

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 2022**

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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 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 2022.

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 2022 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:

Nalini Naidu
Ng Siew Hoong
Koh Yee Ling (Xu Yiling)
Lam Wy-ning
Cheong Tuck Yan Titus Jim
Mohamad Saiful Bin Saroni
Suhaimi Bin Rafdi
Vincent Ling Chi-Hsin (Lin Jixun)
Alwi Bin Abdul Hafiz
Chairul Fahmy Bin Hussaini
Satwant Singh S/O Sarban Singh

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

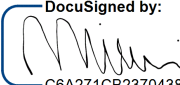
As the Company is limited by guarantee, matters relating to interest in shares, debentures or share options are not applicable.

DIRECTORS' STATEMENT (CONT'D)

Independent auditor


The independent auditor, 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:

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Suhaimi Bin Rafdi
Director

Singapore, 23 April 2024

DocuSigned by:

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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:

MERCY RELIEF LIMITED

[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 as at 31 December 2022, and the statement of financial activities, statement of changes in funds and statement of cash flows 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 1967 (the "Companies Act"), the Charities Act 1994 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 2022 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 information included in the Directors' statement (set out on page 2 to 3), but does not include the financial statements and our auditor's report thereon which we obtained prior to the date of this auditor's report, and the annual report, which we expected to be made available to us after that date.

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
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Singapore 408571
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F: (65) 6491.5218

(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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(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 auditor's 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

Public Accountants and
Chartered Accountants of Singapore

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(CONT'D)

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 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, 23 April 2024

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

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022			2021 (Restated)		
		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	436,205	246,349	682,554	467,353	37,319	504,672
Grants and funding:							
- NCSS grants		7,552	0	7,552	5,254	0	5,254
- Bicentennial Community Fund		0	0	0	75,052	0	75,052
- Tote Board grants		0	0	0	304,753	0	304,753
- Others		1,338	0	1,338	121	0	121
	21	445,095	246,349	691,444	852,533	37,319	889,852
Other income							
Interest income		35,521	0	35,521	10,007	0	10,007
Jobs growth incentive		20,342	0	20,342	4,685	0	4,685
Jobs support scheme grant		0	0	0	13,812	0	13,812
Wage credit scheme		0	0	0	4,845	0	4,845
Others		1,241	0	1,241	0	0	0
	21	57,104	0	57,104	33,349	0	33,349
Total income		502,199	246,349	748,548	885,882	37,319	923,201

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

Note	2022			2021 (Restated)		
	Unrestricted fund	Restricted funds	Total unrestricted and restricted funds	Unrestricted fund	Restricted funds	Total unrestricted and restricted funds
	S\$	S\$	S\$	S\$	S\$	S\$
EXPENDITURE						
Cost of generating funds						
	150	0	150	349	0	349
	13,222	0	13,222	18,270	0	18,270
	<u>13,372</u>	<u>0</u>	<u>13,372</u>	<u>18,619</u>	<u>0</u>	<u>18,619</u>
Cost of charitable activities						
	747	445	1,192	439	0	439
	8,367	0	8,367	34,338	0	34,338
10	0	0	0	0	286,949	286,949
	4,329	0	4,329	2,968	0	2,968
	27,054	0	27,054	32,759	0	32,759
	5,157	0	5,157	4,809	0	4,809
	1,308	0	1,308	2,318	0	2,318
	3,088	273,063	276,151	0	165,144	165,144
	3,589	0	3,589	1,367	0	1,367
6	333,859	0	333,859	327,765	0	327,765
	9,752	0	9,752	7,727	0	7,727
	1,020	190	1,210	224	0	224
	6,667	0	6,667	7,683	0	7,683
	<u>404,937</u>	<u>273,698</u>	<u>678,635</u>	<u>422,397</u>	<u>452,093</u>	<u>874,490</u>

