

# Rahim Yar Khan Chamber of Commerce & Industry

SHAHBAZPUR ROAD, RAHIM YAR KHAN. PAKISTAN



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## Director's Report

The board of Directors of **Rahim Yar Khan Chamber of Commerce and Industry** is pleased to present its 10<sup>th</sup> Annual Report together with Audited Financial Statements of the Chamber for the year ended June 30<sup>th</sup> 2017.

### Operational and Financial Report:

Total income for the year was Rs.8.467 (M) as compared to last year income Rs. 6.60 (M). The expenses for the year were Rs.12.821 (M) as compared to last year expenses Rs. 7.77 (M). Net deficit for the year was Rs.4.354 (M) as compared last year surplus Rs. 1.17 (M).

Property & equipments were Rs.54.268 (M) as compared last year Rs. 55.480 (M). The Funds were Rs.21.634 (M) as compared last year Rs. 25.99 (M).

### Future Prospects:

Effort being made to construct, maintain and renovate Chamber Building which will help to provide better services to members of Chamber.

### Auditors:

The existing Auditors M/S Rao & Co. Chartered Accountants retire at the close of members Annual Meeting and have offered themselves for re-appointment.

Ch. Muhammad Shafique  
President

**Rahim Yar Khan Chamber of Commerce and Industry**



**WORKING TOGETHER FOR BETTER FUTURE**

# RAO & COMPANY

CHARTERED ACCOUNTANTS

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Rahim Yar Khan.

PAKISTAN

## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Rahim Yar Khan Chamber of Commerce & Industry ('the Chamber')** as at June 30, 2017 and the related income and expenditure account, cash flow statement, and statement of changes in funds together with the notes forming part thereof for the year then ended 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 purpose of our audit.

It is the responsibility of the Chamber's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by the management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Chamber as required by the Companies Ordinance, 1984;
- b) in our opinion :
  - i. the balance sheet and income and expenditure account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
  - ii. the expenditure incurred during the year was for the purpose of the Chamber business; and
  - iii. the business conducted, investments made and the expenditures incurred during the year were in accordance with the object of the Chamber.
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, income and expenditure account, cash flow statement and statement of changes in funds together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Chamber's affairs as at June 30, 2017, and of the **deficit**, its cash flows and changes in funds for the year then ended; and
- d) In our opinion, no Zakat was deductible at source under the Zakat and Usher Ordinance, 1980. (XVIII of 1980).

Rahim Yar Khan  
September 14, 2017

*Rao & Co.*  
**Rao & Company**  
Chartered Accountants  
Engagement Partner : Abdul Rafay

# RAHIM YAR KHAN CHAMBER OF COMMERCE AND INDUSTRY

## BALANCE SHEET

As at 30 June 2017

	Note	2017 Rupees	2016 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	3	54,268,430	55,480,285
Long term deposit	4	108,600	108,600
		<b>54,377,030</b>	<b>55,588,885</b>
<b>CURRENT ASSETS</b>			
Advance, deposit and other receivables	5	557,079	598,649
Cash and bank balances	6	69,869	4,770,034
		<b>626,948</b>	<b>5,368,683</b>
		<b>55,003,978</b>	<b>60,957,568</b>
<b>FUNDS AND LIABILITIES</b>			
General fund		6,000,000	6,000,000
Building fund		4,000,000	4,000,000
Accumulated surplus		11,634,077	15,988,169
		<b>21,634,077</b>	<b>25,988,169</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred grant	7	31,032,341	34,612,163
<b>CURRENT LIABILITIES</b>			
Creditors	8	1,734,799	254,663
Accrued liabilities	9	602,761	102,573
		<b>2,337,560</b>	<b>357,236</b>
Contingencies and commitments	10	-	-
		<b>55,003,978</b>	<b>60,957,568</b>

The annexed notes from 1 to 14 form an integral part of these financial statements.

