

**TFM FOUNDATION**  
**(919785-P)**  
**(Incorporated in Malaysia)**

**Trustees' report and Audited Financial Statements**  
**31 December 2016**

**TFM Foundation**  
**(Incorporated in Malaysia)**

<b>Contents</b>	<b>Page</b>
Trustees' report	1 - 3
Statement by Trustees	4
Statutory declaration	4
Independent auditors' report	5 - 8
Statement of comprehensive income	9
Statement of financial position	10
Statement of changes in equity	11
Statement of cash flows	12
Notes to the financial statements	13 - 28

**TFM Foundation  
(Incorporated in Malaysia)**

**Trustees' report**

The Trustees hereby present their report together with the audited financial statements of TFM Foundation ("Foundation") for the financial year ended 31 December 2016.

**Principal activities**

The Foundation is principally engaged in identifying low socio-economic communities in need of assistance in providing quality education to children by recruiting and developing promising future leaders of a variety of disciplines and career interests to commit two years to teach in areas of educational need through collaborative efforts with the Government of Malaysia ("Government") and to foster a dedicated movement of leaders in education, and across all other sectors, to effect the fundamental changes necessary to ensure educational opportunity for all.

**Results**

	<b>RM</b>
Net deficit for the year	<u>(770,984)</u>

There were no material transfers to or from reserves or provisions during the financial year.

In the opinion of the Trustees, the results of the operations of the Foundation during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

**Dividend**

No dividend shall be paid to the members of the Foundation as the Foundation is a company limited by guarantee.

**Trustees**

The name of the Trustees of the Foundation in office since the beginning of the financial year to the date of this report are:

Tunku Ali Redhauddin Ibni Tuanku Muhriz  
Shahnaz Al-Sadat Binti Abdul Mohsein  
Dato' Noor Rezan binti Bapoo Hashim  
Chen Li-Kai  
Datuk Yau Ah Lan @ Fara Yvonne

**TFM Foundation**  
**(Incorporated in Malaysia)**

**Trustees' benefits**

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Foundation was a party, whereby the Trustees might acquire benefits by means of the acquisition of shares in or debentures of the Foundation, or of any other body corporate.

Since the end of the previous financial year, no Trustee has received or become entitled to receive a benefit by reason of a contract made by the Foundation or a related corporation with the Trustee or with a firm of which he is a member or with a Company in which he has a substantial financial interest.

**Trustees' interests**

According to the register of Trustee's shareholdings, none of the Trustees in office at the end of the financial year had any interest in the Foundation or its related corporations during the financial year.

**Other statutory information**

- (a) Before the statement of comprehensive income and statement of financial position of the Foundation were made out, the Trustees took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that no allowance for doubtful debts is necessary; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Trustees are not aware of any circumstances which would render:
  - (i) it necessary to make any allowance for doubtful debts or the amount written off for bad debts inadequate to any substantial extent in respect of the financial statements of the Foundation; and
  - (ii) the values attributed to current assets in the financial statements of the Foundation misleading.
- (c) At the date of this report, the Trustees are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Foundation misleading or inappropriate.



**TFM Foundation**  
**(Incorporated in Malaysia)**

**Other statutory information (cont'd.)**

- (d) At the date of this report, the Trustees are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Foundation which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Foundation which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability in respect of the Foundation which has arisen since the end of the financial year.
- (f) In the opinion of the Trustees:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Foundation to meet its obligations as and when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Foundation for the financial year in which this report is made.

**Auditors and auditors' remuneration**

The auditors, Ernst & Young, have expressed their willingness to continue in office. Auditors' remuneration are disclosed in the statement of comprehensive income.

Signed on behalf of the Board in accordance with a resolution of the Trustees dated 18 April 2017.