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

	Note	2022			2021 (Restated)		
		Unrestricted fund	Restricted funds	Total unrestricted and restricted funds	Unrestricted fund	Restricted funds	Total Unrestricted and restricted funds
		S\$	S\$	S\$	S\$	S\$	S\$
EXPENDITURE (CONT'D)							
Governance and administrative costs							
Audit and certification fees		9,700	700	10,400	9,784	2,213	11,997
Bank charges		194	0	194	71	0	71
Board expense		0	0	0	45	0	45
Depreciation of property, plant and equipment	10	1,362	0	1,362	5,590	0	5,590
Insurance		705	0	705	483	0	483
Licences fees		0	0	0	402	0	402
Office rental		4,404	0	4,404	5,333	0	5,333
Office supplies		839	0	839	783	0	783
Printing and photocopying		213	0	213	377	0	377
Professional fees		11,893	0	11,893	6,093	0	6,093
Repairs and maintenance		584	0	584	223	0	223
Staff costs	6	54,350	0	54,350	53,357	0	53,357
Telecom and IT charges		1,587	0	1,587	1,258	0	1,258
Transport and travelling		197	0	197	36	0	36
Utilities		1,085	0	1,085	1,251	0	1,251
		<u>87,113</u>	<u>700</u>	<u>87,813</u>	<u>85,086</u>	<u>2,213</u>	<u>87,299</u>

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

	Note	2022			2021 (Restated)		
		Unrestricted fund	Restricted funds	Total unrestricted and restricted funds	Unrestricted fund	Restricted funds	Total Unrestricted and restricted funds
		S\$	S\$	S\$	S\$	S\$	S\$
Total expenditure before reallocation		505,422	274,398	779,820	526,102	454,306	980,408
Allocation of HQ expenses	16	(57,600)	57,600	0	(76,000)	76,000	0
Total expenditure after reallocation		447,822	331,998	779,820	450,102	530,306	980,408
Net income/(expenditure) for the financial year		54,377	(85,649)	(31,272)	435,780	(492,987)	(57,207)
Transfer from funds	13	0	0	0	0	(2,957)	(2,957)
Transfer to funds	13	0	0	0	2,957	0	2,957
Net transfer in funds		0	0	0	2,957	(2,957)	0
Net movement in funds		54,377	(85,649)	(31,272)	438,737	(495,944)	(57,207)
Total funds brought forward		2,382,599	2,343,680	4,726,279	1,943,862	2,839,624	4,783,486
Total funds carried forward		2,436,976	2,258,031	4,695,007	2,382,599	2,343,680	4,726,279

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

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	2022 S\$	2021 S\$ (Restated)
ASSETS			
Current assets			
Cash and cash equivalents	7	2,990,872	1,071,270
Fixed deposits	8	1,653,780	3,550,000
Other receivables	9	73,680	119,799
		<u>4,718,332</u>	<u>4,741,069</u>
Non-current assets			
Property, plant and equipment	10	<u>13,873</u>	<u>21,054</u>
Total assets		<u>4,732,205</u>	<u>4,762,123</u>
LIABILITIES			
Current liabilities			
Other payables	11	<u>37,198</u>	<u>35,844</u>
Total liabilities		<u>37,198</u>	<u>35,844</u>
NET ASSETS		<u>4,695,007</u>	<u>4,726,279</u>
FUNDS			
Unrestricted fund			
General fund	12	<u>2,436,976</u>	<u>2,382,599</u>
Restricted funds			
General relief fund	13	865,714	865,714
SAP fund	13	8,126	8,126
Nepal earthquake relief	13	279,796	285,074
Laos dam floods disaster	13	4,281	6,108
Aceh earthquake relief	13	106,165	106,165
Lombok earthquake relief	13	192,086	192,836
Sulawesi earthquake relief	13	427,284	441,384
Sunda strait tsunami relief	13	132,816	154,495
Kerala floods relief	13	14,699	17,499
Myanmar conflicts and flood	13	58,490	58,490
IDP 2015/2016	13	10,651	10,651
Myanmar water kaiyan	13	33,982	33,997
South Asia floods	13	17,853	19,839
Jakarta floods 2020	13	(1,383)	6,542
SEA typhoon relief 2020	13	50,478	52,130
Bangladesh COVID-19 intervention	13	23,720	23,720
Typhoon Rai relief	13	43,705	28,728
Tropical Storm Megi 2022	13	(79,152)	0
South Asia Flood 2022	13	(60,883)	0
Pakistan Flood 2022	13	107,648	0
Cianjur Earthquake Relief 2022	13	3,698	0
Other restricted funds	13	18,257	32,182
		<u>2,258,031</u>	<u>2,343,680</u>
TOTAL FUNDS		<u>4,695,007</u>	<u>4,726,279</u>

