

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 2020**

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**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 their statement to the members together with the audited financial statements of Mercy Relief Limited (the "Company") for the financial year ended 31 December 2020.

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 2020, 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:

Suhaimi Bin Rafdi
Satwant Singh S/O Sarban Singh
Vincent Ling Chi-Hsin (Lin Jixun)
Mohamad Saiful Bin Saroni
Alwi Bin Abdul Hafiz
Chairul Fahmy Bin Hussaini
Lam Wy-ning
Koh Yee Ling, Cheryl (Xu Yiling)
Nalini Naidu
Ng Siew Hoong
Ng Shang Qun, Shawn (Wu Shangqun) (Appointed on 17 January 2020)
Cheong Tuck Yan Titus Jim (Appointed on 9 June 2020)
Tan Soh Wah (Resigned on 5 May 2020)

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.

DIRECTORS' STATEMENT (CONT'D)

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,

DocuSigned by:
Suhaimi Rafdi
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Suhaimi Bin Rafdi
Director

Singapore, 4 May 2021

DocuSigned by:
Saiful Saroni
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Mohamad Saiful Bin Saroni
Director

Suhaimi Salleh & Associates

Public Accountants and
Chartered Accountants of Singapore

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Independent auditor's report to the members of:

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[UEN: 200306035Z]

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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 2020, and the statement of financial activities, statement of changes in funds and statement of cash flows of the Company for the financial year then ended, 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 2020 and of the financial performance, changes in funds and cash flows of the Company for the financial 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 to 3) 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

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(CONT'D)

Independent auditor's report to the members of:

MERCY RELIEF LIMITED
[UEN: 200306035Z]

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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.

Those charged with governance comprises the directors. Their responsibilities include overseeing the Company's financial reporting process.

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 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

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Chartered Accountants of Singapore

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(CONT'D)

Independent auditor's report to the members of:

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Auditor's Responsibilities for the Audit of the Financial Statements (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 auditor's 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 those charged with governance 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

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Independent auditor's report to the members of:

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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 financial 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.

DocuSigned by:
Suhaimi Salleh & Associates
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Suhaimi Salleh & Associates
Public Accountants and
Chartered Accountants

Singapore, 4 May 2021

Partner in-charge: Gan Chek Huat
PAB No.: 01939

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020			2019		
		Unrestricted fund	Restricted funds	Total unrestricted and restricted funds	Unrestricted fund	Restricted funds	Total unrestricted and restricted funds
		S\$	S\$	S\$	S\$	S\$	S\$
INCOME							
Income from generated funds							
<u>Voluntary income</u>							
Donations	5	676,328	426,500	1,102,828	487,375	795,780	1,283,155
Grants							
- NCSS grants		3,000	0	3,000	100,000	0	100,000
- Bicentennial Community Fund		324,856	0	324,856	0	0	0
- Innovation and Productivity grant		0	0	0	4,000	0	4,000
		<u>1,004,184</u>	<u>426,500</u>	<u>1,430,684</u>	<u>591,375</u>	<u>795,780</u>	<u>1,387,155</u>
Income from charitable activities							
Contribution from local/foreign partners		0	0	0	0	10,000	10,000
		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,000</u>	<u>10,000</u>
Other income							
Interest income		36,862	0	36,862	73,231	0	73,231
Jobs Support Scheme grant		91,334	0	91,334	0	0	0
Wage credit scheme		5,753	0	5,753	5,946	0	5,946
Miscellaneous income		0	0	0	4,746	0	4,746
		<u>133,949</u>	<u>0</u>	<u>133,949</u>	<u>83,923</u>	<u>0</u>	<u>83,923</u>
Total income		<u>1,138,133</u>	<u>426,500</u>	<u>1,564,633</u>	<u>675,298</u>	<u>805,780</u>	<u>1,481,078</u>

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

Note	2020			2019		
	Unrestricted fund	Restricted funds	Total unrestricted and restricted funds	Unrestricted fund	Restricted funds	Total unrestricted and restricted funds
	S\$	S\$	S\$	S\$	S\$	S\$
EXPENDITURES						
Cost of generating funds						
	973	0	973	3,691	0	3,691
	3,724	0	3,724	0	0	0
	42,428	0	42,428	10,670	0	10,670
	47,125	0	47,125	14,361	0	14,361
Cost of charitable activities						
	488	13	501	5,727	521	6,248
10	46,195	1,582	47,777	45,174	1,568	46,742
	1,067	379,170	380,237	0	569,166	569,166
	0	0	0	755	84	839
	3,783	27	3,810	3,893	473	4,366
	36,808	0	36,808	41,088	0	41,088
	4,023	0	4,023	4,859	0	4,859
	1,715	0	1,715	1,443	0	1,443
	0	5,243	5,243	0	31,475	31,475
	5,507	222,173	227,680	0	38,754	38,754
	7,031	0	7,031	2,187	0	2,187
6	430,333	369	430,702	371,326	0	371,326
	10,080	0	10,080	14,247	39	14,286
	689	0	689	1,674	0	1,674
	9,291	0	9,291	9,382	0	9,382
	557,010	608,577	1,165,587	501,755	642,080	1,143,835

