

FINANCIAL STATEMENTS
OF
IFTA WELFARE TRUST
FOR THE YEAR ENDED JUNE 30, 2021

**Independent Auditor's Report to the trustees of
IFTA Welfare Trust**

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of IFTA Welfare Trust (the Trust), which comprise the statement of financial position as at June 30, 2021, and income and expenditure account, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion, the statement of financial position, income and expenditure account and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Trust's affairs as at June 30, 2021.

Basis for 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 the 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 other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Responsibilities of Management and Trustees for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as the management determines 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 Trustees either intends to liquidate the trust or to cease operations, or has no realistic alternative but to do so.

The Trustees are responsible for overseeing the Trust's financial reporting process.

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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 Trustees.
- Conclude on the appropriateness of Trustee'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 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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Other Matter

The annual financial statements of the Trust for the year ended June 30, 2020 were audited by another firm of Chartered Accountants who vide their report dated February 20, 2021 expressed an unmodified opinion thereon.

The engagement partner on the audit resulting in this independent auditor's report is Sohail Saleem.


Chartered Accountants
Karachi
Date: 29 JUN 2022

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**IFTA WELFARE TRUST
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021**

ASSETS	Note	2021 Rupees	2020 Rupees
NON CURRENT ASSET			
Property, plant and equipment	4	3,408,456	796,563
CURRENT ASSETS			
Advance to staff		45,000	45,000
Other receivables		20,000	20,000
Short term investments	5	2,452,445	5,252,292
Cash and bank balances	6	5,493,159	4,190,450
TOTAL ASSETS		<u>8,010,604</u>	<u>9,507,742</u>
		<u>11,419,060</u>	<u>10,304,305</u>
FUNDS AND LIABILITIES			
FUNDS			
Unrestricted fund	7	3,131,214	2,279,386
LIABILITIES			
NON CURRENT LIABILITIES			
Restricted fund	8	8,117,233	7,920,874
CURRENT LIABILITIES			
Accrued and other payables	9	170,613	104,045
TOTAL FUND AND LIABILITIES		<u>11,419,060</u>	<u>10,304,305</u>
CONTINGENCIES AND COMMITMENTS			

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

Fakir
MANAGING TRUSTEE



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TRUSTEE

**IFTA WELFARE TRUST
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2021**

INCOME	Note	2021 Rupees	2020 Rupees
Restricted			
General		35,845,904	18,676,290
Donations			
Medical Centre token fees		3,312,684	10,393,785
Box collection		631,170	128,360
		428,301	357,195
		4,372,155	10,879,340
Liabilities no longer payable, written back		40,218,059	29,555,630
Dividend Income		-	94,780
Capital gain on short term investments		131,480	2,291
		95,712	-
		40,445,251	29,652,701
EXPENDITURE			
Education programs	11	15,092,782	7,068,626
Health and medical programs	12	5,673,825	1,609,581
Social and welfare programs	13	15,519,141	17,836,745
Administrative expenses	14	3,307,674	2,229,967
		39,593,422	28,744,919
Surplus for the year		851,829	907,782

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

Fakhr
MANAGING TRUSTEE



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TRUSTEE

**IFTA WELFARE TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021**

	2021 Rupees	2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	851,829	907,782
Adjustment for non-cash items:		
Depreciation Expense	378,717	88,507
Loan Waived by Trustees	-	(94,780)
Gain on Short Term Investments	(95,712)	(2,291)
	<u>1,134,834</u>	<u>899,218</u>
Effects on cash flow due to working capital		
(Increase) / Decrease in advance to staff	-	(45,000)
(Increase)/ Decrease in other receivable	-	(696)
Increase/(Decrease) in accrued and other payables	66,568	13,001
	<u>66,568</u>	<u>(32,695)</u>
Net cash generated from operations	<u>1,201,402</u>	866,523
Restricted funds	<u>196,358</u>	6,935,944
Net cash generated from operating activities	<u>1,397,760</u>	<u>7,802,467</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment and net cash	(2,990,610)	(65,000)
(Increase) / Decrease in short term investments	2,895,558	(5,250,000)
Net cash generated from investing activities	<u>(95,052)</u>	<u>(5,315,000)</u>
Net increase in cash and cash equivalents	<u>1,302,709</u>	2,487,467
Cash and cash equivalents at the beginning of the year	<u>4,190,450</u>	1,702,983
Cash and cash equivalents at the end of the year	<u>5,493,159</u>	<u>4,190,450</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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Legal status and nature of Business

IFTA Welfare Trust (the trust) is a charitable trust constituted under Trust Act 1881 through a Trust Deed entered into on November 05, 2008 having Registration No. 846 of Block 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 has obtained a certificate from Pakistan Centre of Philanthropy in the year 2020.

Basis of Preparation

1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of the Revised Accounting and Financial Reporting Standards for Small Sized Entities issued by the Institute of Chartered Accountants of Pakistan and the Accounting Standard for Not for Profit Organisations (NPOs) issued by ICAP.

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.

3 Functional and presentation currency

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

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.

4 Property, plant and equipment

These are stated at cost less accumulated depreciation. Depreciation is charged using the declining 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.

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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.

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 amount 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.

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

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.

4 Investments

Investment in debt instruments are stated at amortized cost. Premium and discount on acquisition are amortized back to the income and expenditure statement over the period of investment.

Investments in shares are initially recognized at cost, being the fair value of the consideration given excluding the transaction cost associated with the investment, which is charged in the income and expenditure statement in the year of purchase. Investment in shares are subsequently carried at fair value with any change in fair value recognized in the income and expenditure statement.

5 Other receivables

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

6 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.

7 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.

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.8 Restricted Fund

Restricted funds are based on arrangements, 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.