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

**STATEMENT OF CHANGES IN FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	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\$
2022				
Unrestricted fund				
General fund	<u>2,382,599</u>	<u>54,377</u>	<u>0</u>	<u>2,436,976</u>
Restricted funds				
General relief fund	865,714	0	0	865,714
SAP fund	8,126	0	0	8,126
Nepal earthquake relief	285,074	(5,278)	0	279,796
Laos dam floods disaster	6,108	(1,827)	0	4,281
Aceh earthquake relief	106,165	0	0	106,165
Lombok earthquake relief	192,836	(750)	0	192,086
Sulawesi earthquake relief	441,384	(14,100)	0	427,284
Sunda strait tsunami relief	154,495	(21,679)	0	132,816
Kerala floods relief	17,499	(2,800)	0	14,699
Myanmar conflicts and flood	58,490	0	0	58,490
IDP 2015/2016	10,651	0	0	10,651
Myanmar water kaiyan	33,997	(15)	0	33,982
South Asia floods	19,839	(1,986)	0	17,853
Jakarta floods 2020	6,542	(7,925)	0	(1,383)
SEA typhoon relief 2020	52,130	(1,652)	0	50,478
Bangladesh COVID-19 Intervention	23,720	0	0	23,720
Typhoon Rai relief	28,728	14,977	0	43,705
Tropical storm Megi 2022	0	(79,152)	0	(79,152)
South Asia flood 2022	0	(60,883)	0	(60,883)
Pakistan flood 2022	0	107,648	0	107,648
Cianjur earthquake relief 2022	0	3,698	0	3,698
Other restricted funds	<u>32,182</u>	<u>(13,925)</u>	<u>0</u>	<u>18,257</u>
	<u>2,343,680</u>	<u>(85,649)</u>	<u>0</u>	<u>2,258,031</u>
Total funds	<u>4,726,279</u>	<u>(31,272)</u>	<u>0</u>	<u>4,695,007</u>

**STATEMENT OF CHANGES IN FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (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\$
2021 (Restated)				
Unrestricted fund				
General fund	<u>1,943,862</u>	<u>435,780</u>	<u>2,957</u>	<u>2,382,599</u>
Restricted funds				
General relief fund	920,284	(54,570)	0	865,714
SAP fund	11,083	0	(2,957)	8,126
Nepal earthquake relief	335,922	(50,848)	0	285,074
Laos dam floods disaster	13,456	(7,348)	0	6,108
Aceh earthquake relief	106,165	0	0	106,165
Lombok earthquake relief	196,254	(3,418)	0	192,836
Sulawesi earthquake relief	543,294	(101,910)	0	441,384
Sunda strait tsunami relief	273,590	(119,095)	0	154,495
Kerala floods relief	58,000	(40,501)	0	17,499
Myanmar conflicts and flood	58,490	0	0	58,490
IDP 2015/2016	10,651	0	0	10,651
Myanmar water kaiyan	56,901	(22,904)	0	33,997
South Asia floods	68,897	(49,058)	0	19,839
Jakarta floods 2020	47,097	(40,555)	0	6,542
SEA typhoon relief 2020	54,343	(2,213)	0	52,130
Bangladesh COVID-19 intervention	27,000	(3,280)	0	23,720
Typhoon Rai relief	0	28,728	0	28,728
Other restricted funds	<u>58,197</u>	<u>(26,015)</u>	<u>0</u>	<u>32,182</u>
	<u>2,839,624</u>	<u>(492,987)</u>	<u>(2,957)</u>	<u>2,343,680</u>
Total funds	<u><u>4,783,486</u></u>	<u><u>(57,207)</u></u>	<u><u>0</u></u>	<u><u>4,726,279</u></u>