Tunku Ali Redhaudhin Ibni Tuanku Muhriz



Shahnaz Al-Sadat Bt Abdul Mohsein

Kuala Lumpur, Malaysia

**TFM Foundation  
(Incorporated in Malaysia)**

**Statement by Trustees  
Pursuant to Section 251(2) of the Companies Act, 2016**

We, Tunku Ali Redhaudin Ibni Tuanku Muhriz and Shahnaz Al-Sadat Bt Abdul Mohsein, being two of the Trustees of TFM Foundation, do hereby state that, in the opinion of the Trustees, the accompanying financial statements set out on pages 9 to 28 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Foundation as at 31 December 2016 and of its financial performance and the cash flows of the Foundation for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Trustees dated 18 April 2017.



Tunku Ali Redhaudin Ibni Tuanku Muhriz



Shahnaz Al-Sadat Bt Abdul Mohsein

Kuala Lumpur, Malaysia

**Statutory Declaration  
Pursuant to Section 251(1)(b) of the Companies Act, 2016**

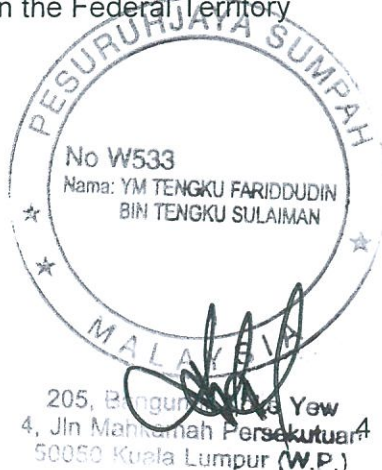
I, Dzameer Bin Dzulkifli David, being the officer primarily responsible for the financial management of TFM Foundation, do solemnly and sincerely declare that the accompanying financial statements set out on pages 9 to 28 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by  
the abovenamed Dzameer Bin Dzulkifli David  
at Kuala Lumpur in the Federal Territory  
on 18 April 2017.



Dzameer Bin Dzulkifli David

Before me,





919785-P

**Independent auditors' report to the members of  
TFM Foundation  
(Incorporated in Malaysia)**

**Report on the financial statements**

*Opinion*

We have audited the financial statements of TFM Foundation ("the Foundation"), which comprise the statement of financial position as at 31 December 2016, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 9 to 28.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Foundation as at 31 December 2016, and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

*Basis for opinion*

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Independence and other ethical responsibilities*

We are independent of the Foundation in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

*Information other than the financial statements and auditors' report thereon*

The trustees of the Foundation are responsible for the other information. The other information comprises the Trustees' Report, but does not include the financial statements of the Foundation and our auditors' report thereon.

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

919785-P

Independent auditors' report to the members of  
TFM Foundation (cont'd.)  
(Incorporated in Malaysia)

*Information other than the financial statements and auditors' report thereon (cont'd.)*

In connection with our audit of the financial statements of the Foundation, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Foundation 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.

*Responsibilities of the trustees for the financial statements*

The trustees of the Foundation are responsible for the preparation of financial statements of the Foundation that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The trustees are also responsible for such internal control as the trustees determine is necessary to enable the preparation of financial statements of the Foundation that are free from material misstatement, whether due to fraud or error.

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

*Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements of the Foundation as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing 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.



919785-P

Independent auditors' report to the members of  
TFM Foundation (cont'd.)  
(Incorporated in Malaysia)

*Auditors' responsibilities for the audit of the financial statements (cont'd.)*

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, 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 of the Foundation, 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 Foundation's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- ▶ Conclude on the appropriateness of the trustees' 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 Foundation'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 of the Foundation or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements of the Foundation, including the disclosures, and whether the financial statements of the Foundations represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the trustees 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.