.9 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.

.10 Accrued and other payables

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

.11 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 on investment is recorded on accrual basis.

Income from other sources is recorded on receipt basis.

.12 Expenses

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

.13 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.

.14 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.

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15 **Significant accounting judgements and critical accounting estimates**

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

- exercise its judgement in process of applying the Trust's accounting policies, and
- use of certain 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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PROPERTY, PLANT AND EQUIPMENT

Description	Plant and Machinery	Office equipment	Furniture and fixtures	Total
Year ended June 30, 2021				
Net carrying value				
Opening book value				
Additions	686,552	32,916	77,096	796,563
Depreciation charge	2,530,000	20,000	440,611	2,990,611
Closing net book value	<u>(321,655)</u>	<u>(5,292)</u>	<u>(51,771)</u>	<u>(378,717)</u>
	<u>2,894,897</u>	<u>47,624</u>	<u>465,936</u>	<u>3,408,456</u>
Gross carrying value				
Cost	3,377,595	74,234	549,570	4,001,399
Accumulated depreciation/Impairment	<u>(482,699)</u>	<u>(26,610)</u>	<u>(83,634)</u>	<u>(592,943)</u>
Net book value	<u>2,894,896</u>	<u>47,624</u>	<u>465,936</u>	<u>3,408,456</u>
Year ended June 30, 2020				
Net carrying value				
Opening book value	762,836	21,573	35,662	820,070
Additions	-	15,000	50,000	65,000
Depreciation charge	<u>(76,284)</u>	<u>(3,657)</u>	<u>(8,566)</u>	<u>(88,507)</u>
Closing net book value	<u>686,552</u>	<u>32,916</u>	<u>77,095</u>	<u>796,563</u>
Gross carrying value				
Cost	847,597	54,234	108,959	1,010,790
Accumulated depreciation/Impairment	<u>(161,044)</u>	<u>(21,318)</u>	<u>(31,863)</u>	<u>(214,225)</u>
Net book value	<u>686,552</u>	<u>32,916</u>	<u>77,096</u>	<u>796,565</u>

Depreciation rate % per annum

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	Note	2021 Rupees	2020 Rupees
5 SHORT TERM INVESTMENTS			
NBP Islamic mutual funds			
5.1 Mutual Funds Units	5.1	<u>2,452,445</u>	<u>5,252,292</u>
As at beginning of the year			
Add: New units acquired		5,252,292	-
Less: Unit disposed during the year		-	5,252,292
As at the end of the year		<u>(2,799,847)</u>	<u>-</u>
		<u>2,452,445</u>	<u>5,252,292</u>
The trust has 257,066.9814 units (2020: 551,057) of mutual funds at Net Asset Value (NAV) of Rs. 9.5401 (2020: 9.5313)			
CASH AND BANK BALANCES			
Cash on hand		5,836	5,836
Cash at bank-current account		<u>5,487,323</u>	<u>4,184,614</u>
		<u>5,493,159</u>	<u>4,190,450</u>
GENERAL FUND			
Opening balance		2,279,386	1,371,604
Surplus for the year		<u>851,829</u>	<u>907,782</u>
		<u>3,131,214</u>	<u>2,279,386</u>
RESTRICTED FUND			
Opening balance		7,920,874	984,930
Add: Restricted funds received during the year		36,042,263	25,612,234
Less: Restricted funds utilized during the year		<u>(35,845,904)</u>	<u>(18,676,290)</u>
		<u>8,117,233</u>	<u>7,920,874</u>
ACCRUED AND OTHER PAYABLES			
Withholding tax payable		60,613	44,045
Audit fee payable		<u>110,000</u>	<u>60,000</u>
		<u>170,613</u>	<u>104,045</u>
CONTINGENCIES AND COMMITMENTS			
There were no contingencies and commitments as at the statement of financial position date.			
EDUCATIONAL PROGRAMS			
Higher education support		10,367,090	4,263,412
After schools		268,750	263,290
In-house schools		655,570	531,444
School fee support		2,816,560	1,992,275
Uniforms, books, copies and other school supplies		<u>984,812</u>	<u>18,205</u>
		<u>15,092,782</u>	<u>7,068,626</u>

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	Notes	2021 Rupees	2020 Rupees
12 HEALTH AND MEDICAL PROGRAMS			
Medical Centre			
Other medical related expenses		2,348,258	1,188,981
		<u>3,325,567</u>	<u>420,600</u>
		<u>5,673,825</u>	<u>1,609,581</u>
13 SOCIAL AND WELFARE PROGRAMS			
Water purification and distribution			
Ration distributions		2,949,845	2,089,530
Financial assistance		8,931,746	9,866,526
Orphan marriages		-	2,896,119
Meal and meat distribution		577,690	1,400,520
Quilt distriction		2,718,860	1,361,450
Other social and welfare programs		260,000	222,600
		81,000	-
		<u>15,519,141</u>	<u>17,836,745</u>
4 ADMINISTRATIVE EXPENSES			
Salaries and other benefits		1,792,330	1,070,700
Professional services		-	255,700
Audit fee		167,000	60,000
Utilities		67,465	46,350
Depreciation		378,717	88,507
Other expenses		902,162	708,710
		<u>3,307,674</u>	<u>2,229,967</u>

5 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue by the Trustee of IFTA Welfare in their meeting held on 29 JUN 2022.

6 NUMBER OF EMPLOYEES

The number of employees as at the year end are 11 (2020:11)

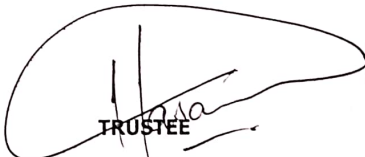
7 GENERAL

Figures have been rounded off to the nearest rupee.

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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