kits and tents to some 14,700 refugees. Moving forward, Mercy Relief continues to work alongside ground partners to address pressing concerns of identified vulnerable families targeting especially needs of women and children.

Myanmar conflict Rakhine

Many Muslims in Northern Rakhine – described by the United Nations as among the most persecuted minority groups worldwide – have been living in camps since communal violence broke out in between ethnic Rakhine Buddhists and Muslims in 2012. On October 9, 2016, gunmen attacked three police outposts in Maungdaw townships near the Bangladesh border, reportedly leaving nine police officers dead. As a result, there was a fresh outburst of violence causing more than 30,000 people to flee their homes. In response, Mercy Relief launched a short-term emergency food assistance programme in collaboration with ground partner, Myanmar Heart Development Organization. The programme benefited a total of 2,200 conflict-affected households who each received a one-month food supply one-to-two month food supply depending on the size of their family.

South Asia floods

This fund was set up to provide humanitarian assistance to communities in India, Nepal and Bangladesh. From July through September, widespread monsoon flooding occurred across the South Asian countries of Bangladesh, India and Nepal, affecting almost 45 million people and left more than 1,288 dead. In response to this unprecedented disaster, Mercy Relief launched a multi-country relief distribution operation where the response team worked alongside ground partners in India, Bangladesh and Nepal to distribute emergency food relief supplies and hygiene kits more than 1,000 households across all 3 affected countries. In India, the team also introduced a Water, Sanitation and Hygiene (WASH) programme to 80 affected households where survivors learnt how to purify water, utilize hygiene kits and practice proper handwashing techniques to reduce the spread of water-borne diseases, which are common during floods. Mercy Relief has since also begun recovery activities of providing supplies for shelter and farming to families whose homes and livelihoods have been destroyed. With a growing need for transitional shelters, the team is in the midst of exploring more sustainable ways to build and maintain sanitation facilities within the community such as toilets.

Sri Lanka floods

This fund was set up to provide humanitarian assistance to communities in Sri Lanka affected by floods and mudslides triggered by monsoon rains in May 2017 that claimed at least 126 lives and left more than 500,000 displaced in Sri Lanka. In response to an appeal for international assistance made by the Sri Lankan government, Mercy Relief deployed its disaster response team who worked closely with ground partner, Sarvodaya Suwastha Sewa Society Ltd, to distribute critical relief supplies to over 4,000 survivors in the districts of Kalutara, Galle and Matara. Recovery efforts to install normalcy back to the lives of the affected is currently still ongoing.

14. Operating lease commitments

The Company leases office premise and office equipment from non-related parties under non-cancellable operating lease agreements. These leases have varying terms, escalating clauses and renewal rights.

The future minimum rental payables under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as liabilities, are as follows:

	2017 S$	2016 S$
Not later than one year	31,073	51,360
Later than one year but not later than five years	971	22,680
	32,044	74,040

15. Related party transactions

(a) Related party transactions and balances

During the current and previous year, there were no transactions took place with related parties.

(b) Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Management are there who are considered as key management personnel and no sitting member received any remuneration for their position.

Included in staff costs are the salaries and allowances paid to key management personnel as follows:

	2017 S$	2016 S$
Salaries and other short-term employee benefits	200,496	188,340
Employer's contribution to CPF	22,442	21,415
	222,938	209,755

	2017	2016
	No. of key management personnel	
Remuneration band (S$)		
Above S$100,000 and below $150,000	1	1

Key management personnel are the Chief Executive Officer and the direct reporting senior officers having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

16. Financial risk management

The Company is mainly expose to interest rate risk, currency risk, credit risk and liquidity risk.

Risk management is carried out under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as interest risk rate, currency risk, credit risk and liquidity risk use of derivative financial instruments and investing excess liquidity.

16.1 Interest rate risk

The Company's income and operating cash flows are not substantially affected by changes in market interest rates, as they do not have significant interest-bearing assets or liabilities as at the reporting date.

16.2 Currency risk

The Company is not exposed to foreign exchange risk as most of its transactions are in Singapore Dollar.

16.3 Credit risk

Credit risk is the potential financial loss resulting from the customer defaulting on its contractual obligations to the Company.

The Company has minimal exposure to credit risks due to nature of its activities.

16.4 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations due to shortage of funds. The Company exposure to liquidity risk primarily from mis-matches of the maturities of financial assets or liabilities.

Management monitors and ensure the Company maintains a level of cash and cash equivalents deemed adequate to finance the Company's operations.