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

	2020			2019		
	Unrestricted fund	Restricted funds	Total unrestricted and restricted funds	Unrestricted fund	Restricted funds	Total Unrestricted and restricted funds
	S\$	S\$	S\$	S\$	S\$	S\$
Note						
EXPENDITURES (CONT'D)						
Governance and administrative costs						
Audit and certification fees	9,218	1,100	10,318	10,000	2,000	12,000
Bank charges	79	2	81	1,432	130	1,562
Board expense	240	0	240	835	0	835
Depreciation	7,520	258	7,778	11,293	392	11,685
Insurance	616	4	620	973	118	1,091
Licences fees	0	0	0	214	0	214
Office and warehouse rental	5,992	0	5,992	10,272	0	10,272
Office supplies	655	0	655	1,215	0	1,215
Printing and photocopying	279	0	279	361	0	361
Professional fees	4,850	0	4,850	2,125	0	2,125
Repairs and maintenance	1,145	0	1,145	547	0	547
Staff costs	70,153	60	70,213	93,326	0	93,326
Telecom and IT charges	1,641	0	1,641	3,562	10	3,572
Transport and travelling	112	0	112	419	0	419
Utilities	1,512	0	1,512	2,346	0	2,346
	104,012	1,424	105,436	138,920	2,650	141,570

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

	2020			2019		
	Unrestricted fund	Restricted funds	Total unrestricted and restricted funds	Unrestricted fund	Restricted funds	Total unrestricted and restricted funds
Note	S\$	S\$	S\$	S\$	S\$	S\$
Total expenditures before reallocation	708,147	610,001	1,318,148	655,036	644,730	1,299,766
Allocation of HQ expenses	16 (112,800)	112,800	0	(206,650)	206,650	0
Total expenditures after reallocation	595,347	722,801	1,318,148	448,386	851,380	1,299,766
Net income/(expenditure) for the financial year	542,786	(296,301)	246,485	226,912	(45,600)	181,312
Transfer from funds	0	(31,061)	(31,061)	0	(8,401)	(8,401)
Transfer to funds	0	31,061	31,061	0	8,401	8,401
Net transfer in funds	0	0	0	0	0	0
Net movement in funds	542,786	(296,301)	246,485	226,912	(45,600)	181,312
Total funds brought forward	1,401,076	3,135,925	4,537,001	1,174,164	3,181,525	4,355,689
Total funds carried forward	1,943,862	2,839,624	4,783,486	1,401,076	3,135,925	4,537,001

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

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	2020 S\$	2019 S\$
ASSETS			
Current assets			
Cash and cash equivalents	7	2,130,688	678,185
Fixed deposits	8	2,650,000	3,750,000
Other receivables	9	45,910	108,935
		<u>4,826,598</u>	<u>4,537,120</u>
Non-current asset			
Property, plant and equipment	10	<u>37,603</u>	<u>86,084</u>
Total assets		<u>4,864,201</u>	<u>4,623,204</u>
LIABILITIES			
Current liabilities			
Other payables	11	<u>51,915</u>	<u>61,203</u>
Non-current liabilities			
Other payables	11	<u>28,800</u>	<u>25,000</u>
Total liabilities		<u>80,715</u>	<u>86,203</u>
NET ASSETS		<u>4,783,486</u>	<u>4,537,001</u>
FUNDS			
Unrestricted fund			
General fund	12	<u>1,943,862</u>	<u>1,401,076</u>
Restricted funds			
General relief fund	13	920,284	818,681
SAP fund	13	11,083	11,512
Nepal earthquake relief	13	335,922	380,687
Laos dam floods disaster	13	13,456	20,714
Aceh earthquake relief	13	106,165	106,165
Lombok earthquake relief	13	196,254	207,654
Sulawesi earthquake relief	13	543,294	681,050
Sunda strait tsunami relief	13	273,590	293,990
Kerala floods relief	13	58,000	97,907
Myanmar conflicts and flood	13	58,490	58,490
IDP 2015/2016	13	10,651	10,651
Myanmar water kaiyan	13	56,901	195,066
Bangladesh refugees	13	21,572	57,996
South Asia floods	13	68,897	97,730
Jakarta floods 2020	13	47,097	0
SEA typhoon relief 2020	13	54,343	0
Bangladesh COVID-19 intervention	13	27,000	0
Other restricted funds	13	36,625	97,632
		<u>2,839,624</u>	<u>3,135,925</u>
TOTAL FUNDS		<u>4,783,486</u>	<u>4,537,001</u>

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

**STATEMENT OF CHANGES IN FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

	Balance at beginning of the financial year S\$	Net income/ (expenditure) for the financial year S\$	Transfer (from)/to S\$	Balance at end of the financial year S\$
2020				
Unrestricted fund				
General fund	1,401,076	542,786	0	1,943,862
Restricted funds				
General relief fund	818,681	70,542	31,061	920,284
SAP fund	11,512	(429)	0	11,083
Nepal earthquake relief	380,687	(44,765)	0	335,922
Laos dam floods disaster	20,714	(7,258)	0	13,456
Aceh earthquake relief	106,165	0	0	106,165
Lombok earthquake relief	207,654	(11,400)	0	196,254
Sulawesi earthquake relief	681,050	(137,756)	0	543,294
Sunda strait tsunami relief	293,990	(20,400)	0	273,590
Kerala floods relief	97,907	(39,907)	0	58,000
Myanmar conflicts and flood	58,490	0	0	58,490
IDP 2015/2016	10,651	0	0	10,651
Myanmar water kaiyan	195,066	(138,165)	0	56,901
Bangladesh refugees	57,996	(36,424)	0	21,572
South Asia floods	97,730	(28,833)	0	68,897
Jakarta floods 2020	0	47,097	0	47,097
SEA typhoon relief 2020	0	54,343	0	54,343
Bangladesh COVID-19 intervention	0	27,000	0	27,000
Other restricted funds	97,632	(29,946)	(31,061)	36,625
	<u>3,135,925</u>	<u>(296,301)</u>	<u>0</u>	<u>2,839,624</u>
Total funds	<u>4,537,001</u>	<u>246,485</u>	<u>0</u>	<u>4,783,486</u>