ACTING SECRETARY GENERAL

SENIOR VICE PRESIDENT

PRESIDENT

# RAHIM YAR KHAN CHAMBER OF COMMERCE & INDUSTRY

## INCOME AND EXPENDITURE ACCOUNT

For the year ended 30 June 2017

	NOTE	2017 Rupees	2016 Rupees
<b>INCOME</b>			
<b>Membership subscription</b>			
Renewal Fee		5,032,000	4,920,000
Membership Fee		1,270,000	575,000
		6,302,000	5,495,000
<b>Other income</b>			
Donation Chamber Income		435,000	725,000
Profit on Saving A/C		810	3,975
Delegations Income		1,055,000	-
Hall Rent Income		37,500	-
Recommendation Letter / Membership Card		637,000	376,620
		8,467,310	6,600,595
<b>LESS: EXPENDITURE</b>			
Staff salaries and benefits		3,404,951	2,486,331
Security Expense		381,300	332,161
General Meeting & Election Expenses		2,263,040	1,923,165
Membership Card & Certificate expense		75,000	133,000
Legal and Professional Expenses		212,280	178,600
Fee & Subscription		87,100	111,250
Printing and stationery		192,910	206,900
Postage and couriers		193,027	185,203
Telephone, fax and Internet		155,372	87,695
Entertainment Expenses		330,620	131,640
Audit fee		75,000	50,000
Bank charges		1,344	7,260
Newspaper and publications		316,749	38,220
Meetings, Seminars, Workshops		1,497,874	176,749
Office Rent		-	280,000
Travelling expenses		43,865	36,800
Electricity expenses		456,016	206,643
Gas Expenses		39,430	12,460
Repairs and maintenance		134,080	100,875
Publicity and Advertisement		562,130	119,600
Gifts & Souvenir		158,675	154,430
Miscellaneous		13,580	10,964
Renovation expense		32,875	90,280
Depreciation	11	1,989,692	446,065
Office Supplies		100,379	59,232
Delegation expenses		45,834	-
Charity & Donation		-	138,900
Haji Camp 2016		-	67,810
Loss on disposal of property and equipment		58,279	-
		12,821,402	7,772,233
Deficit for the year		(4,354,092)	(1,171,638)

The annexed notes from 1 to 14 form an integral part of these financial statements.

  
ACTING SECRETARY GENERAL

  
SENIOR VICE PRESIDENT

  
PRESIDENT


# RAHIM YAR KHAN CHAMBER OF COMMERCE & INDUSTRY

## CASH FLOW STATEMENT

For the year ended 30 June 2017

	2017 Rupees	2016 Rupees
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Deficit for the year	(4,354,092)	(1,171,638)
<b>Adjustment of non-cash items</b>		
Depreciation	1,989,692	446,065
Loss on disposal of fixed assets	58,279	-
	<u>(2,306,121)</u>	<u>(725,573)</u>
<b>Working capital changes:</b>		
<b>(Increase) / decrease in current assets</b>	<u>93,939</u>	<u>-</u>
<b>Increase / (decrease) in current liabilities</b>		
Creditors	1,480,136	5,010
Accrued expenses	500,188	(96,313)
	<u>2,074,263</u>	<u>(91,303)</u>
<b>Net cash generated from operations</b>	<u>(231,858)</u>	<u>(816,876)</u>
Taxes paid	(52,369)	(26,380)
<b>Net cash flows from operating activities</b>	<u>(284,227)</u>	<u>(843,256)</u>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure incurred	(4,452,828)	(3,019,901)
Proceeds from disposal of fixed assets	36,890	-
<b>Net cash used in investing activities</b>	<u>(4,415,938)</u>	<u>(3,019,901)</u>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>Net cash flows from financing activities</b>	<u>-</u>	<u>-</u>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<u>(4,700,165)</u>	<u>(3,863,157)</u>
Cash and cash equivalents at the beginning of the year	4,770,034	8,633,191
<b>Cash and cash equivalents at the end of the year</b>	<u><u>69,869</u></u>	<u><u>4,770,034</u></u>

*The annexed notes from 1 to 14 form an integral part of these financial statements.*

