



**FINANCIAL STATEMENTS
OF
IFTA WELFARE TRUST
FOR THE YEAR ENDED
JUNE 30, 2019**

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

The Trustees,
IFTA Welfare Trust
Karachi.

February 20, 2020
I-136/AA-0174/20

AUDIT OF FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2019

Gentlemen,

We have completed the audit of your financial statements for the above referred year and are pleased to enclose herewith two copies of draft financial statements duly initialed by us for identification purposes. We shall be pleased to sign our report in its present or amended form after the financial statements are approved by Board of Trustees and signed on their behalf by two Trustees and on receipt of letter of the following:

1. Letter of representation addressed to us signed on behalf of the Board of Trustees by the Managing Trustee as per draft provided by us.
2. Board of Trustees approval in respect of the following:
 - Additions during the year of property plant and equipment costing to Rs. 0.848 million
 - Donations received during the year amounting to Rs. 17.102 million

Our comments and observations on this set of financial statements are as follows:

1. RESPONSIBILITIES OF THE MANAGEMENT AND AUDITORS IN RELATION TO THE FINANCIAL STATEMENTS

The responsibilities of the independent auditors in a usual examination of financial statements are stipulated in section 249 of the Companies Act, 2017 and International Standards on Auditing. While the auditors are responsible for forming and expressing their opinion on the financial statements, the responsibility for preparation of such statements is primarily that of the trustees.

The management's responsibilities include the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, safeguarding of the assets of the Trust and prevention and detection of frauds and irregularities. The audit of financial statements does not relieve the management of its responsibilities.

2. PROPERTY, PLANT AND EQUIPMENT

2.1 We have observed that fixed assets register has not been maintained. This is an important record as it enables the management to exercise itemized control over the fixed assets of the Trust. We recommend that a fixed assets register should be maintained for exercising control over the fixed assets of the Trust.

2.2 We have observed that the Trust does not have a proper capitalization policy duly approved by the Board of Trustees. In the absence of a proper capitalization policy there is a risk that certain material items of the assets may not be capitalized which may result in the distortion of the operating results of the Trust. We recommend that proper capitalization policy should be formulated in order to bring consistency in accounting for capital and revenue expenditure.

3. CONTINGENCIES AND COMMITMENTS

We have been informed by the management that there are no contingencies and commitments as on the date of statement of financial position. Kindly confirm the representations made by the management.

4. RELATED PARTY TRANSACTIONS

We have been informed by the management that there were no transactions with the related parties as on the date of statement of financial position. Kindly confirm the representations made by the management.

5. FRAUD AND ERRORS

We have been informed by the management that no case of fraud and error, has been brought to their knowledge during the year. Kindly confirm the representations made by management.



We take this opportunity to thank all your staff for the courtesy and cooperation extended to us in the course of our audit.

Yours faithfully,

A handwritten signature in blue ink, appearing to be 'B. Ebrahim', written over a horizontal line.

BDO EBRAHIM & CO.

Enclosed as above

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES

Opinion

We have audited the accompanying financial statements of **IFTA WELFARE TRUST ("the Trust")** which comprise the statement of financial position as at June 30, 2019, income and expenditure account and statement of cash flows together with the notes forming part thereof (here-in-after referred to as the financial statements) for the year then ended.

In our opinion, the accompanying financial statements give a true and fair view of the statement of financial position of the Trust as at June 30, 2019 and of its financial performance and cash flows for the year then ended in accordance with approved accounting and reporting standards as applicable in Pakistan.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Trust in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our opinion.

Other matter

The financial statements of the Trust for the year ended June 30, 2018, were audited by another firm of Chartered accountants who had expressed an unqualified opinion thereon vide their report dated October 03, 2018.

Responsibilities of Trustees and Those Charged with Governance for the Financial Statements

The Trustees are responsible for the preparation and fair presentation of the financial statements in accordance with the approved accounting and reporting standards as applicable in Pakistan and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Trust's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

