



FINANCIAL STATEMENTS
OF
IFTA WELFARE TRUST
FOR THE YEAR ENDED JUNE 30, 2024

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FOR THE YEAR ENDED JUNE 30, 2024



MUNIFF ZIAUDDIN & CO.

Chartered Accountants

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

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, 2024**, 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, 2024, 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.

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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 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: October 01, 2024

UDIN: AR202410130bnllxZPpA

**IFTA WELFARE TRUST
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024**

	Note	2024 Rupees	2023 Rupees
ASSETS			
NON CURRENT ASSET			
Property, plant and equipment	4	2,857,742	3,054,269
CURRENT ASSETS			
Advance to staff		12,000	-
Short term investments	5	7,926,365	11,236
Accounts receivable	6	259,000	1,394,574
Cash and bank balances	7	9,361,915	5,670,313
		17,559,281	7,076,123
TOTAL ASSETS		20,417,022	10,130,392
FUNDS AND LIABILITIES			
FUNDS			
Unrestricted fund	8	268,164	(10,853)
LIABILITIES			
NON CURRENT LIABILITIES			
Restricted fund	9	19,519,358	9,981,245
CURRENT LIABILITIES			
Accrued and other payables	10	629,500	160,000
TOTAL FUND AND LIABILITIES		20,417,022	10,130,392
CONTINGENCIES AND COMMITMENTS	11		

The annexed notes from 1 to 19 form an integral part of these financial statements.


MANAGING TRUSTEE


TRUSTEE

**IFTA WELFARE TRUST
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2024**

	Note	2024 Rupees	2023 Rupees
INCOME			
Restricted	12	80,356,179	75,832,384
General			
Donations		3,511,055	8,590,663
Zakat Income		100,000	-
Box collection		37,150	219,796
		3,648,205	8,810,458
		84,004,385	84,642,842
Dividend Income		1,071,926	1,461
		85,076,311	84,644,304
EXPENDITURE			
Education programs	13	41,632,230	35,630,235
Health and medical programs	14	648,056	1,049,694
Social and welfare programs	15	34,016,431	40,181,188
Administrative expenses	16	8,500,577	7,370,876
		84,797,294	84,231,993
Surplus for the year		279,017	412,311

The annexed notes from 1 to 19 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, 2024

	2024 Rupees	2023 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	279,017	412,311
Adjustment for non-cash items:		
Depreciation Expense	317,527	339,363
	<u>596,544</u>	<u>751,674</u>
Effects on cash flow due to working capital		
(Increase) / Decrease in advance to staff	(12,000)	5,000
Decrease / (Increase) in accounts receivable	1,135,574	(1,394,574)
Increase/(Decrease) in accrued and other payables	469,500	(160,613)
	<u>1,593,074</u>	<u>(1,550,187)</u>
Net cash generated from operations	2,189,618	(798,513)
Restricted funds received - net	9,538,113	3,067,739
Net cash generated from operating activities	<u>11,727,731</u>	<u>2,269,226</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment and net cash	(121,000)	-
(Increase) / Decrease in short term investments	(7,915,130)	(1,248)
Net cash generated from investing activities	<u>(8,036,130)</u>	<u>(1,248)</u>
Net increase in cash and cash equivalents	3,691,602	2,267,977
Cash and cash equivalents at the beginning of the year	5,670,313	3,402,336
Cash and cash equivalents at the end of the year	<u>9,361,915</u>	<u>5,670,313</u>

The annexed notes from 1 to 19 form an integral part of these financial statements.

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IFTA WELFARE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

1 Legal status and nature of Business

IFTA Welfare Trust (IFTA) was founded by Mr. Sajid Raza Haidri (Late) in 2008, Karachi and is registered under **THE SINDH TRUSTS (AMENDMENT) ACT, 2021**. 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.

2 Basis of Preparation

2.1 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.

2.2 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.

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The Company adopted disclosure of Accounting Policies (Amendments to IAS 1 and IFRS practice statements 2 'Making Materiality Judgments') from 01 July, 2023. Although amendments did not result in any changes to the accounting policies themselves, they impact the accounting policy information disclosed in the financial statements.

The amendments require disclosure of 'material', rather than 'significant' accounting policies. The amendments also provide the guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful entity specific accounting policy information that user need to understand other information in the financial statements.

The material accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 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.

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 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.

3.3 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.

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3.4 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.

3.5 Other receivables

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

3.6 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.

3.7 Unrestricted 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.

3.8 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.

3.9 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.

3.10 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.

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3.11 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.

3.12 Expenses

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

3.13 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.

3.14 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.