**STATEMENT OF CHANGES IN FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)**

	Balance at beginning of the financial year S\$	Net income/ (expenditure) for the financial year S\$	Transfer from/(to) S\$	Balance at end of the financial year S\$
2019				
Unrestricted fund				
General fund	1,174,164	226,912	0	1,401,076
Restricted funds				
General relief fund	792,077	35,005	(8,401)	818,681
SAP fund	11,512	0	0	11,512
Nepal earthquake relief	516,546	(135,859)	0	380,687
Laos dam floods disaster	21,014	(300)	0	20,714
Aceh earthquake relief	146,932	(40,767)	0	106,165
Lombok earthquake relief	285,114	(77,460)	0	207,654
Sulawesi earthquake relief	808,910	(127,860)	0	681,050
Sunda strait tsunami relief	56,415	237,575	0	293,990
Kerala floods relief	122,563	(24,656)	0	97,907
Myanmar conflicts and flood	58,490	0	0	58,490
IDP 2015/2016	16,651	(6,000)	0	10,651
Myanmar water kaiyan	(4,070)	199,136	0	195,066
Bangladesh refugees	103,269	(45,273)	0	57,996
South Asia floods	103,330	(5,600)	0	97,730
Other restricted funds	142,772	(53,541)	8,401	97,632
	<u>3,181,525</u>	<u>(45,600)</u>	<u>0</u>	<u>3,135,925</u>
Total funds	<u>4,355,689</u>	<u>181,312</u>	<u>0</u>	<u>4,537,001</u>

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

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

	Note	2020 S\$	2019 S\$
Cash flows from operating activities			
Net income for the financial year		246,485	181,312
Adjustments for:			
- Depreciation	10	55,555	58,427
- Interest income		(35,862)	(73,231)
- Gain on disposal of property, plant and equipment		0	(1,200)
Operating cash flow before changes in working capital		<u>266,178</u>	<u>165,308</u>
Changes in working capital			
- Other receivables		22,013	108,224
- Other payables		<u>(5,488)</u>	<u>25,483</u>
Net cash generated from operating activities		<u>282,703</u>	<u>299,015</u>
Cash flows from investing activities			
Maturity/(placement) of fixed deposits	8	1,100,000	(250,000)
Interest income received		76,874	34,701
Proceeds from disposal of property, plant and equipment		0	1,200
Purchases of property, plant and equipment	10	<u>(7,074)</u>	<u>(25,900)</u>
Net cash generated from/(used in) investing activities		<u>1,169,800</u>	<u>(239,999)</u>
Net increase in cash and cash equivalents		1,452,503	59,016
Cash and cash equivalents at beginning of financial year		<u>678,185</u>	<u>619,169</u>
Cash and cash equivalents at end of financial year	7	<u>2,130,688</u>	<u>678,185</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

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 for the period from 01 December 2018 to 30 November 2020. The Company has renewed its IPC status from 01 December 2020 to 30 November 2022.

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.

Every member, except Associate and Honorary members, of the Company undertakes to contribute to the assets of the Company, in the event of the same being wound up while he is a member, or within one year after he ceases to be a member, for payment of the debts and liabilities of the Company contracted before he ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustments of the rights of the contributories among themselves, such amount as may be required not exceeding Singapore Dollars One Thousand (S\$1,000) only. The Company has total 12 members (2019: 12 members) as at 31 December 2020.

2. Significant accounting policies**2.1 Basis of preparation**

The financial statements have been prepared in accordance with the Charities Accounting Standard ("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 to the financial statements.

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 Fund raising

Income from special events is recognised on completion of event.

2.2.4 Other income

Other income is recognised when received.

2.3 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to the statement of financial activities over the expected useful life of the relevant asset by equal annual instalments.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

2.4 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.

2.4.1 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.

2.4.2 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.

2.4.3 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.

2.4.4 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 incurred basis

2. Significant accounting policies (Cont'd)

2.5 Property, plant and equipment

2.5.1 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.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

2.5.2 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
Reinstatement cost	Premise's remaining lease term

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.

2.5.3 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.

2.5.4 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. Significant accounting policies (Cont'd)**2.6 Financial assets****2.6.1 Recognition and measurement**

Receivables, excluding prepayments, are initially recognised at their transaction price, excluding transaction costs, if any. Transaction costs are recognised as expenditure in the statement of financial activities as incurred. Prepayments are initially recognised at the amount paid in advance for the economic resources expected to be received in the future.

Receivables in financial assets are subsequently measured at cost less accumulated impairment losses.

2.6.2 Derecognition

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 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.

An allowance for impairment of other receivables is 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. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. 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. The amount of the allowance for impairment is recognised in the statement of financial activities within "Governance and administrative costs".

Subsequently, if the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss will be reversed. The reversal will not result in any carrying amount of the financial asset (net of any allowance account) that exceeds what the carrying amount would have been had the impairment not previously been recognised. The amount of reversal is recognised in the statement of financial activities.