KARACHI

DATED: 01 MAR 2020



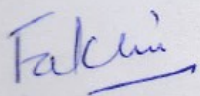
CHARTERED ACCOUNTANTS

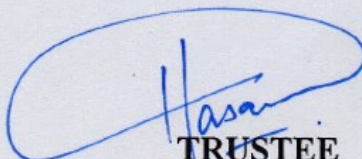
Engagement Partner: Zulfikar Ali Causer

IFTA WELFARE TRUST
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
ASSETS			
NON CURRENT ASSET			
Property, plant and equipment	4	820,070	63,594
CURRENT ASSETS			
Advance to staff		-	30,000
Other receivables		19,304	12,996
Cash and bank balances	5	1,702,983	1,930,521
		1,722,287	1,973,517
TOTAL ASSETS		2,542,357	2,037,111
FUNDS AND LIABILITIES			
FUNDS			
Unrestricted fund	6	1,371,604	1,094,890
LIABILITIES			
NON CURRENT LIABILITIES			
Restricted fund	7	984,930	852,470
CURRENT LIABILITIES			
Accrued and other payables	8	185,823	89,751
TOTAL FUND AND LIABILITIES		2,542,357	2,037,111
CONTINGENCIES AND COMMITMENTS	9		

The annexed notes from 1 to 17 form an integral part of these financial statements.


MANAGING TRUSTEE


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**IFTA WELFARE TRUST
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2019**

	Note	2019 Rupees	2018 Rupees
INCOME			
Restricted		12,166,797	2,615,568
General			
Donations		4,935,406	4,971,589
Zainabia Medical Centre token fees		81,590	52,380
Box collection		112,550	66,710
		5,129,546	5,090,679
		17,296,343	7,706,247
EXPENDITURE			
Educational programs	10	5,213,746	1,497,788
Health and medical programs	11	1,258,724	764,470
Social and welfare programs	12	9,171,686	4,371,933
Administrative expenses	13	1,375,473	1,034,321
		17,019,629	7,668,512
Surplus for the year		276,714	37,736

The annexed notes from 1 to 17 form an integral part of these financial statements.

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MANAGING TRUSTEE

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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019**

	2019	2018
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	276,714	37,736
Adjustments for non-cash items:		
	91,119	7,066
	<u>367,833</u>	<u>44,802</u>
Effects on cash flow due to working capital		
Decrease in advance to staff	30,000	50,500
Decrease in advance against sale of books		3,710
Increase in other receivables	(6,308)	(12,996)
Increase in accrued and others payables	96,072	39,979
	<u>119,764</u>	<u>81,193</u>
Net cash generated from operation	487,597	125,995
Restricted fund	132,460	852,470
Net cash generated from operating activities	<u>620,057</u>	<u>978,465</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment and net cash used in investing activities	(847,595)	(41,300)
Net (decrease) / increase in cash and cash equivalents	(227,538)	937,165
Cash and cash equivalents at the beginning of the year	1,930,521	993,356
Cash and cash equivalents at the end of the year	<u>1,702,983</u>	<u>1,930,521</u>

The annexed notes from 1 to 17 form an integral part of these financial statements.

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MANAGING TRUSTEE

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**IFTA WELFARE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

1 LEGAL STATUS AND NATURE OF OPERATION

IFTA Welfare Trust (the Trust) is an charitable trust constituted under Trust Act 1881 through a Trust Deed entered into on November 05, 2008 having Registration No. 846 of Book 10 and M.F. Roll Number 86905 with the Sub Registrar Office of North Nazimabad Town, Karachi. The Trust has its registered office at House No. B-11, Block-Q, North Nazimabad, Karachi.

The principal activities of the Trust are the promotion and well-being of society, community welfare or development, promotion and advancement of education, provision of health care and medical facilities which encompass supporting of students in lieu of scholarships, school fee assistance and medical clinics and medical camps for the benefit of humanity at large.

The Trust is under process of taking certification from Pakistan Centre of Philanthropy.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting standards as applicable in Pakistan. The accounting standards comprise of Accounting and Financial Reporting Standards for Small-Sized Entities (SSEs) applicable to non-corporate entities issued by the Institute of Chartered Accountants of Pakistan.

2.2 Basis of measurement

These financial statements are prepared under historical cost convention without any adjustment for the effect of inflation or current values.

These financial statements have been prepared following accrual basis of accounting except for statement of cash flows.

2.3 Functional and presentation currency

These financial statements are presented in Pak rupee, which is the functional and presentation currency for the Trust.

3 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied for all the years presented, unless otherwise stated.

3.1 Property, plant and equipment

These are stated at cost less accumulated depreciation. Depreciation is charged using the straight line method at the rates specified in notes to the financial statements.