3.15 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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4 **PROPERTY, PLANT AND EQUIPMENT**

Description	Plant and Machinery	Office Equipment	Furniture and Fixtures	Total
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Year ended June 30, 2024

Net carrying value

Opening book value	2,344,866	63,685	645,717	3,054,269
Additions	-	121,000	-	121,000
Depreciation charge	(234,487)	(18,469)	(64,572)	(317,527)
Closing net book value	<u>2,110,379</u>	<u>166,217</u>	<u>581,146</u>	<u>2,857,742</u>

Gross carrying value

Cost	3,377,595	226,234	880,816	4,484,645
Accumulated depreciation	(1,267,216)	(60,017)	(299,670)	(1,626,903)
Net book value	<u>2,110,379</u>	<u>166,217</u>	<u>581,146</u>	<u>2,857,742</u>

Year ended June 30, 2023

Net carrying value

Opening book value	2,605,406	70,762	717,464	3,393,632
Additions	-	-	-	-
Depreciation charge	(260,541)	(7,076)	(71,746)	(339,363)
Closing net book value	<u>2,344,866</u>	<u>63,685</u>	<u>645,717</u>	<u>3,054,269</u>

Gross carrying value

Cost	3,377,595	105,234	880,816	4,363,645
Accumulated depreciation	(1,032,729)	(41,549)	(235,099)	(1,309,376)
Net book value	<u>2,344,866</u>	<u>63,685</u>	<u>645,717</u>	<u>3,054,269</u>

Depreciation rate % per annum

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	Note	2024 Rupees	2023 Rupees
5 SHORT TERM INVESTMENTS			
NBP Islamic mutual funds	5.1	<u>7,926,365</u>	<u>11,236</u>
5.1 Mutual Funds Units			
As at beginning of the year		11,236	9,987
Add: New units acquired		12,915,130	1,248
Less: Unit disposed during the year		(5,000,000)	-
As at the end of the year		<u>7,926,365</u>	<u>11,236</u>
The trust has 780,223.9615 units (2023: 1,171.9752 units) of mutual funds at Net Asset Value (NAV) of Rs. 10.1591 (2023: 9.5870)			
6 ACCOUNTS RECEIVABLE			
-Considered good unsecured	6.1	<u>259,000</u>	<u>1,394,574</u>
6.1 The ageing analysis of receivable:			
Upto 1 month		259,000	1,394,574
1 to 6 months		-	-
More than 6 months		-	-
		<u>259,000</u>	<u>1,394,574</u>
7 CASH AND BANK BALANCES			
Cash on hand		1,730	5,200
Cash at bank-current account		9,360,185	5,665,113
		<u>9,361,915</u>	<u>5,670,313</u>
8 UNRESTRICTED FUND			
Opening balance		(10,853)	(423,164)
Surplus / Deficit for the year		279,017	412,311
		<u>268,164</u>	<u>(10,853)</u>
9 RESTRICTED FUND			
Opening balance		9,981,245	6,913,506
Add: Restricted funds received during the year		88,070,181	77,579,640
Less: Restricted funds utilized during the year		(78,532,066)	(74,511,900)
		<u>19,519,359</u>	<u>9,981,245</u>
10 ACCRUED AND OTHER PAYABLES			
Other payables		429,500	-
Audit fee payable		200,000	160,000
		<u>629,500</u>	<u>160,000</u>
11 CONTINGENCIES AND COMMITMENTS			
There were no contingencies and commitments as at the statement of financial position date. (2023: Nil)			
12 RESTRICTED INCOME			
Education programs		43,990,552	20,888,538
Health and medical programs		3,605,087	11,517,890
Social and welfare programs		32,760,540	43,425,956
		<u>80,356,179</u>	<u>75,832,384</u>

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	Notes	2024 Rupees	2023 Rupees
13	EDUCATIONAL PROGRAMS		
	Higher education support	22,343,051	20,997,711
	After schools	15,800	174,711
	In-house schools	234,400	65,000
	School fee support	16,369,673	12,674,680
	Uniforms, books, copies and other school supplies	2,669,306	1,718,133
		41,632,230	35,630,235
14	HEALTH AND MEDICAL PROGRAMS		
	Medical Centre		1,042,694
	Other medical related expenses	648,056	7,000
		648,056	1,049,694
15	SOCIAL AND WELFARE PROGRAMS		
	Water purification and distribution	1,761,810	1,767,632
	Ration distributions	11,213,032	10,416,049
	Rain & Urban Flooding Affectees Rehabilitation	15,647,796	22,269,281
	Financial assistance	0	24,560
	Orphan marriages	816,940	1,223,960
	Meal and meat distribution	1,396,960	580,744
	Quilt distribution	836,450	798,600
	Covid-19 Affectees Fund		-
	Other social and welfare programs	250,344	3,100,362
		34,176,433	40,181,188
16	ADMINISTRATIVE EXPENSES		
	Salaries and other benefits	5,516,275	4,146,326
	Audit and other professional services	175,476	228,248
	Utilities	444,416	335,030
	Depreciation	317,528	339,363
	Repair and Maintenance	24,180	8,780
	Advertisement Expense	3,600	6,000
	Bank Charges	103,359	86,891
	Conveyance Expenses		171,500
	Commission Expense		-
	Printing and Stationery		-
	Postage and Courier		-
	Entertainment Expense	458,333	18,430
	Tax Expense	892,299	707,574
	Capital Gain Tax		-
	Other Expense	365,111	1,322,734
		8,300,577	7,370,876

17 **DATE OF AUTHORISATION FOR ISSUE**

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

01 OCT 2024

18 **NUMBER OF EMPLOYEES**

The number of employees as at the year end are 13 (2023:13)

19 **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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