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

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	Note	2022 S\$	2021 S\$ (Restated)
Cash flows from operating activities			
Net expenditure for the financial year		(31,272)	(57,207)
Adjustments for:			
- Depreciation of property, plant and equipment	10	9,729	39,928
- Interest income		(35,521)	(9,561)
Operating cash flow before working capital changes		(57,064)	(26,840)
Changes in working capital			
- Other receivables		1,968,270	(71,536)
- Other payables		1,354	(44,871)
Net cash generated from/(used in) operating activities		<u>1,912,560</u>	<u>(143,247)</u>
Cash flows from investing activities			
Placement of fixed deposits		(1,707,435)	(900,000)
Proceeds from maturity of fixed deposits		1,700,000	0
Interest income received		17,025	7,208
Purchases of property, plant and equipment	10	(2,548)	(23,379)
Net cash generated from/(used in) investing activities		<u>7,042</u>	<u>(916,171)</u>
Net increase/(decrease) in cash and cash equivalents		1,919,602	(1,059,418)
Cash and cash equivalents at beginning of financial year		<u>1,071,270</u>	<u>2,130,688</u>
Cash and cash equivalents at end of financial year	7	<u><u>2,990,872</u></u>	<u><u>1,071,270</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

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 is a company limited by guarantee. The Company was registered as a charity under the Charities Act 1994 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 2021. During the current financial year, the Company has renewed its IPC status from 01 December 2022 to 30 November 2024.

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 11 members (2021: 5 members) as at 31 December 2022.

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. Significant accounting policies (Cont'd)**2.2 Income recognition (Cont'd)**

Income is recognised as follows: (cont'd)

2.2.2 Fund raising

Income from special events is recognised on completion of event.

2.2.3 Other income

Other income is recognised when received.

2.3 Government grants

Government 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. Government grants related to assets after recognition will then be reduced over the useful life of the asset in line with its depreciation.

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.

Property, plant and equipment are not revalued and are not required to be assessed for impairment under CAS.

2.5.2 Depreciation

Depreciation of property, plant and equipment 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.

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

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 repairs 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.

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.

Fixed deposits that have short maturities of three months or less from the date of acquisition are reported as cash and cash equivalents. All other fixed deposits are reported separately in the statement of financial position.

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

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial 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" in the statement of financial position.

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 expire. 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. Significant accounting policies (Cont'd)**2.12 Operating leases as lessee**

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.

2.14 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 statement of financial activities on the accrual basis in the year these operating expenses were incurred and there is reasonable assurance that the Company 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.

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 2022 and 2021 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 2022 and 2021.

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, Chapter 134.

5. Donations

	2022 S\$	2021 S\$
Tax deductible donations	347,874	393,506
Non-tax deductible donations	<u>334,680</u>	<u>111,166</u>
	<u>682,554</u>	<u>504,672</u>

During the financial year, the Company issued tax-exempt receipts for donations collected amounting to S\$347,874 (2021: S\$393,506) pursuant to its Institutions of a Public Character ("IPC") status.

6. Staff costs

	2022 S\$	2021 S\$
Employer's CPF contribution	44,874	43,151
FWL and skills development levy	697	1,519
Provision for unconsumed leaves	0	11,745
Salaries and allowances	341,775	323,272
Other staff related costs	<u>863</u>	<u>1,435</u>
	<u>388,209</u>	<u>381,122</u>
The staff costs were allocated as follows:		
• Costs of charitable activities	333,859	327,765
• Governance and administrative costs	<u>54,350</u>	<u>53,357</u>
	<u>388,209</u>	<u>381,122</u>

7. Cash and cash equivalents

	2022 S\$	2021 S\$
Cash on hand	0	600
Cash at bank	1,087,217	1,070,670
Fixed deposits	<u>1,903,655</u>	<u>0</u>
	<u>2,990,872</u>	<u>1,071,270</u>

The fixed deposits mature within 1 to 3 months (2021: NIL) from the financial year end and earn interest rates ranging from 3.00% to 3.50% (2021: NIL) per annum.

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8. Fixed deposits

	2022 S\$	2021 S\$
Fixed deposits	<u>1,653,780</u>	<u>3,550,000</u>

The fixed deposits mature within 3 to 8 months (2021: 1 to 8 months) from the financial year end and earn interest rates ranging from 2.50% to 2.85% (2021 0.27% to 0.42%) per annum.