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 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.

2. Significant accounting policies (Cont'd)**2.8 Financial liabilities (Cont'd)**

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.

2.9 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.

2.10 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.

2.11 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.

2.12 Operating leases as leasee

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the statement of financial activities on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Rental on operating lease is charged to the statement of financial activities.

2.13 Employee compensation**2.13.1 Defined contribution plans**

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund ("CPF"), on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The Company's contribution to defined contribution plans are recognised as employee compensation expense when they are due.

2.13.2 Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

2. Significant accounting policies (Cont'd)**2.14 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.

2.15 Events after the reporting date

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

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 date. 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 key critical judgements in applying the entity's accounting policies concerning the future at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Government grants

Government grants to meet operating expenses are recognised as income in the income and expenditure statement on the accrual basis in the year these operating expenses were incurred and there is reasonable assurance that the Society will comply with the conditions attached to it. For certain grants, the government agencies reserve the right to withdraw, withhold or reduce the amount of any funds approved but not yet disbursed or to call for the refund of all funds which have been disbursed to the Company if the conditions are not met.

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 date 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.

Useful lives of property, plant and equipment

Management determines the estimated useful lives and the related depreciation for its property, plant and equipment based on the period over which the property, plant and equipment are expected to provide economic benefits. Management's estimation of the useful lives of property, plant and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets.

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

3.2. Key sources of estimation uncertainty (Cont'd)

Useful lives of property, plant and equipment (Cont'd)

The estimation of the useful lives of the property, plant and equipment could change significantly due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of property, plant and equipment. The depreciation charge is increased where useful lives are less than previously estimated lives.

The carrying value of property, plant and equipment as of 31 December 2020 and 2019 are disclosed in Note 10 of the financial statements.

Based on Management's assessment, no change in the estimated useful lives of property, plant and equipment is required as of 31 December 2020 and 2019.

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

	2020 S\$	2019 S\$
Tax deductible donations	411,850	373,111
Non-tax deductible donations	690,978	910,044
	<u>1,102,828</u>	<u>1,283,155</u>

During the financial year, the Company issued tax-exempt receipts for donations collected amounting to S\$411,850 (2019: S\$373,111) pursuant to its Institutions of a Public Character ("IPC") Status.

6. Staff costs

	2020 S\$	2019 S\$
Employer's CPF contribution	59,490	53,490
Foreign worker levy	5,000	321
Medical and dental	720	1,062
NS Claim	(605)	(1,980)
Provision for unconsumed leaves	0	1,613
Salaries and allowances	433,295	400,360
Skill development levy	770	1,781
Staff recruitment and training	1,032	7,319
Staff welfare	1,213	686
	<u>500,915</u>	<u>464,652</u>
The staff costs were allocated as follows:		
• Costs of charitable activities	430,702	371,326
• Governance and administrative costs	70,213	93,326
	<u>500,915</u>	<u>464,652</u>

7. Cash and cash equivalents

	2020 S\$	2019 S\$
Cash on hand	600	600
Cash at bank	2,130,088	677,585
	<u>2,130,688</u>	<u>678,185</u>

8. Fixed deposits

	2020 S\$	2019 S\$
Fixed deposits	<u>2,650,000</u>	<u>3,750,000</u>

The fixed deposits mature within 1 to 3 months (2019: 3 to 6 months) from the financial year end and earn interest rates ranging from 0.24% to 0.25% (2019: 1.48% to 1.85%) per annum.

9. Other receivables

	2020 S\$	2019 S\$
Interest receivable on fixed deposits	1,207	42,218
Other receivables	26,795	27,426
Deposits	5,354	7,354
Prepayments	1,080	31,937
Grant receivables – Jobs Support Scheme	11,474	0
	<u>45,910</u>	<u>108,935</u>

The Jobs Support Scheme (JSS) provides wage support to employers to help them retain their local employees (Singapore citizens and Permanent Residents) during this period of economic and pandemic uncertainty. JSS payouts are intended to offset local employees wages and help protect their jobs.

10. Property, plant and equipment

	Computer and office equipment S\$	Furniture and fittings S\$	Renovation S\$	Road show equipment S\$	Reinstatement S\$	Total S\$
Cost						
At 1 January 2019	67,752	32,585	142,310	27,114	0	269,761
Additions	900	0	0	0	25,000	25,900
Disposal/written off	(22,077)	0	0	0	0	(22,077)
At 31 December 2019	46,575	32,585	142,310	27,114	25,000	273,584
Additions	3,274	0	0	0	3,800	7,074
At 31 December 2020	49,849	32,585	142,310	27,114	28,800	280,658
Accumulated depreciation						
At 1 January 2019	42,419	15,206	66,411	27,114	0	151,150
Depreciation	10,381	6,517	29,029	0	12,500	58,427
Disposal/written off	(22,077)	0	0	0	0	(22,077)
At 31 December 2019	30,723	21,723	95,440	27,114	12,500	187,500
Depreciation	9,142	6,517	29,031	0	10,865	55,555
At 31 December 2020	39,865	28,240	124,471	27,114	23,365	243,055

10. Property, plant and equipment (Cont'd)

	Computer and office equipment S\$	Furniture and fittings S\$	Renovation S\$	Road show equipment S\$	Reinstatement S\$	Total S\$
Carrying amount						
31 December 2019	15,852	10,862	46,870	0	12,500	86,084
31 December 2020	9,984	4,345	17,839	0	5,435	37,603

