

TFM FOUNDATION
201001035861 (919785-P)
(Incorporated in Malaysia)

Trustees' Report and Audited Financial Statements
31 December 2020

201001035861 (919785-P)

TFM Foundation
(Incorporated in Malaysia)

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TFM Foundation
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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 2020.

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

RM

Net surplus for the year

-

There were no material transfers to or from reserves or provisions during the financial year, other than as disclosed in the financial statements.

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
Chen Li-Kai
Datuk Yau Ah Lan @ Fara Yvonne @ Datuk Yvonne Chia
Dato' Tharuma Rajah A/L Kathiravelu

**TFM Foundation
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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 statutory debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts 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.

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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 PLT, have expressed their willingness to continue in office. Auditors' remuneration are disclosed in the statement of comprehensive income.

To the extent permitted by law, the Foundation has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young PLT during the financial year.

Signed on behalf of the Board in accordance with a resolution of the Trustees dated 5 April 2021.



Tunku Ali Redhauddin Ibni Tuanku Muhriz



Shahnaz Al-Sadat Bt Abdul Mohsein

Kuala Lumpur, Malaysia

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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 34 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Foundation as at 31 December 2020 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 5 April 2021.



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

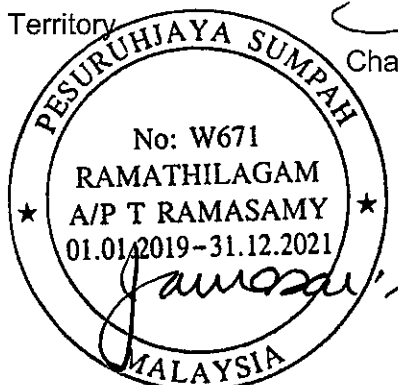
I, Chan Soon Seng, being the officer primarily responsible for the financial management of TFM Foundation, do solemnly and sincerely declare that the accompanying financial statements set out on pages 9 to 34 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed Chan Soon Seng
at Kuala Lumpur in the Federal Territory
on 5 April 2021.



Chan Soon Seng

Before me,



Tingkat 5 Wisma Harwant
Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur

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

Report on the audit of 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 2020, 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 34.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Foundation as at 31 December 2020, 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, 2016 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 Code of Ethics for Professional Accountants (including International Independence Standards) ("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.

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Independent auditors' report to the members of
TFM Foundation (cont'd.)
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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, 2016 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.

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

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Independent auditors' report to the members of
TFM Foundation (cont'd.)
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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 PLT
202006000003 (LLP0022760-LCA) & AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia
5 April 2021



Ahmad Qadri Bin Jahubar Sathik
No. 3254/05/2022 (J)
Chartered Accountant

TFM Foundation
(Incorporated in Malaysia)

Statement of comprehensive income
For the financial year ended 31 December 2020

	Note	2020 RM	2019 RM
INCOME			
Donations	3, 17	5,204,557	4,121,868
Government grant	16	312,500	1,537,500
Hibah income	4	1,485	2,142
Interest income	5	75,978	76,832
Other income	6	67,742	386
		<u>5,662,262</u>	<u>5,738,728</u>
EXPENDITURE			
Staff costs	7	3,512,789	3,713,267
Programme and promotion costs		356,572	325,215
Fellows' training and development		87,792	516,077
Administration expenses		251,140	298,395
Fellows' drop-out penalty		-	17,500
Fellows' allowance	8	1,196,783	57,400
Travelling expenses		58,828	241,771
Rental expenses and charges		3,088	2,414
Depreciation	11, 12	173,986	186,724
Auditors' remuneration			
- Current year		15,000	15,000
- (Over)/under provision in previous year		(383)	2,967
- Others		3,000	6,000
Property and equipment written off		-	133
Finance costs	9	3,667	10,899
		<u>5,662,262</u>	<u>5,393,762</u>
Surplus before taxation		-	344,966
Taxation	10	-	-
Surplus for the year, representing total comprehensive income for the year		<u>-</u>	<u>344,966</u>

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

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TFM Foundation
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Statement of financial position
As at 31 December 2020