At the reporting date, the tenure of fixed deposits are as follows:

	2022 S\$	2021 S\$
6 months	750,000	2,650,000
12 months	<u>903,780</u>	<u>900,000</u>
	<u>1,653,780</u>	<u>3,550,000</u>

9. Other receivables

	2022 S\$	2021 S\$ (Restated)
Deposits	3,695	3,695
Donation receivables	40,463	26,697
Grant receivables	0	70,900
Interest receivable on fixed deposits	22,057	3,560
Prepayments	1,225	3,847
Other receivables	<u>6,240</u>	<u>11,100</u>
	<u>73,680</u>	<u>119,799</u>

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 2021	49,849	32,585	142,310	27,114	28,800	280,658
Additions	23,379	0	0	0	0	23,379
Written off	0	0	0	(27,114)	(28,800)	(55,914)
At 31 December 2021	73,228	32,585	142,310	0	0	248,123
Additions	2,548	0	0	0	0	2,548
Written off	0	0	0	0	0	0
At 31 December 2022	75,776	32,585	142,310	0	0	250,671
Accumulated depreciation						
At 1 January 2021	39,865	28,240	124,471	27,114	23,365	243,055
Depreciation	12,309	4,345	17,839	0	5,435	39,928
Written off	0	0	0	(27,114)	(28,800)	(55,914)
At 31 December 2021	52,174	32,585	142,310	0	0	227,069
Depreciation	9,729	0	0	0	0	9,729
At 31 December 2022	61,903	32,585	142,310	0	0	236,798
Carrying amount						
31 December 2021	21,054	0	0	0	0	21,054
31 December 2022	13,873	0	0	0	0	13,873

2022			2021		
Unrestricted fund S\$	Restricted funds S\$	Total S\$	Unrestricted fund S\$	Restricted funds S\$	Total S\$

The breakdown of the depreciation charge as follows:

Cost of charitable activities	8,367	0	8,367	34,338	0	34,338
Governance and other administrative costs	1,362	0	1,362	5,590	0	5,590
	9,729	0	9,729	39,928	0	39,928

11. Other payables

	2022 S\$	2021 S\$
<u>Current</u>		
Accruals	27,003	18,172
Deferred grant income – NCSS	6,790	17,672
Other payables	3,405	0
	<u>37,198</u>	<u>35,844</u>

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.

Movement of the restricted funds during the financial year are as follows:

2022

Designated country/disaster	At beginning of the year S\$	Collection S\$	Relief mission S\$	Development S\$	Other expenditure* S\$	Transfer of funds S\$	At end of the year S\$
General relief fund	865,714	0	0	0	0	0	865,714
SAP fund	8,126	0	0	0	0	0	8,126
Nepal earthquake relief	285,074	0	(5,278)	0	0	0	279,796
Laos dam floods disaster	6,108	0	(976)	0	(851)	0	4,281
Aceh earthquake relief	106,165	0	0	0	0	0	106,165
Lombok earthquake relief	192,836	0	(750)	0	0	0	192,086
Sulawesi earthquake relief	441,384	0	(12,059)	0	(2,041)	0	427,284
Sunda strait tsunami relief	154,495	0	(20,436)	0	(1,243)	0	132,816
Kerala floods relief	17,499	0	0	0	(2,800)	0	14,699
Myanmar conflicts and flood	58,490	0	0	0	0	0	58,490
IDP 2015/2016	10,651	0	0	0	0	0	10,651
Myanmar water kaiyan	33,997	0	(15)	0	0	0	33,982
South Asia floods	19,839	0	(1,946)	0	(40)	0	17,853
Jakarta floods 2020	6,542	0	(5,085)	0	(2,840)	0	(1,383)
SEA typhoon relief 2020	52,130	0	(1,652)	0	0	0	50,478
Bangladesh Covid-19 intervention	23,720	0	0	0	0	0	23,720
Typhoon Rai relief	28,728	38,923	(22,156)	0	(1,790)	0	43,705
Tropical storm Megi 2022	0	7,578	(80,330)	0	(6,400)	0	(79,152)
South Asia flood 2022	0	9,295	(69,478)	0	(700)	0	(60,883)
Pakistan flood 2022	0	182,055	(62,228)	0	(12,179)	0	107,648
Cianjur earthquake relief 2022	0	8,498	0	0	(4,800)	0	3,698
Other restricted funds	32,182	0	(2,674)	0	(11,251)	0	18,257
Total funds	2,343,680	246,349	(285,063)	0	(46,935)	0	2,258,031