	2020			2019		
	Unrestricted fund S\$	Restricted funds S\$	Total S\$	Unrestricted fund S\$	Restricted funds S\$	Total S\$
<u>The breakdown of the depreciation charge as follows:</u>						
Cost of charitable activities	46,195	1,582	47,777	45,174	1,568	46,742
Governance and other administrative costs	7,520	258	7,778	11,293	392	11,685
	53,715	1,840	55,555	56,467	1,960	58,427

11. Other payables

	2020 S\$	2019 S\$
Current		
Accruals	38,441	56,343
Deferred grant income – Jobs Support Scheme	8,614	0
Deferred grant income – NCSS	4,860	4,860
	<u>51,915</u>	<u>61,203</u>
Non-current		
Provision of reinstatement cost	<u>28,800</u>	<u>25,000</u>
Total other payables	<u>80,715</u>	<u>86,203</u>

The deferred grant income – Jobs Support Scheme (JSS) will be recognised as a grant income, on a systematic basis, over the estimated 17 months of economic uncertainty till August 2021 in which the entity recognises the related salary costs.

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

The Company receives donations from the public in response to international public appeals for relief efforts in disaster and crisis-stricken countries. The funds received are retained in the Company and are disbursed to the national societies of affected countries for specific relief cause and development work specified in the public appeal.

2020

Designated country/disaster	At beginning of the year S\$	Collection S\$	Relief mission S\$	Reconstruction S\$	Development S\$	Other expenditure* S\$	Transfer of fund S\$	At end of the year S\$
General relief fund	818,681	72,800	(418)	0	0	(1,840)	31,061	920,284
SAP fund	11,512	0	0	0	0	(429)	0	11,083
Nepal earthquake relief	380,687	0	(13,779)	(1,851)	(29,104)	(31)	0	335,922
Laos dam floods disaster	20,714	0	0	0	(4,758)	(2,500)	0	13,456
Aceh earthquake relief	106,165	0	0	0	0	0	0	106,165
Lombok earthquake relief	207,654	0	0	0	0	(11,400)	0	196,254
Sulawesi earthquake relief	681,050	0	(1,884)	(2,277)	(106,995)	(26,600)	0	543,294
Sunda strait tsunami relief	293,990	0	0	0	0	(20,400)	0	273,590
Kerala floods relief	97,907	0	0	0	(37,107)	(2,800)	0	58,000
Myanmar conflicts and flood	58,490	0	0	0	0	0	0	58,490
IDP 2015/2016	10,651	0	0	0	0	0	0	10,651
Myanmar water kaiyan	195,066	0	(26,062)	0	(112,089)	(14)	0	56,901
Bangladesh refugees	57,996	0	(45)	0	(36,379)	0	0	21,572
South Asia floods	97,730	0	0	(1,115)	(22,118)	(5,600)	0	68,897
Jakarta floods 2020	0	146,463	(67,366)	0	0	(32,000)	0	47,097
SEA typhoon relief 2020	0	112,607	(53,464)	0	0	(4,800)	0	54,343
Bangladesh Covid-19 intervention	0	27,000	0	0	0	0	0	27,000
Other restricted funds	97,632	67,630	(59,155)	0	(30,620)	(7,801)	(31,061)	36,625
Total funds	3,135,925	426,500	(222,173)	(5,243)	(379,170)	(116,215)	0	2,839,624

*Other expenditure comprise of the recharge of staff costs and allocated support costs.

13. Restricted funds (Cont'd)

2019

Designated country/disaster	At beginning of the year S\$	Collection S\$	Relief mission S\$	Reconstruction S\$	Development S\$	Other expenditure* S\$	Transfer of fund S\$	At end of the year S\$
General relief fund	792,077	40,000	(2,588)	0	0	(2,407)	(8,401)	818,681
SAP fund	11,512	0	0	0	0	0	0	11,512
Nepal earthquake relief	516,546	0	0	(8,084)	(124,824)	(2,951)	0	380,687
Laos dam floods disaster	21,014	0	0	0	0	(300)	0	20,714
Aceh earthquake relief	146,932	0	0	(1,036)	(25,931)	(13,800)	0	106,165
Lombok earthquake relief	285,114	101,325	0	0	(158,585)	(20,200)	0	207,654
Sulawesi earthquake relief	808,910	14,696	0	(17,864)	(78,548)	(46,144)	0	681,050
Sunda strait tsunami relief	56,415	277,424	(727)	(657)	(2,069)	(36,396)	0	293,990
Kerala floods relief	122,563	0	0	(1,261)	(4,595)	(18,800)	0	97,907
Myanmar conflicts and flood	58,490	0	0	0	0	0	0	58,490
IDP 2015/2016	16,651	0	0	0	0	(6,000)	0	10,651
Myanmar water kaiyan	(4,070)	300,000	0	0	(96,215)	(4,649)	0	195,066
Bangladesh refugees	103,269	0	(1,667)	0	(36,906)	(6,700)	0	57,996
South Asia floods	103,330	0	0	0	0	(5,600)	0	97,730
Other restricted funds	142,772	72,335	(33,772)	(2,573)	(41,493)	(48,038)	8,401	97,632
Total funds	3,181,525	805,780	(38,754)	(31,475)	(569,166)	(211,985)	0	3,135,925

*Other expenditure comprise of the recharge of staff costs and allocated support costs.

