

FINANCIAL STATEMENTS
OF
IFTA WELFARE TRUST
FOR THE YEAR ENDED JUNE 30, 2022

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

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Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of IFTA Welfare Trust (the Trust), which comprise the statement of financial position as at **June 30, 2022**, 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.

In our opinion, the accompanying financial statements present fairly, give a true and fair view of the financial position of IFTA Welfare Trust as at June 30, 2022, and its financial performance and its cash flows for the year then ended in accordance with Revised Accounting and Financial Reporting Standard for Small-sized Entities and Accounting Standard for Not for Profit Organizations (NPOs) issued by the Institute of Chartered Accountants of Pakistan (ICAP)..

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

The Trustees are responsible for the preparation and fair presentation of the financial statements in accordance with the Revised Accounting and Financial Reporting Standard for Small-sized Entities (AFRS for SSEs) and Accounting Standard for Not for Profit Organizations (NPOs) issued by the ICAP and for such internal control as the trustees 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 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

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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 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's 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.

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


Chartered Accountants
Karachi

Date: December 29, 2022

UDIN: AR202210130JcbrVSRDN

**IFTA WELFARE TRUST
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022**

ASSETS	Note	2022 Rupees	2021 Rupees
NON CURRENT ASSET			
Property, plant and equipment	4	3,393,632	3,408,456
CURRENT ASSETS			
Advance to staff		5,000	45,000
Qarz e Hasna		-	20,000
Short term investments	5	9,987	2,452,445
Cash and bank balances	6	3,402,336	5,493,159
TOTAL ASSETS		<u>3,417,324</u>	<u>8,010,604</u>
		<u>6,810,955</u>	<u>11,419,060</u>
FUNDS AND LIABILITIES			
FUNDS			
Unrestricted fund	7	(423,164)	3,131,214
LIABILITIES			
NON CURRENT LIABILITIES			
Restricted fund	8	6,913,506	8,117,233
CURRENT LIABILITIES			
Accrued and other payables	9	320,613	170,613
TOTAL FUND AND LIABILITIES		<u>6,810,955</u>	<u>11,419,060</u>
CONTINGENCIES AND COMMITMENTS	10		

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The annexed notes from 1 to 18 form an integral part of these financial statements.

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MANAGING TRUSTEE



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TRUSTEE

**FTA WELFARE TRUST
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2022**

	Note	2022 Rupees	2021 Rupees
INCOME			
Restricted			
General	11	44,454,306	35,845,904
Donations			
Medical Centre token fees		7,247,408	3,312,684
Box collection		45,850	631,170
		383,629	428,301
		7,676,887	4,372,155
Dividend Income		52,131,193	40,218,059
Capital gain on short term investments		840	131,480
		68,475	95,712
		52,200,507	40,445,251
EXPENDITURE			
Education programs	12	33,091,694	15,092,782
Health and medical programs	13	2,944,771	5,673,825
Social and welfare programs	14	15,696,288	15,519,141
Administrative expenses	15	4,022,133	3,307,674
		55,754,886	39,593,422
Profit/Surplus for the year		(3,554,378)	851,829

annexed notes from 1 to 18 form an integral part of these financial statements.

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MANAGING TRUSTEE



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TRUSTEE

**IFTA WELFARE TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022**

	2022 Rupees	2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
(Deficit)/Surplus for the year		
Adjustment for non-cash items:	(3,554,378)	851,829
Depreciation Expense		
Gain on Short Term Investments	377,070	378,717
	(68,475)	(95,712)
	(3,245,783)	1,134,834
Effects on cash flow due to working capital		
(Increase) / Decrease in advance to staff	40,000	-
(Increase)/ Decrease in other receivable	20,000	-
Increase/(Decrease) in accrued and other payables	150,000	66,568
	210,000	66,568
Net cash generated from operations	(3,035,783)	1,201,402
Restricted funds	(1,203,726)	196,358
Net cash generated from operating activities	(4,239,509)	1,397,760
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment and net cash	(362,246)	(2,990,610)
(Increase) / Decrease in short term investments	2,510,932	2,895,558
Net cash generated from investing activities	2,148,686	(95,052)
Net increase in cash and cash equivalents	(2,090,823)	1,302,709
Cash and cash equivalents at the beginning of the year	5,493,159	4,190,450
Cash and cash equivalents at the end of the year	3,402,336	5,493,159

The annexed notes from 1 to 18 form an integral part of these financial statements.

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MANAGING TRUSTEE



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**WELFARE TRUST
STATEMENTS TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

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.

Basis of Preparation

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.

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.

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.

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.

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.

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.

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.

Other receivables

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

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.

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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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.

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.

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.

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.

Expenses

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

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.