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

13. Restricted funds (Cont'd)

Movement of the restricted funds during the financial year are as follows: (cont'd)

2021

Designated country/disaster	At beginning of the year S\$	Collection S\$	Relief mission S\$	Reconstruction S\$	Development S\$	Other expenditure* S\$	Transfer of funds S\$	At end of the year S\$
General relief fund	920,284	0	0	0	0	(54,570)	0	865,714
SAP fund	11,083	0	0	0	0	0	(2,957)	8,126
Nepal earthquake relief	335,922	0	(174)	0	(47,874)	(2,800)	0	285,074
Laos dam floods disaster	13,456	0	0	0	(5,748)	(1,600)	0	6,108
Aceh earthquake relief	106,165	0	0	0	0	0	0	106,165
Lombok earthquake relief	196,254	0	(467)	0	(1,351)	(1,600)	0	192,836
Sulawesi earthquake relief	543,294	0	(41,272)	0	(47,038)	(13,600)	0	441,384
Sunda strait tsunami relief	273,590	0	(61,876)	0	(32,019)	(25,200)	0	154,495
Kerala floods relief	58,000	0	(473)	0	(31,628)	(8,400)	0	17,499
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	56,901	0	0	0	(22,904)	0	0	33,997
South Asia floods	68,897	0	0	0	(45,058)	(4,000)	0	19,839
Jakarta floods 2020	47,097	0	(455)	0	(31,700)	(8,400)	0	6,542
SEA typhoon relief 2020	54,343	0	0	0	0	(2,213)	0	52,130
Bangladesh Covid-19 intereven	27,000	0	(880)	0	0	(2,400)	0	23,720
Typhoon Rai relief	0	61,919	(33,191)	0	0	0	0	28,728
Other restricted funds	58,197	29,970	(26,356)	0	(21,629)	(8,000)	0	32,182
Total funds	2,839,624	91,889	(165,144)	0	(286,949)	(132,783)	(2,957)	2,343,680

*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.

As approved in the Board meeting and disclosed in the Company' website for fund raising campaign, any new fund raising balance starting from FY2021 will be transfer to General Fund for those 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. And those fund balances for project prior to 01.01.2021 will be transfer to General Relief Fund once it's been substantially completed.

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.

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.

13. Restricted funds (Cont'd)Myanmar conflicts and flood (Cont'd)

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.

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.

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.

13. Restricted funds (Cont'd)**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.

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.

13. Restricted funds (Cont'd)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.

Typhoon Rai Relief 2021

This fund is for humanitarian assistance to victims of Typhoon Rai, also called Odette, in the Philippines. Rai had become a Category 5-equivalent typhoon in the western Pacific Ocean this year and is one of the strongest storms of 2021.

As of 28 Dec 2021, 397 people were dead, 83 missing and 1,147 injured.

Tropical Storm Megi 2022

This fund was set up to provide emergency relief assistance for severely affected families caused by Tropical Storm Megi 2022.

Tropical Storm Megi, known in the Philippines as Tropical Storm Agaton, was a weak but deadly tropical cyclone that impacted the Philippines in April 2022. It was the third tropical depression, and the second tropical storm of the 2022 Pacific typhoon season. Megi originated from an area of convection in the Philippine Sea where it slowly tracked northwestward into Leyte Gulf, where it remained almost stationary, slowly tracking to the east. Megi made two landfalls, one in Calicoan Island in Guiuan, and another in Basey, Samar. It continued to track southwestward and reentered the Philippine Sea before dissipating.

Heavy rains and gales led to the sinking of two ships. Major landslides pushed mud over villages in Leyte, burying around 210 houses. As of April 29, 2022, the Philippines' National Disaster Risk Reduction and Management Council (NDRRMC) has reported 214 deaths, 132 missing, and 8 injured.