13. Restricted funds (Cont'd)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.

Donations are received with the understanding that the Company has discretion over the use of the donated funds. Every effort will be made to use the donation received or raised in accordance with the indicated intentions. However, donations to programmes or projects that are oversubscribed, or had been substantially completed, may be re-directed to those that have a similar intent, including the general fund which administers these projects centrally, and within the objects of the Company.

During the current financial year, the Board has approved the transfer of deficit or surplus balances of certain Other Restricted Funds to General Relief Fund for S\$31,061 (2019: S\$8,401).

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.

This project is completed in financial year ended 31 December 2017. During the year ended 31 December 2019, the Board have agreed and approved to transfer the surplus balance to General Relief Fund for good governance.

13. Restricted funds (Cont'd)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.

This project is completed in financial year ended 31 December 2019. During the year ended 31 December 2019, the Board have agreed and approved to transfer the surplus balance to General Relief Fund for good governance.

Aceh earthquake relief

On 07 December 2016, 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.

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 Rakhine state in Myanmar.

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.

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.

13. Restricted funds (Cont'd)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.

Myanmar Water Kaiyan

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 reveal that lack of access to safe drinking water is a major contributor to diarrhoea prevalence in Kayin state. Water for Life 2 is an expansion and scaling of the 2017 water project to improve the access of safe drinking water to a further 4 villages (Htoe Kaw Koe, Kone Ma Lay, Kyaw Koh and Phar Klue) to benefit 702 households. This will allow the families to significantly reduce the time spent on fetching water from the spring source, which can take up to 3 to 6 hours a day. The families will then be able to allocate more time to other income generating activities or school. In addition, as part of the project, the team will also run water, sanitation and hygiene (WASH) campaigns to improve the overall hygiene standards of the community to reduce the rates of illness in the community. Lastly, the project will also support disadvantaged families within these 4 communities to provide an additional source of livelihood through animal husbandry.

Lombok Earthquake Relief

This fund was set up to provide humanitarian assistance to communities in Lombok, Indonesia. A deadly magnitude-6.9 earthquake struck Lombok on 5 Aug. killing at least 430 people and injuring more than 1,300 others. Hundreds of thousands of people have been displaced, rendered homeless amid hundreds of powerful aftershocks. More than 67,000 houses and 600 schools are damaged. In response to this disaster, Mercy Relief deployed its disaster response team to the ground in first week August 2018 who worked closely with ground partner, YAKKUM Emergency Unit, to provide water, generator sets, feeding and medical services to over 6,475 people in the North Lombok district. Recovery efforts to restore normalcy back to the lives of the affected are still going on followed by planned recovery, mitigation and preparedness programmes over the next two years working with local partners.

Sulawesi Earthquake Relief

This fund was set up to provide humanitarian assistance to communities in Sulawesi, Indonesia. A deadly magnitude-7.4 earthquake struck Sulawesi on 28 September, killing 4,340 people, injuring 4,612 and displacing 223,751 from their homes in Palu city and districts of Donggala, Sigi, and Parigi Moutong. Around 68,451 houses, 327 places of worship, 265 schools, 78 offices and 362 shops were also damaged in the quake. The earthquake caused a tsunami and major soil liquefaction which contributed to the devastation. In response to an international appeal, Mercy Relief deployed its disaster response team in first week October 2018 who worked closely with ground partner, YAKKUM Emergency Unit, to provide food packs and water, mobile medical services, shelter kits and generators set to benefit over 5,233 people in Palu city and Sigi district. Recovery efforts continue to first quarter 2019 with major development and reconstruction work planned for next two years.

13. Restricted funds (Cont'd)Sunda Strait Tsunami Relief

This fund was set up to provide humanitarian assistance to communities in Sunda Strait region. Believed to be triggered by a series of landslide from Krakatoa Volcano, a tsunami struck coastal areas around the Sunda Strait between the islands of Sumatra and Java on 22 Dec night. This disaster has resulted in 437 deaths, 14,059 injuries, 33,719 displaced people and 2,752 houses damaged. In response to an appeal from our partner, Pusat Kajian dan Perlindungan Anak (PKPA), Mercy Relief deployed its disaster response team to provide water, hygiene kits, food packs, blankets and mattresses to over 1,950 survivors in Pandeglang district.

Kerala Floods Relief

This fund was set up to provide humanitarian assistance to communities in Kerala, India. From 9 August 2018, severe floods and landslides affected the south Indian state of Kerala, due to unusually high rainfall during the monsoon season. The Kerala flood disaster has claimed 483 lives and affected more than 1.45 million people. In response to this disaster, Mercy Relief deployed its disaster response team in mid-August 2018 who worked closely with ground partner, Rapid Response, to provide food packs, hygiene kits and well cleaning services to over 1,875 beneficiaries in the district of Ernakulam and Alappuzha. Next phase of mitigation and preparedness efforts are expected to start in mid-2019 in Ernakulam.

Laos Dam Floods Disaster

This fund was set up to provide humanitarian assistance to communities in Laos. The collapse of the Xe-Pian Xe-Namnoy dam, killed 43 people including six who were injured and died in hospital. Some 28 people are still missing and thousands have been left homeless. In response to an appeal from ground partner, Shanti Volunteer Association, Mercy Relief deployed its disaster response team to provide relief packs, solar lamps as well as large pots and kitchen utensils for providing hot meals to the camp of over 1,800 survivors in Attapeu province.