The table below summarises the maturity profile of the Company's financial assets and liabilities at the end of the reporting period based on the contractual undiscounted repayment obligations:

2017	Within one year S$	Later than one year but not later than five years S$	Total S$
Financial assets			
Cash and cash equivalents	3,032,054	0	3,032,054
Other receivables (excluding prepayments)	139,556	0	139,556
	3,171,610	0	3,171,610
Financial liabilities			
Other payables (excluding deferred income)	(64,128)	0	(64,128)
Net financial assets	3,107,482	0	3,107,482
2016			
Financial assets			
Cash and cash equivalents	2,659,002	0	2,659,002
Other receivables (excluding prepayments and advance to staff)	481,796	0	481,796
	3,140,798	0	3,140,798
Financial liabilities			
Other payables	(43,937)	0	(43,937)
Net financial assets	3,096,861	0	3,096,861

17. Allocation of HQ expenses

HQ overhead expenses are charged to respective funds based on full headcount recovery. The headcount recovery is computed based on actual time tracked by all staff for the respective project multiply by $100 per hour plus direct administrative & fundraising expenses (capped at 5% of income).

18. Support costs

The following support costs for financial year ended 31 December 2017 and 2016 were allocated as follows:

	Charitable activities S$	Governance and administrative costs S$	Total support costs S$	Basis of apportionment
2017				
Bank charges	1,598	398	1,996	Headcount
Depreciation	35,770	8,943	44,713	Headcount
Employer's CPF contribution	58,255	14,564	72,819	Headcount
Foreign workers levy	6,240	1,560	7,800	Headcount
Insurance	7,020	1,755	8,775	Headcount
Medical and dental	1,005	251	1,256	Headcount
Office rental	41,088	10,272	51,360	Headcount
Office supplies	5,267	1,317	6,584	Headcount
Printing and photocopying	5,966	1,492	7,458	Headcount
Repair and maintenance	4,323	1,081	5,404	Headcount
Salary and allowances	436,910	109,228	546,138	Headcount
Skill development levy	814	203	1,017	Headcount
Staff cost	9,432	2,358	11,790	Headcount
Staff recruitment and training	64	16	80	Headcount
Telecom and IT charges	9,745	2,436	12,181	Headcount
Utilities	11,319	2,830	14,149	Headcount
Welfare	2,357	589	2,946	Headcount
Total	637,173	159,293	796,466	

	Charitable activities S$	Governance and administrative costs S$	Total support costs S$	Basis of apportionment
2016				
Bank charges	2,779	695	3,474	Headcount
Depreciation	13,587	3,397	16,984	Headcount
Insurance	6,925	1,731	8,656	Headcount
Office rental	41,088	10,272	51,360	Headcount
Office supplies	3,508	877	4,385	Headcount
Printing & photocopying	3,687	922	4,609	Headcount
Repair & maintenance	3,917	979	4,896	Headcount
Staff costs	456,656	112,988	569,644	Headcount
Telecom & IT charges	8,499	2,125	10,624	Headcount
Utilities	10,394	2,598	12,992	Headcount
Total	551,040	136,584	687,624	

19. Reserve position and policy

The Company's reserve position for the financial year ended 31 December 2017 is as follows:-

		2017	2016	Increase/ (decrease)
		S$'000	S$'000	%
A	Unrestricted Fund			
	General Fund	1,082	1,192	-9.23%
B	Restricted or Designated Funds			
	Designated Funds	N/A	N/A	N/A
	Restricted Funds	2,195	2,219	-1.08%
C	Endowment Fund	N/A	N/A	N/A
D	Total Fund	3,277	3,411	-3.93%
E	Total Annual Operating Expenditure	1,923	1,518	26.68%
F	Ratio of Funds to Annual Operating Expenditure (A/E)	0.56	0.79	

Reference:

C. An endowment fund consists of assets, funds or properties that are held in perpetuity, which produce annual income flow for a foundation to spend as grants.

D. Total Funds include unrestricted, restricted / designated and endowment funds.

E. Total Annual Operating Expenditure includes expenses related to direct Cost of Generating Funds, Cost of Charitable Activities and Governance and Administrative costs

The Company's reserve policy is as follows:

The reserve of the Company provides financial stability and the means for the development of the Company's activities. The Management intends to maintain the reserves at a level sufficient for its operating needs. The Company reviews the level of reserves regularly for the Company's continuing obligations.

20. Management of conflict interest

During the current and previous financial year, none of the Board members received any remuneration from the Company.

Board and Management members are required to disclose any interest that they may have, whether directly or indirectly, that the Company may enter into or in any organisations that the Company has dealings with or is considering dealing with; and any personal interest accruing to him as one of the Company's supplier, user of services or beneficiary. Should there be any potential conflict of interest, the affected members may not vote on the issue that was the subject matter of the disclosure. Detailed minutes will be taken on the disclosure as well as the basis for arriving at the final decision in relation to the issue at stake.

21. Authorisation of financial statements

The financial statements for the financial year ended 31 December 2017 were authorised for issue in accordance with a resolution of the Board of Directors on 03 April 2018.