919785-P

Independent auditors' report to the members of  
TFM Foundation (cont'd.)  
(Incorporated in Malaysia)

#### Other matters

This report is made solely to the members of the Foundation, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



Ernst & Young  
AF: 0039  
Chartered Accountants

Kuala Lumpur, Malaysia  
18 April 2017



Ahmad Qadri Bin Jahubar Sathik  
No. 3254/05/18 (J)  
Chartered Accountant

TFM Foundation  
(Incorporated in Malaysia)

Statement of comprehensive income  
For the financial year ended 31 December 2016

	Note	2016 RM	2015 RM (Restated)
<b>INCOME</b>			
Donations	3, 13	4,080,172	4,084,004
Government grant	12	953,268	-
Hibah income	4	3,368	6,301
Interest income	5	27,348	22,978
Others		1,982	1,048
		<u>5,066,138</u>	<u>4,114,331</u>
<b>EXPENDITURE</b>			
Staff costs	6	4,042,978	4,082,252
Marketing expenses and event costs		248,658	249,612
Fellows' training and development		355,228	260,023
Administration expenses		386,702	398,213
Fellows' drop-out penalty	11	7,500	200,000
Fellows' allowance		68,600	60,800
Travelling expenses		320,271	424,036
Rental expenses		288,421	289,790
Depreciation	8	95,972	86,108
Auditors' remuneration		18,000	15,000
Unutilised donation	9	-	52,567
Property and equipment written off		3,324	-
Loss on disposal of property and equipment		332	546
		<u>5,835,986</u>	<u>6,118,947</u>
Deficit before taxation		(769,848)	(2,004,616)
Taxation	7	<u>(1,136)</u>	<u>-</u>
Deficit for the year, representing total comprehensive loss for the year		<u>(770,984)</u>	<u>(2,004,616)</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**TFM Foundation**  
**(Incorporated in Malaysia)**

**Statement of financial position**  
**As at 31 December 2016**

	Note	2016 RM	2015 RM
<b>Non-current asset</b>			
Property and equipment	8	<u>120,820</u>	<u>143,417</u>
<b>Current assets</b>			
Other receivables	9	260,734	531,468
Deposits with licensed banks	10	319,530	516,667
Cash and cash equivalents	10	<u>1,132,548</u>	<u>1,407,673</u>
		<u>1,712,812</u>	<u>2,455,808</u>
<b>Current liabilities</b>			
Other payables	11	963,741	872,257
Government grant	12	-	360,000
Donation-in-advance	13	<u>316,185</u>	<u>368,647</u>
		<u>1,279,926</u>	<u>1,600,904</u>
<b>Net current assets</b>		<u>432,886</u>	<u>854,904</u>
		<u>553,706</u>	<u>998,321</u>
<b>Represented by:</b>			
Contribution from members	14	-	-
Retained surplus		<u>227,337</u>	<u>998,321</u>
		<u>227,337</u>	<u>998,321</u>
<b>Non-current liability</b>			
Other payables	11	<u>326,369</u>	<u>-</u>
		<u>553,706</u>	<u>998,321</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**TFM Foundation**  
**(Incorporated in Malaysia)**

**Statement of changes in equity**  
**For the financial year ended 31 December 2016**

	Contribution from members RM	Retained surplus RM	Total RM
<b>At 1 January 2015</b>	-	3,002,937	3,002,937
Total comprehensive loss for the year	-	(2,004,616)	(2,004,616)
<b>At 31 December 2015</b>	-	998,321	998,321
<b>At 1 January 2016</b>	-	998,321	998,321
Total comprehensive loss for the year	-	(770,984)	(770,984)
<b>At 31 December 2016</b>	-	227,337	227,337