  
 ACTING SECRETARY GENERAL

  
 SENIOR VICE PRESIDENT

  
 PRESIDENT

# RAHIM YAR KHAN CHAMBER OF COMMERCE & INDUSTRY

## STATEMENT OF CHANGES IN FUNDS

For the year ended 30 June 2017

	General Fund	Building Fund	Accumulated surplus	Total
Balance as at 30 June 2015	6,000,000	4,000,000	17,159,807	27,159,807
Deficit for the year	-	-	(1,171,638)	(1,171,638)
Balance as at 30 June 2016	6,000,000	4,000,000	15,988,169	25,988,169
Deficit for the year	-	-	(4,354,092)	(4,354,092)
<b>Balance as at 30 June 2017</b>	<b>6,000,000</b>	<b>4,000,000</b>	<b>11,634,077</b>	<b>21,634,077</b>

*The annexed notes from 1 to 14 form an integral part of these financial statements.*

ACTING SECRETARY GENERAL

SENIOR VICEPRESIDENT

PRESIDENT

# **RAHIM YAR KHAN CHAMBER OF COMMERCE & INDUSTRY**

## **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2017

### **1 STATUS & NATURE OF BUSINESS**

Rahim Yar Khan Chamber of Commerce & Industry ('the Chamber') was formed in July 2007 and incorporated as a company limited by guarantee in January 2010 under the provisions of the Companies Ordinance, 1984 with prime objects to unite the members in their common approach on all matters concerning the members. The Chamber has been granted license to work as trade organization under section 42 of the Companies Ordinance, 1984.

### **2 BASIS OF PREPARATION**

#### **2.1 Statement of Compliance**

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved Accounting Standards comprise of International Financial Reporting Standards for Small and Medium-Sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) and as notified by the Securities and Exchange Commission of Pakistan (SECP), Accounting Standards for Not for Profit Organizations issued by the Institute of Chartered Accountants of Pakistan (ICAP) and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

During the year, the Companies Act, 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 17 of 2017 dated July 20, 2017 communicated commission's decision that the companies whose financial year close on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies

#### **2.2 Accounting Convention**

These accounts have been prepared under the historical cost convention.

In these financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

#### **2.3 Significant accounting estimates and judgments**

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise judgment, estimates and assumptions in the process of applying accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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- Useful lives of property, plant and equipment (note: 2)
- Provision against doubtful receivables

#### **2.4 Functional and presentation currency**

These financial statements are presented in Pakistan Rupee which is also the Chamber's functional currency.

### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **3.1 Property and equipment**

These are stated at cost less accumulated depreciation. Depreciation is charged to income applying the straight line method at the rates specified in the schedule. Depreciation for addition and deletion is charged for the number of months, these are used during the year. Minor repairs and maintenance are charged to current expenses, while major renewals and improvements are capitalized. Any gain or loss on disposal is included in profit and loss account.

#### **3.2 Advances, deposits and other receivables**

Advances, deposits and other receivables originated by the Chamber are recognized and carried at original cost. An estimate for doubtful receivables is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

#### **3.3 Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statements, cash and cash equivalents comprises of cash in hand, balance with banks and short term investments realizable within a year.

#### **3.4 Government grant**

Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Chamber will comply with all attached conditions. Fair value comprises the amount received in cash and current market value in case of grant received in kind.

#### **3.5 Creditors and accrued liabilities**

Liability for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the

#### **3.6 Revenue recognition**

Subscription and Donation income are recognized as and when received. Return on investment and other income is recorded on accrual basis.

#### **3.7 Provision**

Provision are recognized in the balances sheet when the Chamber has legal or constructive obligation as a result of past events and it is probable that out flow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

#### **3.8 Impairment loss**

The carrying amounts of the Chamber's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. Impairment losses, if any, are recognized as expense in the income and expenditure account.

#### **3.9 Income tax**

Rahim Yar Khan Chamber of Commerce & Industry is a non-profitable organization. However, necessary approval in this regard from Tax Authorities has not been obtained..

Government grants relating to property and equipment are recognised as deferred grants and credited to profit and loss account over the useful lives of the related assets.