	Note	2020 RM	2019 RM
Non-current asset			
Property and equipment	11	<u>80,962</u>	<u>55,857</u>
Current assets			
Right-of-use asset	12	86,242	153,858
Other receivables	13	300,624	282,525
Deposits with licensed banks	14	219,819	215,319
Cash and cash equivalents	14	<u>6,173,068</u>	<u>4,033,524</u>
		<u>6,779,753</u>	<u>4,685,226</u>
Current liabilities			
Other payables	15	470,152	146,769
Lease liability	12	76,513	158,689
Government grant	16	-	-
Donation-in-advance	17	<u>5,343,545</u>	<u>3,465,120</u>
		<u>5,890,210</u>	<u>3,770,578</u>
Net current assets		<u>889,543</u>	<u>914,648</u>
		<u>970,505</u>	<u>970,505</u>
Represented by:			
Contribution from members	18	-	-
Retained surplus		<u>970,505</u>	<u>970,505</u>
		<u>970,505</u>	<u>970,505</u>

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

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Statement of changes in equity
For the financial year ended 31 December 2020

	Contribution from members RM	Retained surplus RM	Total RM
At 1 January 2019	-	625,539	625,539
Total comprehensive income for the year	-	344,966	344,966
At 31 December 2019	<u>-</u>	<u>970,505</u>	<u>970,505</u>
At 1 January 2020	-	970,505	970,505
Total comprehensive income for the year	-	-	-
At 31 December 2020	<u>-</u>	<u>970,505</u>	<u>970,505</u>

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 2020

	2020	2019
	RM	RM
Cash flows from operating activities		
Surplus before taxation	-	344,966
Adjustments for:		
Depreciation	173,986	186,724
Property and equipment written off	-	133
Donation recognised in profit or loss	(5,204,557)	(4,121,868)
Amortisation of government grant	(312,500)	(1,537,500)
Hibah income	(1,485)	(2,142)
Interest income	(75,978)	(76,832)
Finance costs	3,667	10,899
Operating loss before working capital changes	<u>(5,416,867)</u>	<u>(5,195,620)</u>
Working capital changes:		
(Increase)/decrease in other receivables	(18,391)	4,143
Increase/(decrease) in other payables	323,383	(272,487)
Cash flows used in operating activities	<u>(5,111,875)</u>	<u>(5,463,964)</u>
Income tax paid	-	-
Net cash used in operating activities	<u>(5,111,875)</u>	<u>(5,463,964)</u>
Cash flows from financing activities		
Donations received	7,082,982	4,690,452
Government grant received	312,500	1,537,500
Repayment of lease liability	(162,356)	(150,197)
Net cash generated from financing activities	<u>7,233,126</u>	<u>6,077,755</u>
Cash flows from investing activities		
Placement of deposits with a licensed bank	(4,500)	(6,467)
Interest and hibah received	77,755	80,112
Purchase of property and equipment	(54,962)	(15,446)
Net cash generated from investing activities	<u>18,293</u>	<u>58,199</u>
Net increase in cash and cash equivalents	2,139,544	671,990
Cash and cash equivalents at beginning of year	<u>4,033,524</u>	<u>3,361,534</u>
Cash and cash equivalents at end of year	<u>6,173,068</u>	<u>4,033,524</u>
Cash and cash equivalents comprise:		
Cash on hand and at bank (Note 14)	1,633,528	738,079
Deposits with licensed banks (Note 14)	4,759,359	3,510,764
	<u>6,392,887</u>	<u>4,248,843</u>
Less: deposits with licensed banks with maturity period more than 90 days (Note 14)	(219,819)	(215,319)
	<u>6,173,068</u>	<u>4,033,524</u>
Less: restricted cash	-	(70,118)
	<u>6,173,068</u>	<u>3,963,406</u>

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

TFM Foundation
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Notes to the financial statements
For the financial year ended 31 December 2020

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 Foundation 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 5 April 2021.

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, 2016 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 accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2020, the Foundation adopted the following standards and amendments to MFRS which are applicable to the Foundation for annual financial periods beginning on or after 1 January 2020.

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Notes to the financial statements
For the financial year ended 31 December 2020

2. Significant accounting policies (cont'd.)

2.2 Changes in accounting policies (cont'd.)

Effective for annual periods commencing on or after 1 January 2020

Amendments to References to the Conceptual Framework in MFRS Standards

Amendment to MFRS 3 Business Combinations - definition of a business

Amendments to MFRS 101 Presentation of Financial Statements - definition of material

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - definition of material

Amendments to MFRS 16 Leases - COVID-19 related rent concessions

The abovementioned changes in the accounting standards did not have any significant impact on the financial statements of the Foundation for the financial year ended 31 December 2020, except for the adoption of Amendments to MFRS 16 Leases - treatment of COVID-19 related rent concessions.

(i) Amendments to MFRS 16 Leases - COVID-19 related rent concessions

The amendments allow lessees not to account for rent concessions as lease modifications if they are a direct consequence of COVID-19 and meet certain conditions.