Full year depreciation is charged during the year in which the asset is acquired or become available for use, while no depreciation is charged in the year of disposal.

Maintenance and normal repairs are charged to income and expenditure account when incurred. Renewals and improvements are capitalized when it is probable that respective future economic benefit will flow to the Trust.

Gain or loss on disposal of assets are charged to income and expenditure account.

3.2 Impairment

The Trust assesses at each reporting date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceeds recoverable amount, assets are written down to the recoverable amounts and the resulting impairment loss is recognized as expense in the income and expenditure account.

The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

3.3 Cash and bank balances

Cash in hand and at bank are carried at nominal amount. For the purpose of statement of cash flows, cash and cash equivalent consist of cash in hand and bank balances.

3.4 Other receivables

Other receivables are recognized at nominal amount which is the fair value of consideration to be received in future.

3.5 Provisions

Provisions are recognized when the Trust has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

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3.6 General Fund

Funds generated by the Trust through donors without any specific condition or activity, are classified as unrestricted general funds. Accordingly, any income generated and expenses incurred with respect to normal operations of the Trust, which are not related to specific funds or activities, are charged to income and expenditure account.

3.7 Restricted Fund

Restricted funds are based on agreements, contracts, or other understanding, where the conditions for receipt of the funds are linked to a performance, of a service or other process. The Trust earns the contribution through compliance with the conditions that have been agreed with the donor and meeting the envisaged obligations.

On receiving any restricted fund, the contribution is credited to the restricted fund account in the statement of financial position and thereafter, on a systematic basis, an amount equivalent to that which has been spent on agreed "restricted" activities is recorded to income, by debiting the restricted fund account in the statement of financial position and crediting restricted Income account.

3.8 Taxation

The Trust is claiming exemption from levy of income tax under Income Tax Ordinance, 2001, and therefore, no provision for tax has been made for the year.

3.9 Accrued and other payables

Accrued and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

3.10 Income

Income is recognized to the extent it is probable that the economic benefits will flow to the Trust and the income can be measured reliably. Income is measured at the fair value of the consideration received or receivable and is recognized on the following basis:

Unrestricted donation income is recognized on receipt basis whereas restricted donations are recorded as income upon complying with the condition attached thereto.

Income from other sources is recorded on receipt basis.

3.11 Expenses

All expenses are recognized in the income and expenditure account on an accrual basis.

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3.12 Financial instruments

All the financial assets and financial liabilities are recognized when the Trust becomes a party to the contractual provisions of the instruments. All the financial assets and the financial liabilities are recognized and measured initially at cost, which is the fair value of consideration given or received respectively. In subsequent periods, these are measured at fair value, amortized cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statement associated with each item. Any gain or loss on recognition / derecognition of the financial asset and financial liability is taken to income and expenditure account currently.

3.13 Offsetting of financial assets and financial liabilities

Financial asset and financial liability is offset and the net amount is reported in the statement of financial position if the Trust has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.14 Significant accounting judgments and critical accounting estimates / assumptions

The preparation of financial statements in conformity with approved accounting standards requires the management to:

- exercise its judgment in process of applying the Trust's accounting policies, and
- use of certain critical accounting estimates and assumptions concerning the future.

The areas involving critical accounting estimates and significant assumptions concerning the future are discussed below:

a) Property, plant and equipment

Management has made estimates of residual values, useful life and recoverable amounts of certain items of property, plant and equipment. Any change in these estimates in future years might affect the carrying amounts of respective items of property, plant and equipment with corresponding effect on depreciation charge and impairment loss.

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4 **PROPERTY, PLANT AND EQUIPMENT**

Description	Plant and machinery	Office equipment	Furniture and fixtures	Total
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Year ended June 30, 2019

Net carrying value basis

Opening book value	-	23,970	39,624	63,594
Additions	847,595	-	-	847,595
Depreciation charge	(84,760)	(2,397)	(3,962)	(91,119)
Closing net book value	<u>762,836</u>	<u>21,573</u>	<u>35,662</u>	<u>820,070</u>

Gross carrying value basis

Cost	847,595	39,234	58,959	945,788
Accumulated depreciation/Impairment	(84,760)	(17,661)	(23,297)	(125,718)
Net book value	<u>762,836</u>	<u>21,573</u>	<u>35,662</u>	<u>820,070</u>