South Asia Flood 2022

This fund was set up to provide the flood emergency response for the affected community and people in Nagaon, Assam, and Bangladesh. In response to these unprecedented floods, Mercy Relief launched a multi-country relief distribution operation where the response team worked alongside ground partners in India and Bangladesh.

From January to October 2022, excessive rainfall and widespread monsoon flooding occurred in the South Asian countries of Afghanistan, Bangladesh, India, Nepal, Pakistan, and Sri Lanka. It has become the region's deadliest floods since 2020, with over 3,700 people dead.

13. Restricted funds (Cont'd)

Pakistan Flood 2022

This fund was set up to provide the flood emergency response for the affected community and people, maternal Healthcare Relief Aid for Pregnant Mothers and Mobile Healthcare Services, and Winter Clothing Distribution in Sindh Province. In response to these unprecedented floods, Mercy Relief launched a multi-country relief distribution operation where the response team worked alongside ground partners in Pakistan.

From 14 June to October 2022, floods in Pakistan killed 1,739 people and caused Rs 3.2 trillion (\$14.9 billion) of damage and Rs 3.3 trillion (\$15.2 billion) of economic losses. The immediate causes of the floods were heavier than usual monsoon rains and melting glaciers that followed a severe heat wave, both of which are linked to climate change. On 25 August, Pakistan declared a state of emergency because of the flooding.

The flooding was the world's deadliest flood since the 2020 South Asian floods and was described as the worst in the country's history. It was also recorded as one of the costliest natural disasters in world history.

Cianjur Earthquake Relief 2022

This fund was set up to provide emergency relief assistance for severely affected families caused by Cianjur Earthquake in 2022. As well as the company has engaged to obtain assistance to wash Cianjur and pre-schools at Cianjur and early recovery projects.

On 21 November 2022, a Magnitude 5.6 earthquake struck near Cianjur in West Java, Indonesia. The strike-slip earthquake occurred with a focal depth of 11 km (6.8 mi). Between 335 and 635 people died, 7,729 were injured and five remain missing. More than 62,628 homes were damaged across 16 districts in Cianjur Regency and the surrounding region. It is the deadliest earthquake to hit Indonesia since the 2018 Sulawesi earthquake.

Other Restricted Funds

i. 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.

ii. 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.

13. Restricted funds (Cont'd)Other Restricted Funds (Cont'd)*iii. 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.

iv. 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).

v. 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.

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:

	2022 S\$	2021 S\$
Not later than one year	30,389	30,389
Later than one year but not later than five years	<u>15,441</u>	<u>45,830</u>
	<u>45,830</u>	<u>76,219</u>

15. Related party transactions

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

(b) Key management personnel compensation

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:

	2022 S\$	2021 S\$
Salaries and other short-term employee benefits	97,500	92,420
Employer's contribution to CPF	<u>6,360</u>	<u>7,526</u>
	<u>103,860</u>	<u>99,946</u>
	2022 No. of key management personnel	2021
Remuneration band (S\$)		
- Above S\$100,000 and below \$150,000	<u>1</u>	<u>0</u>

Key management personnel is the Executive Director 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 2022 and 2021 were allocated as follows:

	Charitable activities S\$	Governance and administrative costs S\$	Total support costs S\$	Basis of apportionment
2022				
Bank charges	1,192	194	1,386	Headcount
Depreciation of property, plant and equipment	8,367	1,362	9,729	Headcount
Employer's CPF contribution	38,592	6,282	44,874	Headcount
Insurance	4,329	705	5,034	Headcount
Medical and dental	742	121	863	Headcount
Office rental	27,054	4,404	31,458	Headcount
Office supplies	5,157	839	5,996	Headcount
Printing and photocopying	1,308	213	1,521	Headcount
Repairs and maintenance	3,589	584	4,173	Headcount
Salary and allowances	293,926	47,849	341,775	Headcount
Skill development levy	599	98	697	Headcount
Telecom and IT charges	9,752	1,587	11,339	Headcount
Transport and travelling	1,210	197	1,407	Headcount
Utilities	6,667	1,085	7,752	Headcount
Total	402,484	65,520	468,004	