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



**TFM Foundation**  
**(Incorporated in Malaysia)**

**Statement of cash flows**  
**For the financial year ended 31 December 2016**

	2016 RM	2015 RM (Restated)
<b>Cash flows from operating activities</b>		
Deficit before taxation	(769,848)	(2,004,616)
Adjustments for:		
Depreciation	95,972	86,108
Loss on disposal of property and equipment	332	546
Property and equipment written off	3,324	-
Donation recognised in profit or loss	(4,080,172)	(4,084,004)
Amortisation of government grant	(953,268)	-
Unutilised donation	-	52,567
Hibah income	(3,368)	(6,301)
Interest income	(27,348)	(22,978)
Operating loss before working capital changes	(5,734,376)	(5,978,678)
Working capital changes:		
(Increase)/decrease in other receivables	(139,764)	45,093
Increase in other payables	417,853	200,793
Cash flows from operations	(5,456,287)	(5,732,792)
Income tax paid	(1,136)	-
Net cash used in operating activities	(5,457,423)	(5,732,792)
<b>Cash flows from financing activities</b>		
Donations received	4,027,710	3,827,469
Government grant received	1,000,000	804,737
Net cash generated from financing activities	5,027,710	4,632,206
<b>Cash flows from investing activities</b>		
Upliftment/(placement) of deposits with a licensed bank	197,137	(400,000)
Interest and hibah received	34,482	24,441
Proceeds from sale of property and equipment	395	257
Purchase of property and equipment	(77,426)	(90,648)
Net cash generated from/(used in) investing activities	154,588	(465,950)
<b>Net changes in cash and cash equivalents</b>	(275,125)	(1,566,536)
<b>Cash and cash equivalents at beginning of year</b>	1,407,673	2,974,209
<b>Cash and cash equivalents at end of year</b>	1,132,548	1,407,673
<b>Cash and cash equivalents comprise:</b>		
Cash on hand and at bank (Note 10)	524,999	804,359
Deposits with licensed banks (Note 10)	927,079	1,119,981
	1,452,078	1,924,340
Less: deposits with licensed banks with maturity period more than 90 days (Note 10)	(319,530)	(516,667)
	1,132,548	1,407,673

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



**TFM Foundation  
(Incorporated in Malaysia)**

**Notes to the financial statements  
For the financial year ended 31 December 2016**

**1. Corporate information**

The Foundation is principally engaged in identifying low socio-economic communities in need of assistance in providing quality education to children by recruiting and developing promising future leaders of a variety of disciplines and career interests to commit two years to teach in areas of educational need through collaborative efforts with the Government and to foster a dedicated movement of leaders in education, and across all other sectors, to effect the fundamental changes necessary to ensure educational opportunity for all. There have been no significant changes in the nature of the principal activities during the financial year.

The Foundation is a company limited by guarantee, incorporated and domiciled in Malaysia. The registered office of the Foundation is located at Zain & Co., 6th Floor, Akademi Etiqa, No. 23, Jalan Melaka, 50100 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Trustees in accordance with a resolution of the Trustees on 18 April 2017.

**2. Significant accounting policies**

**2.1 Basis of preparation**

The financial statements of the Foundation have been prepared in accordance with the provisions of the Companies Act, 1965 and with the Malaysian Financial Reporting Standards ("MFRSs"), which is in compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

The financial statements have been prepared on a historical cost basis, unless stated otherwise.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Foundation's functional currency.

**2.2 Changes in accounting policies**

The new and revised MFRSs which are mandatory for companies with financial period beginning on or after 1 January 2016 did not give rise to any significant effects on the financial statements of the Foundation.

**TFM Foundation**  
**(Incorporated in Malaysia)**

**Notes to the financial statements**  
**For the financial year ended 31 December 2016**

**2. Significant accounting policies (cont'd.)**

**2.3 Standards issued but not yet effective**

The Trustees expect that the new MFRSs which are issued but not yet effective for the financial year ended 31 December 2016 will not have a material impact on the financial statements of the Foundation in the period of initial application.

**2.4 Significant accounting estimates and judgments**

The preparation of financial statements in accordance with MFRSs requires the use of certain accounting estimates and exercise of judgments. Estimates and judgments are continuously evaluated and are based on past experience, reasonable expectations of future events and other factors.

The Trustees are of the opinion that there are no key assumptions concerning the future nor other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amount of asset and liabilities within the next financial year.

**2.5 Summary of significant accounting policies**

**(a) Property and equipment and depreciation**

All items of property and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Foundation and the cost of the item can be reliably measured.

Subsequent to recognition, property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of the property and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Computer equipment	33%
Office equipment	33%
Furniture & fittings	20%
Office renovation	33%
Computer software	33%

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property and equipment.