<b>3 PROPERTY AND EQUIPMENT</b>			<b>2017</b>	<b>2016</b>
			<b>Rupees</b>	<b>Rupees</b>
Operating fixed assets	3.1		<b>54,268,430</b>	52,280,551
Capital work in progress	3.2		-	3,199,734
			<b>54,268,430</b>	<b>55,480,285</b>

### 3.1 Operating fixed assets

	Freehold land	Building	Electric installation	Furniture and fixture	Office equipment	Computers	Total
----- Rupees -----							
<b>Year ended June 30, 2017</b>							
Opening net book value	7,088,150	41,725,289	1,433,155	151,764	1,882,193	-	52,280,551
Additions	-	3,341,025	-	1,445,188	2,775,380	90,969	7,652,562
Disposals							
Cost	-	-	-	-	(148,240)	-	(148,240)
Accumulated depreciation	-	-	-	-	53,071	-	53,071
	-	-	-	-	(95,169)	-	(95,169)
Depreciation charge	-	(4,577,352)	(220,485)	(247,259)	(510,773)	(13,645)	(5,569,514)
Closing net book value	<u>7,088,150</u>	<u>40,488,962</u>	<u>1,212,670</u>	<u>1,349,693</u>	<u>4,051,631</u>	<u>77,324</u>	<u>54,268,430</u>
<b>At June 30, 2017</b>							
Cost	7,088,150	45,773,522	1,469,903	2,204,025	5,011,550	229,969	61,777,119
Accumulated depreciation	-	(5,284,560)	(257,233)	(854,332)	(959,919)	(152,645)	(7,508,689)
Net book value	<u>7,088,150</u>	<u>40,488,962</u>	<u>1,212,670</u>	<u>1,349,693</u>	<u>4,051,631</u>	<u>77,324</u>	<u>54,268,430</u>
<b>Depreciation rates</b>	0%	10%	15%	15%	15%	30%	
<b>Year ended June 30, 2016</b>							
Opening net book value	7,088,150	-		239,056	400,114	14,614	7,741,934
Additions	-	42,432,497	1,469,903	23,850	1,655,069	-	45,581,319
Disposals	-	-	-	-	-	-	-
Depreciation charge	-	(707,208)	(36,748)	(111,142)	(172,990)	(14,614)	(1,042,702)
Closing net book value	<u>7,088,150</u>	<u>41,725,289</u>	<u>1,433,155</u>	<u>151,764</u>	<u>1,882,193</u>	<u>-</u>	<u>52,280,551</u>
<b>At June 30, 2016</b>							
Cost	7,088,150	42,432,497	1,469,903	758,837	2,384,410	139,000	54,272,797
Accumulated depreciation	-	(707,208)	(36,748)	(607,073)	(502,217)	(139,000)	(1,992,246)
Net book value	<u>7,088,150</u>	<u>41,725,289</u>	<u>1,433,155</u>	<u>151,764</u>	<u>1,882,193</u>	<u>-</u>	<u>52,280,551</u>
<b>Depreciation rates</b>	0%	10%	15%	15%	15%	30%	

### 3.2 Capital work in progress

#### *Chamber building*

	<b>2017</b>	<b>2016</b>
	<b>Rupees</b>	<b>Rupees</b>
Opening balance	<b>3,199,734</b>	1,858,752
Additions during the year	<b>141,291</b>	1,340,982
	<b>3,341,025</b>	3,199,734
Transferred to operating fixed assets	<b>(3,341,025)</b>	-
	<b>-</b>	3,199,734