These amendments are to be applied retrospectively. As the amendments do not apply to rent concessions due on or before 1 January 2020, no adjustments were made to the opening balance of retained profits.

As a practical expedient, the Foundation is not required to assess whether a COVID-19-related rent concession that meets all of the following conditions is a lease modification:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of lease.

The Foundation has applied practical expedient to all of its commercial leases that meet the above-mentioned conditions and the impact has been disclosed in Note 6.

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Notes to the financial statements
For the financial year ended 31 December 2020

2. Significant accounting policies (cont'd.)

2.3 Standards issued but not yet effective

MFRSs and Amendments to MFRSs issued but not yet effective

The standards that are issued but not yet effective up to the date of issuance of the Foundation's financial statements are disclosed below. The Foundation intends to adopt these standards and amendments to standards, if applicable, when they become effective:

Description	Effective for financial period beginning on or after
Amendments to MFRS 4, MFRS 7, MFRS 9, MFRS 16 and MFRS 139 - Interest Rate Benchmark Reform	1 January 2021
Amendments to MFRS 3: Business Combination – Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Costs of Fulfilling a Contract	1 January 2022
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

The abovementioned changes in the accounting standards are not expected to have any significant impact on the financial statements of the Foundation.

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.

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**Notes to the financial statements
For the financial year ended 31 December 2020**

2. Significant accounting policies (cont'd.)

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.

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) Leases

The Foundation applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Foundation recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

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Notes to the financial statements
For the financial year ended 31 December 2020

2. Significant accounting policies (cont'd.)

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

(b) Leases (cont'd.)

(i) Right-of-use assets

The Foundation recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and the lease payments made at or before the commencement date less any lease incentive received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Office rental (Premises)	2 - 3 years
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If ownership of the leased assets transfers to the Foundation at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the assets.

The right-of-use assets are also subject to impairment.

(ii) Lease liabilities

At the commencement date of the lease, the Foundation recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Foundation and payments of penalties for terminating the lease, if the lease term reflects the Foundation exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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Notes to the financial statements
For the financial year ended 31 December 2020

2. Significant accounting policies (cont'd.)

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

(b) Leases (cont'd.)

(ii) Lease liabilities (cont'd.)

In calculating the present value of lease payments, the Foundation uses interest rate implicit at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease payments (eg., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Foundation applies the short-term lease recognition exemption to its short-term leases of office equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short term leases and leases of low-value assets are recognised as expense on a straight-basis over the lease term.

(c) Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Foundation's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Foundation has applied the practical expedient, the Foundation initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Foundation has applied the practical expedient are measured at the transaction price determined under MFRS 15.

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**Notes to the financial statements
For the financial year ended 31 December 2020**

2. Significant accounting policies (cont'd.)

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

(c) Financial assets (cont'd.)

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Foundation's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Foundation commits to purchase or sell the asset.

(i) Financial assets at amortised cost (debt instruments)

The Foundation measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Foundation's financial assets at amortised cost includes other receivables.

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Notes to the financial statements
For the financial year ended 31 December 2020

2. Significant accounting policies (cont'd.)

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

(d) Impairment of financial assets

The Foundation recognises an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Foundation expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For other receivables, the Foundation applies a simplified approach in calculating ECL. The ECL is based on lifetime expected credit losses. The Foundation has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(e) 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.

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Notes to the financial statements
For the financial year ended 31 December 2020

2. Significant accounting policies (cont'd.)

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

(e) 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.

(f) 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 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.

(g) Cash and cash equivalents

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

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Notes to the financial statements
For the financial year ended 31 December 2020

2. Significant accounting policies (cont'd.)

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

(h) 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").

(i) Equity instruments

Contribution from members are classified as equity.

(j) 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.

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Notes to the financial statements
For the financial year ended 31 December 2020

2. Significant accounting policies (cont'd.)

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

(k) 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.

(l) 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.

(m) Key management personnel

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

3. Donations

Relate to donations 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.

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Notes to the financial statements
For the financial year ended 31 December 2020

6. Other income

	2020	2019
	RM	RM
Rent concession	34,960	-
PERKESO wages subsidies	32,400	-
Credit card monthly rebates	382	386
	<u>67,742</u>	<u>386</u>

Rent concessions for Central, South and East offices, and PERKESO wages subsidies were received during the COVID-19 pandemic.

The Foundation ("TFM") has elected not to assess the rent concessions received during the COVID-19 pandemic as lease modifications, instead they were treated as other income to the Foundation during the year.