TFM Foundation  
(Incorporated in Malaysia)

Notes to the financial statements  
For the financial year ended 31 December 2016

## 2. Significant accounting policies (cont'd.)

### 2.5 Summary of significant accounting policies (cont'd.)

#### (a) Property and equipment and depreciation (cont'd.)

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

#### (b) Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Foundation becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs. The Foundation determines the classification of its financial assets at initial recognition.

##### (i) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as receivables.

Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

##### (c) Impairment of financial assets

The Foundation assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

**TFM Foundation**  
**(Incorporated in Malaysia)**

**Notes to the financial statements**  
**For the financial year ended 31 December 2016**

**2. Significant accounting policies (cont'd.)**

**2.5 Summary of significant accounting policies (cont'd.)**

**(c) Impairment of financial assets (cont'd.)**

**(i) Loans and receivables**

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Foundation considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying value and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

**(d) Impairment of non-financial assets**

The Foundation assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Foundation makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.



**TFM Foundation**  
**(Incorporated in Malaysia)**

**Notes to the financial statements**  
**For the financial year ended 31 December 2016**

**2. Significant accounting policies (cont'd.)**

**2.5 Summary of significant accounting policies (cont'd.)**

**(d) Impairment of non-financial assets (cont'd.)**

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

**(e) Financial liabilities**

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139 Financial Instruments: Recognition and Measurement, are recognised in the statement of financial position when, and only when, the Foundation becomes a party to the contractual provisions of the financial instrument.

The Foundation's financial liabilities include other payables.

Financial liabilities are recognised initially at fair value less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished.

**(f) Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and at bank and deposits with licensed banks which have an insignificant risk of changes in value.



TFM Foundation  
(Incorporated in Malaysia)

Notes to the financial statements  
For the financial year ended 31 December 2016

**2. Significant accounting policies (cont'd.)**

**2.5 Summary of significant accounting policies (cont'd.)**

**(g) Employee benefits**

**(i) Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

**(ii) Defined contribution plans**

Defined contribution plans are post-employment benefit plans under which the Foundation pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

**(h) Equity instruments**

Contribution from members are classified as equity.

**(i) Income recognition**

**(i) Donations**

Donations are recognised when the Foundation's rights to receive payment are established.

**(ii) Hibah income**

Hibah income is recognised on accrual basis using the effective profit method.

**(iii) Interest income**

Interest income is recognised on an accrual basis using effective interest method.

**TFM Foundation**  
**(Incorporated in Malaysia)**

**Notes to the financial statements**  
**For the financial year ended 31 December 2016**

**2. Significant accounting policies (cont'd.)**

**2.5 Summary of significant accounting policies (cont'd.)**

**(j) Government grant**

Government grant is recognised initially at their fair value in the statement of financial position as deferred income where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Grant that compensates the Foundation for expenses incurred is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Grant that compensates the Foundation for the cost of an asset is recognised as income on a systematic basis over the useful life of the asset.

**(k) Donation-in-advance**

Donation-in-advance is restricted donation recognised initially at its fair value in the statement of financial position when the donation is received, or where there is reasonable assurance that such donation will be received. Donation is recognised as income over the periods to match the grant on a systematic basis to the costs that it is intended to compensate.

**(l) Key management personnel**

Key management personnel is defined to include Board of Trustees and Chief Executive Officer.

**3. Donations**

Relate to donation received from individuals and non-government entities which include corporate bodies and non-profit organisations.

**4. Hibah income**

Relates to Hibah income received from the Foundation's Syariah-compliant current account balance.

**5. Interest income**

Relates to interest income received from deposits with licensed banks.

**TFM Foundation**  
**(Incorporated in Malaysia)**

**Notes to the financial statements**  
**For the financial year ended 31 December 2016**

**6. Staff costs**

	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Wages and salaries	3,498,639	3,549,839
Statutory contributions to Employees Provident Fund and social security	349,317	345,828
Others	195,022	186,585
	<u>4,042,978</u>	<u>4,082,252</u>

Included in staff costs is remuneration for Chief Executive Officer amounting to RM196,202 (2015: RM192,876). The Trustees did not receive any remuneration for the current and prior financial years.