	Charitable activities S\$	Governance and administrative costs S\$	Total support costs S\$	Basis of apportionment
2021				
Bank charges	439	71	510	Headcount
Depreciation of property, plant and equipment	34,338	5,590	39,928	Headcount
Employer's CPF contribution	37,110	6,041	43,151	Headcount
Foreign workers levy	743	121	864	Headcount
Insurance	2,968	483	3,451	Headcount
Medical and dental	651	106	757	Headcount
Office rental	32,759	5,333	38,092	Headcount
Office supplies	4,809	783	5,592	Headcount
Printing and photocopying	2,318	377	2,695	Headcount
Provision for unconsumed leaves	10,101	1,644	11,745	Headcount
Repairs and maintenance	1,367	223	1,590	Headcount
Salary and allowances	278,014	45,258	323,272	Headcount
Skill development levy	563	92	655	Headcount
Staff recruitment and training	138	22	160	Headcount
Telecom and IT charges	7,727	1,258	8,985	Headcount
Transport and travelling	224	36	260	Headcount
Utilities	7,683	1,251	8,934	Headcount
Welfare	445	73	518	Headcount
Total	422,397	68,762	491,159	

18. Fundraising expenses

	Note	2022 S\$	2021 S\$
Direct costs of fund-raising expenses		13,222	18,270
Donations received		424,462	467,353
Percentage of direct fund-raising expenses over gross donations		3.12%	3.91%

19. Reserve position and policy

The Company's reserve position for the financial year ended 31 December 2022 and 31 December 2021 are as follows:

		2022 S\$'000	2021 S\$'000	Increase/ (decrease) %
			(Restated)	
A	Unrestricted Fund			
	General Fund	2,437	2,382	2%
B	Restricted or Designated Funds			
	Designated Funds	N/A	N/A	
	Restricted Funds	2,258	2,344	(4%)
C	Endowment Fund	N/A	N/A	
D	Total Funds	4,695	4,726	(1%)
E	Total Annual Operating Expenditure	780	980	(20%)
F	Ratio of Funds to Annual Operating Expenditure (A/E)	3.12	2.43	

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.

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. Comparative figures

- i) Restatement have been made to the prior year's financial statements as follows:

The comparative figures for the financial year ended 31 December 2021 have been restated in these financial statements due to the Company's under-recognition of grant income in prior year. The effect of the restatement is summarised as below:

	As previously reported S\$	Restatement S\$	As restated S\$
31.12.2021			
Statement of financial activities			
Income from generated funds			
- Grants and funding	818,952	70,900	889,852
Statement of financial position			
<u>Current assets</u>			
Other receivables	48,899	70,900	119,799
<u>Unrestricted fund</u>			
General fund	2,311,699	70,900	2,382,599
Statement of cash flows			
<u>Cash flows from operating activities</u>			
Net expenditure for the financial year	(128,107)	70,900	(57,207)
Net cash generated from/(used in) operating activities	(143,247)	0	(143,247)

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

The following reclassifications were made:

	As previously reported S\$	Reclassification S\$	As reclassified S\$
31.12.2021			
Statement of financial activities			
Income from generated funds	823,637	(4,685)	818,952
Other income	28,664	4,685	33,349
Statement of financial position			
<u>Current assets</u>			
Cash and cash equivalents	1,097,967	(26,697)	1,071,270
Other receivables	22,202	26,697	48,899
Statement of cash flows			
Net cash generated from/(used in) operating activities	(116,550)	(26,697)	(143,247)
Cash and cash equivalents at end of financial year	1,097,967	(26,697)	1,071,270

22. Impact of COVID-19 (Coronavirus Disease 2019)

As the COVID-19 situation has improved and moved from pandemic to endemic, restrictions have been gradually lifted. Unless there is any new COVID-19 variant causing the government to restart the safe management measures, the Company can reasonably ascertain that the COVID-19 disruptions on its operating and financial performance for the financial year ending 31 December 2023 would be marginal.

The Company has assessed that the going concern basis of preparation for this set of financial statements remains appropriate. The Board of Directors is continuously monitoring the COVID-19 situation and will take further action as necessary in response to the business and service disruption.

23. Authorisation of financial statements

The financial statements for the financial year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on 23 April 2024.