7. Staff costs

	2020	2019
	RM	RM
Wages and salaries	3,006,520	3,174,360
Statutory contributions to Employees Provident Fund and social security	363,348	392,567
Others	142,921	146,340
	<u>3,512,789</u>	<u>3,713,267</u>

Included in staff costs is remuneration for Managing Director amounting to RM214,024 (2019: RM240,574). The Trustees did not receive any remuneration for the current and prior financial years.

Details of the Fellowship across 3 regions (2019: 3 regions) are as follows:

	2020	2019
Number of existing Fellow(s)	94	114
Number of newly recruited Fellow(s) for following year's Cohort	-	52
	<u>94</u>	<u>166</u>

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8. Fellows' allowance

	2020	2019
Fellows' allowance	1,188,877	57,400
Financial aid to fellows	7,906	-
	<u>1,196,783</u>	<u>57,400</u>

In 2020, TFM paid monthly allowances for 2020 Cohort Fellows to ensure their continuation to serve schools throughout the TFM-Ministry of Education ("MOE") Phase 3 contract renewal process.

9. Finance costs

	2020	2019
	RM	RM
Interest on lease liabilities	<u>3,667</u>	<u>10,899</u>

The lease contracts for office rentals used for operations. These leases have lease terms of 2 to 3 years. There are lease contracts that include extension and termination options and variable lease payments.

10. Taxation

The Inland Revenue Board ("IRB") granted the Foundation an income tax exemption on all income of the Foundation for the Year of Assessment 2016 to 2023.

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Notes to the financial statements
For the financial year ended 31 December 2020

11. Property and equipment

2020	Computer equipment RM	Office equipment RM	Furniture and fittings RM	Office renovation RM	Computer software RM	Total RM
Cost						
At 1 January 2020	152,742	45,787	32,443	41,565	39,599	312,136
Additions	54,962	-	-	-	-	54,962
At 31 December 2020	207,704	45,787	32,443	41,565	39,599	367,098
Accumulated depreciation						
At 1 January 2020	139,593	42,032	18,338	36,313	20,003	256,279
Charge for the year	6,951	1,851	6,155	2,755	12,145	29,857
At 31 December 2020	146,544	43,883	24,493	39,068	32,148	286,136
Net carrying amount						
At 31 December 2020	61,160	1,904	7,950	2,497	7,451	80,962

Notes to the financial statements
For the financial year ended 31 December 2020

11. Property and equipment (cont'd.)

2019	Computer equipment RM	Office equipment RM	Furniture and fittings RM	Office renovation RM	Computer software RM	Total RM
Cost						
At 1 January 2019	176,389	53,061	26,667	35,255	39,599	330,971
Additions	-	3,360	5,776	6,310	-	15,446
Written off	(23,647)	(10,634)	-	-	-	(34,281)
At 31 December 2019	152,742	45,787	32,443	41,565	39,599	312,136
Accumulated depreciation						
At 1 January 2019	155,308	49,499	12,363	23,292	7,370	247,832
Charge for the year	7,807	3,159	5,975	13,021	12,633	42,595
Written off	(23,522)	(10,626)	-	-	-	(34,148)
At 31 December 2019	139,593	42,032	18,338	36,313	20,003	256,279
Net carrying amount						
At 31 December 2019	13,149	3,755	14,105	5,252	19,596	55,857

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For the financial year ended 31 December 2020

12. Right-of-use asset and lease liability

Set out below are the carrying amounts of right-of-use asset recognised and the movements during the year:

Office rental	2020 RM	2019 RM
Cost		
At 1 January	297,987	297,987
Addition	76,513	-
At 31 December	<u>374,500</u>	<u>297,987</u>
Accumulated depreciation		
At 1 January	144,129	-
Depreciation charge for the financial year	144,129	144,129
At 31 December	<u>288,258</u>	<u>144,129</u>
Net carrying amount		
At 31 December	<u>86,242</u>	<u>153,858</u>

Set out below are the carrying amounts of lease liability and the movements during the year:

	2020 RM	2019 RM
At 1 January	158,689	297,987
Additions	76,513	-
Interest	3,667	10,899
Payment	(162,356)	(150,197)
At 31 December	<u>76,513</u>	<u>158,689</u>

The following are the amounts recognised in profit or loss:

	2020 RM	2019 RM
Depreciation expense of right-of-use asset	144,129	144,129
Interest expense on lease liability	3,667	10,899
Total amount recognised in profit or loss	<u>147,796</u>	<u>155,028</u>

The Foundation had total cash outflows for leases of RM162,356 (2019: RM150,197) and non-cash additions to right-of-use asset and lease liability of RM3,667 in 2020 (2019: RM10,899).