**7. Taxation**

	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Malaysian income tax:		
Current year	-	-
Underprovision in prior year	1,136	-
	<u>1,136</u>	<u>-</u>

The Inland Revenue Board ("IRB") granted the Foundation an income tax exemption on all income of the Foundation for the Year Assessment 2016 to 2020.

Domestic income tax is calculated at the statutory tax rate as follows:

On the first RM5,000 of chargeable income:	0%
On the second RM15,000 of chargeable income:	1%
On the third RM15,000 of chargeable income:	5%
On the fourth RM15,000 of chargeable income:	10%
On the fifth RM20,000 of chargeable income:	16%
On the sixth RM30,000 of chargeable income:	21%
On the seventh RM150,000 of chargeable income:	24%
On the eighth RM150,000 of chargeable income:	24.5%
On the ninth RM200,000 of chargeable income:	25%
On the tenth RM400,000 of chargeable income:	26%
On the subsequent chargeable income:	28%

During the year, the Foundation paid income tax of RM1,136 for prior year's interest income earned subjected to statutory rate between 1% to 5%.



**TFM Foundation**  
(Incorporated in Malaysia)

**Notes to the financial statements**  
**For the financial year ended 31 December 2016**

**8. Property and equipment**

2016	Computer equipment RM	Office equipment RM	Furniture and fittings RM	Office renovation RM	Computer software RM	Total RM
<b>Cost</b>						
At 1 January 2016	210,327	39,498	31,964	79,575	-	361,364
Additions	5,811	11,313	26,967	30,536	2,799	77,426
Disposals	-	-	(890)	-	-	(890)
Written off	-	-	(7,590)	(7,590)	-	(15,180)
At 31 December 2016	216,138	50,811	50,451	102,521	2,799	422,720
<b>Accumulated depreciation</b>						
At 1 January 2016	129,845	29,045	15,307	43,750	-	217,947
Charge for the year	43,612	7,368	7,835	36,695	462	95,972
Disposals	-	-	(163)	-	-	(163)
Written off	-	-	(7,590)	(4,266)	-	(11,856)
At 31 December 2016	173,457	36,413	15,389	76,179	462	301,900
<b>Net carrying amount</b>						
At 31 December 2016	42,681	14,398	35,062	26,342	2,337	120,820

**TFM Foundation  
(Incorporated in Malaysia)**

**Notes to the financial statements  
For the financial year ended 31 December 2016**

**8. Property and equipment (cont'd.)**

<b>2015</b>	<b>Computer equipment RM</b>	<b>Office equipment RM</b>	<b>Furniture and fittings RM</b>	<b>Office renovation RM</b>	<b>Total RM</b>
<b>Cost</b>					
At 1 January 2015	161,835	29,640	31,964	71,985	295,424
Additions	73,200	9,858	-	7,590	90,648
Disposals	(24,708)	-	-	-	(24,708)
At 31 December 2015	210,327	39,498	31,964	79,575	361,364
<b>Accumulated depreciation</b>					
At 1 January 2015	104,337	20,718	8,914	21,775	155,744
Charge for the year	49,413	8,327	6,393	21,975	86,108
Disposals	(23,905)	-	-	-	(23,905)
At 31 December 2015	129,845	29,045	15,307	43,750	217,947
<b>Net carrying amount</b>					
At 31 December 2015	80,482	10,453	16,657	35,825	143,417



**TFM Foundation**  
(Incorporated in Malaysia)

**Notes to the financial statements**  
**For the financial year ended 31 December 2016**

**9. Other receivables**

	Note	2016 RM	2015 RM
Deposit		112,800	116,945
Prepayments		77,100	33,685
Interest and hibah receivable		1,072	4,838
Donations receivable (i)		-	52,567
Less: unutilised donation		-	(52,567)
		-	-
Government:			
- Grant receivable	12	31,000	-
- Retention fee receivable (ii)	12	-	360,000
		31,000	360,000
Fellows' and staff's advancements		-	16,000
Others		38,762	-
		<u>260,734</u>	<u>531,468</u>

- (i) In prior year, the Foundation had written-off RM52,567 of donation receivable due to lower amount of actual drawdown that matches the actual cost for a donation contract previously recognised.
- (ii) Retention fee receivable relates to the retention sum on the Government grant received that was paid to the Foundation at the end of a specified programme.