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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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
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Year ended June 30, 2022

Net carrying value

Opening book value				
Additions	2,894,896	47,624	465,936	3,408,456
Depreciation charge	-	31,000	331,246	362,246
Closing net book value	(289,490)	(7,862)	(79,718)	(377,070)
	<u>2,605,406</u>	<u>70,762</u>	<u>717,464</u>	<u>3,393,632</u>

Gross carrying value

Cost	3,377,595	74,234	549,570	4,001,399
Accumulated depreciation/Impairment	(772,189)	(34,472)	(163,352)	(970,013)
Net book value	<u>2,605,406</u>	<u>39,762</u>	<u>386,218</u>	<u>3,031,386</u>

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	(321,655)	(5,292)	(51,771)	(378,717)
	<u>2,894,897</u>	<u>47,624</u>	<u>465,935</u>	<u>3,408,456</u>

Gross carrying value

Cost	3,377,595	74,234	549,570	4,001,399
Accumulated depreciation/Impairment	(482,699)	(26,610)	(83,634)	(592,943)
Net book value	<u>2,894,896</u>	<u>47,624</u>	<u>465,936</u>	<u>3,408,456</u>

Depreciation rate % per annum

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SHORT TERM INVESTMENTS

NBP Islamic mutual funds

Mutual Funds Units

As at beginning of the year
 Add: New units acquired
 Less: Unit disposed during the year
 As at the end of the year

The trust has 1,045.6715 units (2021: 257,066.9814) of mutual funds at Net Asset Value (NAV) of Rs. 9.5511 (2021: 9.5401)

Note	2022 Rupees	2021 Rupees
5.1	<u>9,987</u>	<u>2,452,445</u>
	<u>2,452,445</u>	<u>5,252,292</u>
	<u>(2,442,457)</u>	<u>(2,799,847)</u>
	<u>9,987</u>	<u>2,452,445</u>

CASH AND BANK BALANCES

Cash on hand
 Cash at bank-current account

	<u>7,436</u>	<u>5,836</u>
	<u>3,394,900</u>	<u>5,487,323</u>
	<u>3,402,336</u>	<u>5,493,159</u>

GENERAL FUND

Opening balance
 Deficit for the year

	<u>3,131,214</u>	<u>2,279,386</u>
	<u>(3,554,378)</u>	<u>851,829</u>
	<u>(423,164)</u>	<u>3,131,214</u>

RESTRICTED FUND

Opening balance
 Add: Restricted funds received during the year
 Less: Restricted funds utilized during the year

	<u>8,117,233</u>	<u>7,920,874</u>
	<u>42,303,143</u>	<u>36,042,263</u>
	<u>(43,506,870)</u>	<u>(35,845,904)</u>
	<u>6,913,506</u>	<u>8,117,233</u>

ACCRUED AND OTHER PAYABLES

Withholding tax payable
 Audit fee payable

	<u>60,613</u>	<u>60,613</u>
	<u>260,000</u>	<u>110,000</u>
	<u>320,613</u>	<u>170,613</u>

CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at the statement of financial position date. (2021: Nil)

RESTRICTED INCOME

Education programs
 Health and medical programs
 Social and welfare programs

	<u>27,773,552</u>	<u>17,698,096</u>
	<u>8,251,337</u>	<u>2,481,295</u>
	<u>8,429,417</u>	<u>15,666,513</u>
	<u>44,454,306</u>	<u>35,845,904</u>

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	Notes	2022 Rupees	2021 Rupees
EDUCATIONAL PROGRAMS			
Higher education support			
After schools		23,172,969	10,367,090
In-house schools		245,000	268,750
School fee support		322,450	655,570
Uniforms, books, copies and other school supplies		7,960,846	2,816,560
		1,390,429	984,812
		<u>33,091,694</u>	<u>15,092,782</u>
HEALTH AND MEDICAL PROGRAMS			
Medical Centre			
Other medical related expenses		2,621,136	2,348,258
		323,635	3,325,567
		<u>2,944,771</u>	<u>5,673,825</u>
SOCIAL AND WELFARE PROGRAMS			
Water purification and distribution			
Ration distributions		2,783,457	2,949,845
Financial assistance		8,678,700	8,931,746
Orphan marriages		8,375	-
Meal and meat distribution		495,650	577,690
Quilt distribution		263,080	2,718,860
Covid-19 Affectees Fund		1,397,590	260,000
Other social and welfare programs		1,632,000	-
		437,436	81,000
		<u>15,696,288</u>	<u>15,519,141</u>
ADMINISTRATIVE EXPENSES			
Salaries and other benefits		2,277,223	1,792,330
Audit and other professional services		161,500	167,000
Utilities		129,927	67,465
Depreciation		377,070	378,717
Repair and Maintenance		31,350	-
Advertisement Expense		154,000	-
Bank Charges		52,486	-
Conveyance Expenses		34,110	-
Commission Expense		31,058	-
Printing and Stationery		11,605	-
Postage and Courier		7,326	-
Entertainment Expense		10,345	-
Tax Expense		268,121	-
Capital Gain Tax		15,467	-
Other Expense		460,545	902,162
		<u>4,022,133</u>	<u>3,307,674</u>

DATE OF AUTHORISATION FOR ISSUE

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

29 DEC 2022

NUMBER OF EMPLOYEES

The number of employees as at the year end are 11 (2021:11)

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.

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MANAGING TRUSTEE



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