Year ended June 30, 2018

Net carrying value basis

Opening net book value (NBV)	-	8,633	20,727	29,360
Additions (at cost)	-	18,000	23,300	41,300
Depreciation charge	-	(2,663)	(4,403)	(7,066)
Closing net book value	<u>-</u>	<u>23,970</u>	<u>39,624</u>	<u>63,594</u>

Gross carrying value basis

Cost	-	39,234	58,959	98,193
Accumulated depreciation	-	(15,264)	(19,335)	(34,599)
Net book value	<u>-</u>	<u>23,970</u>	<u>39,624</u>	<u>63,594</u>

Depreciation rate % per annum

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	Note	2019 Rupees	2018 Rupees
5 CASH AND BANK BALANCES			
Cash in hand		30,640	-
Cash at bank - current account		1,672,343	1,930,521
		<u>1,702,983</u>	<u>1,930,521</u>
6 GENERAL FUND			
Opening balance		1,094,890	1,057,154
Surplus for the year		276,714	37,736
		<u>1,371,604</u>	<u>1,094,890</u>
7 RESTRICTED FUND			
Opening balance		852,470	-
Add: Restricted funds received during the year		12,299,257	2,615,568
Less: Restricted funds utilized during the year		(12,166,797)	(1,763,098)
		<u>984,930</u>	<u>852,470</u>
8 ACCRUED AND OTHER PAYABLES			
Withholding tax payable		41,043	-
Loan from Trustee	8.1	94,780	74,751
Audit fee payable		50,000	15,000
		<u>185,823</u>	<u>89,751</u>

8.1 This represents a loan from a Trustee. The loan is interest free and payables on demand .

9 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at the statement of financial position date.

10 EDUCATIONAL PROGRAMS

Higher education support	1,808,455	-
After schools	1,618,000	399,960
In-house schools	365,695	228,472
School fee support	850,913	650,141

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	2019 Rupees	2018 Rupees
Computer Centre	-	133,615
Book publication	332,768	85,600
Uniforms, books, copies and other school supplies	237,915	-
	<u>5,213,746</u>	<u>1,497,788</u>
11 HEALTH AND MEDICAL PROGRAMS		
Zainabia Medical Centre	844,511	734,213
Other medical related expenses	414,213	30,257
	<u>1,258,724</u>	<u>764,470</u>
12 SOCIAL AND WELFARE PROGRAMS		
Water purification and distribution	3,657,854	181,940
Ration distributions	2,992,087	3,131,093
Financial assistance	1,120,545	420,100
Orphan marriages	563,800	376,650
Meal and meat distribution	513,000	184,100
Quilt distribution	258,900	13,750
Other social and welfare programs	65,500	64,300
	<u>9,171,686</u>	<u>4,371,933</u>
13 ADMINISTRATIVE EXPENSES		
Salaries and other benefits	679,850	477,600
Professional services	215,000	73,650
Audit fee	50,000	
Utilities	48,400	36,753
Depreciation	91,120	7,066
Other expenses	291,103	439,252
	<u>1,375,473</u>	<u>1,034,321</u>
14 FINANCIAL INSTRUMENTS RELATED DISCLOSURES		
14.1 Liquidity risk		

Liquidity risk is the risk that the Trust will encounter difficulties in raising funds to meet commitments associated with financial instruments. The Trust believes that it is not exposed to any significant level of liquidity risk.

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14.2 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments. The Trust is not exposed to any interest rate risk.

14.3 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign currency rates. The Trust has no exposure to foreign currency risk.

14.4 Fair value of financial statements

The carrying value of all the financial assets and financial liabilities are estimated to approximate their fair values.

14.5 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date, if counter parties fail completely to perform as contracted. All financial assets of the Trust except for cash in hand are subject to credit risk.

15 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue by the Trustee of IFTA Welfare Trust in their meeting held on 01 MAR 2020.

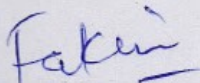
16 NUMBER OF EMPLOYEES

The number of employees as at the year end are XXX (2018: XXX).

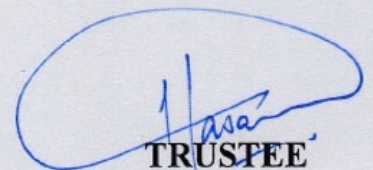
17 GENERAL

17.1 Figures have been rounded off to the nearest rupee.

17.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure. However, no significant reclassification has been made during the year.



MANAGING TRUSTEE



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