**10. Cash and bank balances**

	2016 RM	2015 RM
Cash on hand and at bank	524,999	804,359
Deposits with licensed banks with original maturity less than 90 days	607,549	603,314
Cash and cash equivalents	<u>1,132,548</u>	<u>1,407,673</u>
Deposits with licensed banks with original maturity more than 90 days	319,530	516,667
	<u>1,452,078</u>	<u>1,924,340</u>

The weighted average effective interest ("WAEIR") per annum and the average maturity of deposit at the reporting date were as follows:

	WAEIR per annum		Average maturity	
	2016 %	2015 %	2016 Days	2015 Days
Fixed rate deposits	3.04	3.58	44	69

**TFM Foundation**  
**(Incorporated in Malaysia)**

**Notes to the financial statements**  
**For the financial year ended 31 December 2016**

**11. Other payables**

	Note	2016 RM	2015 RM (Restated)
Sundry payables	(i)	20,679	3,786
Accruals - others		62,563	31,835
Fellows' drop-out penalty	(ii)		
- Accruals		132,500	75,000
- Provisions		-	125,000
Teach For All Grant payable	18		
- amount due to Teach For All		636,636	314,899
- transfer from government grant	12	437,732	321,737
		1,074,368	636,636
		1,290,110	872,257

Teach For All Grant is further analysed as follows:

Current	747,999	636,636
Non-current	326,369	-
	1,074,368	636,636

- (i) Sundry payables are interest free and are normally settled on an average term of 30 days (2015: average term of 30 days).
- (ii) Based on the government grant agreement with Ministry of Education ("MOE") as disclosed in Note 12, Fellows recruited are required to complete 2 years of service in school, failing which MOE will require the Foundation to pay a penalty based on the agreed drop-out penalty rate.

**12. Government grant**

	Note	2016 RM	2015 RM (Restated)
At 1 January		360,000	360,000
Received during the year		1,000,000	804,737
Transfer to other payables	11	(437,732)	(321,737)
Movement in receivable during the year	9	31,000	(483,000)
		953,268	360,000
Recognised in profit or loss		(953,268)	-
At 31 December	9	-	360,000

Government grant is grant received from the Government of Malaysia through the MOE based on milestones achieved as stipulated in the grant agreements entered between the Foundation and MOE.

**TFM Foundation**  
(Incorporated in Malaysia)

**Notes to the financial statements**  
**For the financial year ended 31 December 2016**

**13. Donation-in-advance**

	2016 RM	2015 RM
At 1 January	368,647	746,554
Received during the year	4,027,710	3,827,469
Movement in receivable during the year	-	(121,372)
	<u>4,396,357</u>	<u>4,452,651</u>
Recognised in profit or loss	(4,080,172)	(4,084,004)
At 31 December	<u>316,185</u>	<u>368,647</u>

Donation will be recognised in profit or loss as and when expenses are incurred, and will be refunded to contributor should it remain unutilised.

**14. Contribution from members**

The members of the Foundation undertake to contribute, not exceeding RM100, to the assets of the Foundation in the event of the Foundation being wound up.

**15. Financial risk management objectives and policies**

The Foundation's financial risk management policy seeks to ensure that adequate financial resources are available for the achievement of the Foundation's objectives and principal activities whilst managing its liquidity, credit and interest/profit rate risks.

**(a) Liquidity risk**

Liquidity risk is the risk that funds will not be available to meet liabilities as and when they fall due. The Foundation actively manages this risk by maintaining good governance over the cash management of the donations received and government grant, and operates within clearly defined guidelines that are approved by the Trustees.