Jakarta Floods

This fund is set up to provide humanitarian assistance to communities in Jakarta affected by torrential downpour causing flooding and landslides in Jan 2020. At least 510,000 people were affected with more than 27,000 displaced.

Southeast Asia Flood and Typhoon Relief

This fund is set up to provide humanitarian assistance to communities in Vietnam and Philippines affected by tropical storms, typhoon, and flooding in Oct 2020. Relief aid involved distribution of food packs, hygiene kits and filtration systems to more than 6,000 beneficiaries.

COVID-19 Intervention Projects

Bangladesh, India and Indonesia are heavily affected by COVID-19. Relief aid consisted of provision of food packs, dry rations, hygiene kits, swap booths, personal protective equipment, goggles and face shields, as well as running public health awareness programs.

13. Restricted funds (Cont'd)Other Restricted Fundsa) *Japan Floods Relief*

This fund was set up to provide humanitarian assistance to communities in Japan. In late June through mid-July 2018, successive heavy downpours in southwestern Japan resulted in widespread, devastating floods and mudflows. The disaster have left over 225 people dead across 15 prefecture and more than 8 million people ordered to evacuate from their homes. In response to an appeal from our ground partner, Association for Aid and Relief, Japan, Mercy Relief deployed its disaster response team to provide hot meals to over 6,000 survivors in Mabi town in Okayama prefecture. Mercy Relief has since also begun recovery activities in Ehime, Hiroshima and Okayama prefectures. These projects include supporting the health care service at two social welfare centres in Okayama, providing much needed equipment at 2 social welfare centres in Ehime & Hiroshima prefectures which helps the elderly and disabled communities.

b) *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 225 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.

c) *Typhoon Hagibis*

This fund was set up to provide humanitarian assistance to communities in Japan affected by floods and landslide triggered by heavy rains brought by Typhoon Hagibis in Oct 2019. This typhoon was classified the typhoon as 'very strong', the highest classification level on Japan's typhoon scale, by Japan's Meteorological Agency (JMA). This typhoon has unleashed strong winds and torrential rain across 38 out of the country's 47 prefectures in Japan, resulting in 99 fatalities, 381 injured and 3 missing. 112,651 building structures were damaged, while embankments in 73 locations along 52 rivers were collapsed. In response to an appeal for international assistance made by Mercy Relief's ground partner Association for Aid and Relief (AAR), Japan, Mercy Relief deployed its disaster response team who worked closely with the ground partner to start hot meal provision for more than 4,900 survivors in the heavily affected Miyagi, Fukushima and Nagano Prefectures. Currently, Mercy Relief is supporting recovery and mitigation efforts by peoples with disabilities, one of the most vulnerable groups in the affected communities in Japan.

d) *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.

13. Restricted funds (Cont'd)Other Restricted Funds (Cont'd)d) *Typhoon Haiyan relief (Cont'd)*

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).

e) *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.

f) *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.

g) *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)

Other Restricted Funds (Cont'd)

h) *Myanmar Water Hmawbi*

The township of Hmawbi is located near northern part of Yangon Region in Myanmar. It is 2 hours distance northwest of the city of Yangon. Although, Hmawbi Township was close to the main town of Yangon but lack of basic services such as clean water and water, sanitation and hygiene (WASH) programmes. This project was conceptualised to provide 2 schools and one village with deep tube well water source, hand washing stands and toilets for school children with urinal attached to benefit over 4,200 people. All activities were implemented accordingly to the National WASH Cluster standards, water needs and water requirement of the communities. Through these activities, families save money on purchasing drinking water and are also able to allocate more time to income-generating activities, other household chores as well as study time for children. The improved school environment make it more attractive and reduces the chance of students skipping school due to lack of water and toilet, especially for girls during their period.

i) *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.

j) *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 premises and office equipment from non-related parties under non-cancellable operating lease agreements.

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

	2020 S\$	2019 S\$
Not later than one year	26,669	61,241
Later than one year but not later than five years	2,719	62,733
	<u>29,388</u>	<u>123,974</u>

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 the one 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:

	2020 S\$	2019 S\$
Salaries and other short-term employee benefits	95,318	55,250
Employer's contribution to CPF	13,396	6,843
	<u>108,714</u>	<u>62,093</u>
	2020	2019
	No. of key management personnel	
Remuneration band (S\$)		
Above S\$100,000 and below \$150,000	<u>1</u>	<u>0</u>

Key management personnel is the Chief Executive Officer having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

16. 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 projects at a rate of S\$100 per man hour and is separate from the direct administration and fundraising expenses which is capped at 5% of the donations.

17. Support costs

The following support costs for financial years ended 31 December 2020 and 2019 were allocated as follows:

	Charitable activities S\$	Governance and administrative costs S\$	Total support costs S\$	Basis of apportionment
2020				
Bank charges	501	81	582	Headcount
Depreciation	47,777	7,778	55,555	Headcount
Employer's CPF contribution	51,161	8,329	59,490	Headcount
Foreign workers levy	4,300	700	5,000	Headcount
Insurance	3,810	620	4,430	Headcount
Medical and dental	619	101	720	Headcount
Office rental	36,808	5,992	42,800	Headcount
Office supplies	4,023	655	4,678	Headcount
Printing and photocopying	1,715	279	1,994	Headcount
Repairs and maintenance	7,031	1,145	8,176	Headcount
Salary and allowances	372,634	60,661	433,295	Headcount
Skill development levy	662	108	770	Headcount
Staff recruitment and training	888	144	1,032	Headcount
Telecom and IT charges	10,080	1,641	11,721	Headcount
Transport and travelling	689	112	801	Headcount
Utilities	9,291	1,512	10,803	Headcount
Welfare	1,043	170	1,213	Headcount
Total	553,032	90,028	643,060	