		2017 Rupees	2016 Rupees
<b>4 LONG TERM DEPOSIT</b>			
Deposit for electricity connection	4.1	<u>108,600</u>	<u>108,600</u>
4.1 This represent deposit to Multan Electric Power Company (MEPCO) for electricity connection.			
<b>5 ADVANCES, DEPOSIT AND OTHER RECEIVABLES</b>			
Advance tax		52,369	26,380
Income tax refundable		213,367	186,987
Security deposit - <i>unsecured &amp; considered good</i>		<u>12,700</u>	<u>308,700</u>
		<b>278,436</b>	<b>522,067</b>
Other Receivables - <i>unsecured &amp; considered good</i>			
Flour Mills Association		20,582	20,582
Newsletter c/o Abdul Rauf		25,000	25,000
Receivable A/c Newsletter 2011-2012		3,500	3,500
Receivable A/c Newsletter Sep.-2012 Addition		7,000	21,000
SECP Advance Paid		6,500	6,500
Wali Sons Flour & General Mills		39,986	-
M. Shuakat Hayyat		15,500	-
Ch. M. Ikram		10,000	-
Receivable from members against delegation expenses		150,575	-
		<u>278,643</u>	<u>76,582</u>
		<b>557,079</b>	<b>598,649</b>
<b>6 CASH AND BANK BALANCES</b>			
Cheques and cash in hand		10,776	36
Cash at banks			
- Current account		44,812	4,636,527
- Saving account	6.1	14,281	133,471
		<u>59,093</u>	<u>4,769,998</u>
		<b>69,869</b>	<b>4,770,034</b>
6.1 The balances in deposit accounts carry mark up at the rates from 5% to 3.5% per annum (2016: 4.5% to 5% per annum)			
<b>7 DEFERRED GRANT</b>			
Government Grant for Citizen Community Board Building			
Grand received	7.1	35,208,800	35,208,800
Amortization:			
Opening		(596,637)	-
Amortization during the year		(3,579,822)	(596,637)
		<u>(4,176,459)</u>	<u>(596,637)</u>
		<b>31,032,341</b>	<b>34,612,163</b>
7.1 This represent grant received from Government of Punjab in respect of construction of building for Rahim Yar Chamber of Commerce and Industry being the 77.78% of total cost of building.			

8 Creditors	Note	2017 Rupees	2016 Rupees
Ch. Muhammad Saleem Bhullar		3,548	2,000
Ch. Muhammad Ashraf		730	730
Ghulam Yaseen		32,000	25,000
Syed Akbar Ghazi		96,000	96,000
Adnan Amin		1,400	1,400
Rohi Motor		4,000	4,000
Thar Seed Corporation		4,000	4,000
Ch. Zafar Ali & Company		4,000	4,000
Payable to members		8,000	8,000
Haji Muhammad Ibrahim		6,895	6,895
Main Muhammad Sharif		10,000	2,138
Muhammad Shahid Akmal		20,000	8,000
Usama Clinic Laboratory		4,000	5,000
Ghulam Mustafa		10,000	8,000
Nauman Ajwa Haj Umra Service		1,500	1,500
Un known income	8.1	91,000	78,000
Javed Iqbal		10,000	
Waleed Ahmad		15,000	-
Shafqat Hussain		24,000	-
M.Azhar Ch.		24,000	-
Al Mukhtar Flour & General Mills		247,000	-
Aleem Oil Mills		343,459	-
Café Lamis		254,759	-
Al-Basit Oil Traders		33,358	-
Payable to members against delegation expenses		486,150	
		<u>1,734,799</u>	<u>254,663</u>
8.1 This represent credits in the bank accounts of the chamber the basis of witch is un known to the management till the authorization of these financial statements so these are recorded as liability.			
<b>9 ACCRUED LIABILITIES</b>			
Contribution to CCB for Ryk Chamber Building		7,400	7,400
Accrued Expenses		595,361	95,173
		<u>602,761</u>	<u>102,573</u>
<b>10 CONTINGENCIES AND COMMITMENTS</b>			
There were no contingencies and commitments at balance sheet date (2016 : Nil).			
<b>11 DEPRECIATION</b>			
Depreciation	3.1	5,569,514	1,042,702
Amortization of government grant	7	(3,579,822)	(596,637)
		<u>1,989,692</u>	<u>446,065</u>

12 NUMBER OF EMPLOYEES

Total number of employees as at 30 June  
Average number of employees for the year

2017	2016
<u>13</u>	<u>9</u>
<u>11</u>	<u>7</u>

13 AUTHORISATION

The financial statements were approved by the Executive Committee of the Chamber in their meeting held on

~~94 SEP 2017~~

14 GENERAL

14.1 Figures have been rounded of to the nearest Rupee.

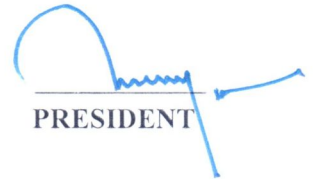
14.2 Corresponding figures been re-arranged & re-classified, whenever, necessary for the purpose of comparison.



ACTING SECRETARY GENERAL



SENIOR VICE PRESIDENT



PRESIDENT