The maturity profile of the Foundation's liabilities at the reporting date based on contractual undiscounted repayment obligations are as follows:

	Within 1 year RM	More than 1 year RM	Total RM
<b>2016</b>			
Other payables	<u>1,290,110</u>	<u>326,369</u>	<u>1,616,479</u>
<b>2015</b>			
Other payables	<u>872,257</u>	<u>-</u>	<u>872,257</u>



**TFM Foundation**  
**(Incorporated in Malaysia)**

**Notes to the financial statements**  
**For the financial year ended 31 December 2016**

**15. Financial risk management objectives and policies (cont'd.)**

**(b) Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Foundation's exposure to credit risk arises from other receivables, deposits with licensed banks and cash at bank. The Foundation minimises credit risk by dealing exclusively with credible and established companies.

At the reporting date, the Foundation's maximum exposure to credit risk is represented by the carrying amount of the other receivables, cash and cash equivalents and deposits with licensed banks.

**(c) Interest/profit rate risk**

Interest/profit rate risk is the risk that the fair value or future cash flows of the Foundation's financial instruments will fluctuate because of changes in market interest/profit rates.

The Foundation's primary interest/profit rate risk relates to its deposits with licensed banks.

Sensitivity analysis for interest/profit rate risk

The following table demonstrates the sensitivity to a reasonably possible changes in interest/profit rates with all other variables held constant, of the Foundation's deficit before tax.

	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
<b>Effect on deficit before tax</b>		
Increase in 25 basis points	(77)	(73)
Decrease in 25 basis points	<u>77</u>	<u>73</u>

**16. Fair values**

The fair values of all financial assets and liabilities approximate the carrying amounts due to their relative short term maturities.

**17. Capital management**

The Foundation manages its capital by following the Foundation's policies and guidelines and also seeks approval from the Trustees with regard to all capital management matters. Presently, the Foundation's activities are entirely funded by donations and government grant.

**TFM Foundation**  
**(Incorporated in Malaysia)**

**Notes to the financial statements**  
**For the financial year ended 31 December 2016**

**18. Teach For All Grant**

The Teach For All grant was approved by the Economic Planning Unit of Malaysia to be paid to Teach For All to provide support and consultancy services to the Foundation to aid successful execution of Teach For Malaysia programme. This grant is paid by the Government of Malaysia to Teach For All via the Foundation as part of the Government Grant. In 2016, the Foundation entered into an arrangement to repay this grant over a 22 months period ending September 2018.

**19. Commitments and contingencies**

**Contingent liability - secured**

	<b>Amount</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Bank guarantee	<u>312,873</u>	<u>116,667</u>

During the year, the Foundation obtained an additional secured and non-revolving bank guarantee facility of up to RM196,206 as performance guarantee to the MOE grant for the period from 2016 to 2020. In prior years, the Foundation obtained a secured and non-revolving bank guarantee facility up to RM116,667 as performance guarantee to MOE grant for the period from 2013 to 2016. Both bank guarantees are part of the requirement of the government grant as disclosed in Note 12. The bank guarantee is pledged against the Foundation's fixed deposits of the same amount.

**TFM Foundation**  
**(Incorporated in Malaysia)**

**Notes to the financial statements**  
**For the financial year ended 31 December 2016**

**20. Comparatives**

In prior year, the Foundation has recognised the Teach For All Grant received from MOE on a gross basis. However, based on further clarification on the terms of the agreement, the amount qualifies to be recognised on a net basis. Accordingly, a prior year reclassification was made to reflect the intention of the agreement. The effects of the prior year reclassification are as follows:

	31 December 2015		
	As previously stated RM	Re- classification RM	As restated RM
<b>Statement of comprehensive income</b>			
<b>Income</b>			
Government grant	<u>321,737</u>	<u>(321,737)</u>	<u>-</u>
<b>Expenses</b>			
Teach For All Grant	<u>(321,737)</u>	<u>321,737</u>	<u>-</u>

As the restatement did not affect the statement of financial position, the comparatives as at 1 January 2015 was not presented.