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Notes to the financial statements
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13. Other receivables

	Note	2020 RM	2019 RM
Deposit		70,942	66,382
Prepayments		30,028	43,194
Interest and hibah receivable		2,145	2,437
Donations receivable	17	150,000	150,000
Fellow's advancement		30,011	800
Others		17,498	19,712
		<u>300,624</u>	<u>282,525</u>
Less: Prepayments		(30,028)	(43,194)
Total financial assets at amortised cost		<u>270,596</u>	<u>239,331</u>

14. Cash and bank balances

	2020 RM	2019 RM
Cash on hand and at bank	1,633,528	738,079
Deposits with licensed banks with original maturity less than 90 days	4,539,540	3,295,445
Cash and cash equivalents	<u>6,173,068</u>	<u>4,033,524</u>
Deposits with licensed banks with original maturity more than 90 days	219,819	215,319
	<u>6,392,887</u>	<u>4,248,843</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	
	2020 %	2019 %	2020 Days	2019 Days
Fixed rate deposits	<u>1.46</u>	<u>2.98</u>	<u>11</u>	<u>27</u>

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15. Other payables

	Note	2020 RM	2019 RM
Sundry payables	(i)	3,269	107,938
Other accruals		188,003	38,831
Teach For All Grant payable	22	278,880	-
		<u>470,152</u>	<u>146,769</u>

(i) Sundry payables are interest free and are normally settled on an average term of 30 days (2019: average term of 30 days).

16. Government grant

	2020 RM	2019 RM
At 1 January	-	-
Received during the year	312,500	1,537,500
Movement in receivable during the year	-	-
	<u>312,500</u>	<u>1,537,500</u>
Recognised in profit or loss	<u>(312,500)</u>	<u>(1,537,500)</u>
At 31 December	<u>-</u>	<u>-</u>

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.

Based on government grant agreement with MOE, 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.

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17. Donation-in-advance

	Note	2020 RM	2019 RM
At 1 January		3,465,120	2,746,536
Received during the year		7,082,982	4,690,452
Movement in receivable during the year	13	-	150,000
		<u>10,548,102</u>	<u>7,586,988</u>
Recognised in profit or loss		(5,204,557)	(4,121,868)
At 31 December		<u>5,343,545</u>	<u>3,465,120</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.

18. 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.

19. 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:

	Note	Within 1 year RM
2020		
Other payables	15	<u>470,152</u>

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Notes to the financial statements
For the financial year ended 31 December 2020

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

(a) Liquidity risk (cont'd.)

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

	Note	Within 1 year RM
2019		
Other payables	15	<u>146,769</u>

(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 change in interest/profit rate with all other variables held constant, of the Foundation's surplus before taxation.

	2020 RM	2019 RM
Effect on surplus before taxation		
Increase in 25 basis points	194	197
Decrease in 25 basis points	<u>(194)</u>	<u>(197)</u>

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**Notes to the financial statements
For the financial year ended 31 December 2020**

20. Fair values

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

21. 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.

22. 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 amounted to RM280,000 per annum and was paid by the Government of Malaysia to Teach For All via the Foundation as part of the Government Grant. In 2020, RM278,880 nett (after 0.4% commission deduction) was received from the Government and was subsequently disbursed to Teach For All in February 2021.

23. Commitments and contingencies

Contingent liability - secured

	Amount	
	2020 RM	2019 RM
Bank guarantee	196,206	196,206

In prior years, the Foundation obtained a secured and non-revolving bank guarantee facility of up to RM196,206 as performance guarantees to the MOE grant for the period from 2016 to 2020. The bank guarantee is part of the requirement of the government grant as disclosed in Note 16. The bank guarantee is pledged against the Foundation's fixed deposits of the same amount.

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24. Financial instruments categorisation

The table below provides an analysis of financial instruments categorised as follows:

- (a) Financial assets at amortised cost; and
 (b) Other financial liabilities at amortised cost.

	Note	2020 RM	2019 RM
Financial assets at amortised cost			
Deposit	13	70,942	66,382
Interest and hibah receivable	13	2,145	2,437
Donations receivable	13	150,000	150,000
Fellow's advancement	13	30,011	800
Other receivables	13	17,498	19,712
Deposits with licensed banks	14	219,819	215,319
Cash and cash equivalents	14	6,173,068	4,033,524
Total financial assets at amortised cost		<u>6,663,483</u>	<u>4,488,174</u>
Financial liabilities at amortised cost			
Other payables	15	470,152	146,769
Donation-in-advance	17	5,343,545	3,465,120
Total financial liabilities at amortised cost		<u>5,813,697</u>	<u>3,611,889</u>