	Charitable activities S\$	Governance and administrative costs S\$	Total support costs S\$	Basis of apportionment
2019				
Bank charges	6,248	1,562	7,810	Headcount
Depreciation	46,742	11,685	58,427	Headcount
Employer's CPF contribution	42,792	10,698	53,490	Headcount
Foreign workers levy	257	64	321	Headcount
Insurance	4,366	1,091	5,457	Headcount
Medical and dental	850	212	1,062	Headcount
Office rental	41,088	10,272	51,360	Headcount
Office supplies	4,859	1,215	6,074	Headcount
Printing and photocopying	1,443	361	1,804	Headcount
Repair and maintenance	2,187	547	2,734	Headcount
Salary and allowances	320,288	80,072	400,360	Headcount
Skill development levy	1,425	356	1,781	Headcount
Staff cost	1,290	323	1,613	Headcount
Staff recruitment and training	5,855	1,464	7,319	Headcount
Telecom and IT charges	14,286	3,572	17,858	Headcount
Transport and travelling	1,674	419	2,093	Headcount
Utilities	9,382	2,346	11,728	Headcount
Welfare	549	137	686	Headcount
Total	505,581	126,396	631,977	

18. Reserve position and policy

The Company's reserve position for the financial year ended 31 December 2020 and 31 December 2019 are as follows:

		2020	2019	Increase/ (decrease)
		S\$'000	S\$'000	%
A	Unrestricted Fund			
	General Fund	1,938	1,401	38.33%
B	Restricted or Designated Funds			
	Designated Funds	N/A	N/A	N/A
	Restricted Funds	2,840	3,136	-9.44%
C	Endowment Fund	N/A	N/A	N/A
D	Total Funds	4,778	4,537	5.31%
E	Total Annual Operating Expenditure	1,318	1,300	1.38%
F	Ratio of Funds to Annual Operating Expenditure (A/E)	1.47	1.08	

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 Board intends to maintain the reserves at a level sufficient for its operating needs. Management reviews the level of reserves regularly for the Company's continuing obligations.

19. Comparative figures

Certain reclassifications have been made to the comparative information to enhance comparability with current year's financial statements.

The following reclassifications are made:

2019	As previously reported S\$	Reclassification S\$	As reclassified S\$
<u>Statement of financial position</u>			
Japan floods relief	463	(463)	0
Typhoon Haima relief	12,955	(12,955)	0
Typhoon Haiyan relief	10,463	(10,463)	0
MFA Timor Leste project	88	(88)	0
Indonesia DREEM development work	4,122	(4,122)	0
Myanmar water	997	(997)	0
Myanmar water hmawbi	2,432	(2,432)	0
Sri Lanka floods	2,728	(2,728)	0
Typhoon Hagibis	24,684	(24,684)	0
Myanmar conflict Rakhine	38,700	(38,700)	0
Other restricted funds	0	97,632	97,632
<u>Statement of financial activities</u>			
Other income	83,923	(79,177)	4,746
Interest income	0	73,231	73,231
Wage credit scheme	0	5,946	5,946

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. Impact of COVID-19 (Coronavirus Disease 2019)

The COVID-19 pandemic has affected almost all countries of the world, and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments. The Company's significant operations are in Asian countries which have been affected by the spread of COVID-19 in 2020. The nature 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. The Company is maintained through donation received from the public and grants income provided by the government authority. Therefore, the impact of COVID-19 on the Company's operations are minimal. Summarise the impact of COVID-19 as below on the Company's financial performance reflected in this set of financial statements for the year ended 31 December 2020:

- i. The Company has assessed that the going concern basis of preparation for this set of financial statements remains appropriate. The Board is continuously monitoring the COVID-19 pandemic situation and will take further action as necessary in response to the service disruptions.
- ii. The Singapore Multi-Ministry Taskforce implemented an elevated set of safe distancing measures as a circuit breaker from 7 April 2020 to 1 June 2020, to pre-empt the trend of increasing local transmission of COVID-19. Except for those providing essential services and selected economic sectors which are critical for our local and the global supply chains, all businesses are required to suspend all in-person activities and the Company's physical operations were temporarily closed to adhere to the respective governments' movement control measures.
- iii. In 2020, the Company received rental waiver of S\$8,560 for its office rental during the circuit breaker period enforced by the Singapore Multi-Ministry Taskforce.
- iv. The Company made salary revisions and cost cutting measures to reduce the operating expenditures. Cost cutting measures include the suspension of overseas training, digitalizing marketing and fund raising campaigns, and placement of surplus funds into higher interest bearing time deposits.
- v. The government has also implemented assistance measure which might mitigate some of the impact of COVID-19 on the Company's results and liquidity.

As the global COVID-19 situation remains very fluid as at the date these financial statements were authorised for issuance, the Company cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance for the financial year ending 31 December 2021. If the situation persists beyond management's current expectations, the Company's assets may be subject to further write downs in the subsequent financial periods.

22. Authorisation of financial statements

The financial statements for the financial year ended 31 December 2020 were authorised for issue in accordance with a resolution of the Board of Directors on 4 May 2021.