



# THE MULTAN CHAMBER OF COMMERCE & INDUSTRY

Shahrah-e-Aiwan-e-Tijarat-o-Sanat  
Multan



## ***Annual Audit Report – 2023***



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE MULTAN CHAMBER OF COMMERCE AND INDUSTRY****Report on the Audit of Financial Statements****Opinion**

We have audited the annexed financial statements of **The Multan Chamber of Commerce and Industry (MCCI)**, which comprise the statement of financial position as at June 30, 2023, and the statement of income and expenditure, the statement of changes in accumulated fund, 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 and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of income and expenditure, the statement of changes in accumulated fund 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 MCCI's affairs as at June 30, 2023 and of the surplus, the changes in accumulated fund and its cash flows for the year then ended.

**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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of MCCI 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.

**Information Other than the Financial Statements and Auditors' Report Thereon**

Management is responsible for the other information. The other information comprises the information included in the Executive Committee's Report to the members, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Executive Committee 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 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, management is responsible for assessing the MCCI'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 MCCI or to cease operations, or has no realistic alternative but to do so.

Executive Committee is responsible for overseeing MCCI's financial reporting process.

### **Auditors' 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 auditors' 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 judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk 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 omission, 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 MCCI's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 MCCI's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause MCCI to cease to continue as a going concern.

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- 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 Executive Committee 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.

**Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by MCCI as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of income and expenditure, the statement of changes in accumulated fund and the statement of cash flows together with notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investment made, expenditure incurred and guarantees extended during the year were for the purpose of MCCI's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Talat Javed.

*Shinewing Hameed Chaudhri*

Chartered Accountants  
Multan

Date: September 30, 2023  
UDIN: AR202310162MAH2yqsvz

**THE MULTAN CHAMBER OF COMMERCE AND INDUSTRY  
STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2023**

	Note	2023 Rupees	2022 Rupees
<b>ACCUMULATED FUND AND LIABILITIES</b>			
<b>Funds</b>			
Accumulated fund	4	44,179,411	38,509,026
<b>Capital reserves</b>			
Surplus on revaluation of freehold land and building	5	58,547,389	58,815,376
		102,726,800	97,324,402
<b>Current liabilities</b>			
Accrued and other liabilities	6	1,022,196	1,837,450
<b>Total accumulated funds and liabilities</b>		<b>103,748,996</b>	<b>99,161,852</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	7	69,499,834	69,857,083
Long term investment	8	-	15,000,000
		69,499,834	84,857,083
<b>Current assets</b>			
Loans and advances	9	202,000	452,000
Tax refunds due from the Government	10	3,281,979	2,509,766
Cash and bank balances	11	30,765,183	11,343,003
		34,249,162	14,304,769
<b>Total assets</b>		<b>103,748,996</b>	<b>99,161,852</b>
<b>Contingencies and commitments</b>	12		

The annexed notes from 1 to 21 form an integral part of these financial statements.

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**PRESIDENT**



**MEMBER EXECUTIVE COMMITTEE**



**SECRETARY GENERAL**

**THE MULTAN CHAMBER OF COMMERCE AND INDUSTRY  
STATEMENT OF INCOME AND EXPENDITURE  
FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023 Rupees	2022 Rupees
Gross receipts	13	17,192,450	15,193,500
Administrative expenses	14	(15,612,890)	(14,513,329)
Other expenses	15	-	(12,400)
Finance cost	16	(8,286)	(12,238)
Other income	17	3,831,124	1,801,536
Surplus for the year		<u>5,402,398</u>	<u>2,457,069</u>

The annexed notes from 1 to 21 form an integral part of these financial statements.

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**PRESIDENT**



**MEMBER EXECUTIVE COMMITTEE**



**SECRETARY GENERAL**

**THE MULTAN CHAMBER OF COMMERCE AND INDUSTRY  
STATEMENT OF CHANGES IN ACCUMULATED FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Capital Reserve - Surplus on revaluation of freehold land and building</b>	<b>Revenue Reserve - accumulated fund</b>	<b>Total</b>
	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
<b>Balance as at June 30, 2021</b>	59,097,467	35,769,866	94,867,333
Surplus for the year	-	2,457,069	2,457,069
Transfer to accumulated profits on account of incremental depreciation	(282,091)	282,091	-
<b>Balance as at June 30, 2022</b>	<u>58,815,376</u>	<u>38,509,026</u>	<u>97,324,402</u>
Surplus for the year	-	5,402,398	5,402,398
Transfer to accumulated profits on account of incremental depreciation	(267,987)	267,987	-
<b>Balance as at June 30, 2023</b>	<u><u>58,547,389</u></u>	<u><u>44,179,411</u></u>	<u><u>102,726,800</u></u>

The annexed notes from 1 to 21 form an integral part of these financial statements.

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**PRESIDENT**



**MEMBER EXECUTIVE COMMITTEE**



**SECRETARY GENERAL**

**THE MULTAN CHAMBER OF COMMERCE AND INDUSTRY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2023**

	<b>2023 Rupees</b>	<b>2022 Rupees</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Surplus for the year	5,402,398	2,457,069
Adjustment for:		
Depreciation on property and equipment	933,419	944,192
Loss on disposal of property and equipments	-	12,400
Operating cash flows before movements in working capital	<u>6,335,817</u>	<u>3,413,661</u>
<b>Changes in working capital</b>		
(Increase) / decrease in current assets		
Loans and advances	250,000	(322,462)
Tax refunds due from the government	(772,213)	(410,275)
(Decrease) / increase in current liabilities		
Accrued and other liabilities	(815,254)	(2,355,157)
	<u>(1,337,467)</u>	<u>(3,087,894)</u>
<b>Net cash generated from operating activities</b>	<u>4,998,350</u>	<u>325,767</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(576,170)	(653,020)
Proceeds from sale of property and equipment	-	18,000
Long term investments	15,000,000	(1,000,000)
<b>Net cash generated from / (used in) investing activities</b>	<u>14,423,830</u>	<u>(1,635,020)</u>
Net increase / (decrease) in cash and cash equivalents (A+B)	19,422,180	(1,309,253)
Cash and cash equivalent at the beginning of the year	11,343,003	12,652,256
Cash and cash equivalent at the end of the year	<u><u>30,765,183</u></u>	<u><u>11,343,003</u></u>

The annexed notes from 1 to 21 form an integral part of these financial statements.

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**PRESIDENT**



**MEMBER EXECUTIVE COMMITTEE**



**SECRETARY GENERAL**

**THE MULTAN CHAMBER OF COMMERCE AND INDUSTRY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

**1 CORPORATE AND GENERAL INFORMATION**

**1.1 Legal status and operations**

The Multan Chamber of Commerce and Industry (MCCI) was registered in Pakistan as company limited by guarantee incorporated on September 15, 1959 under the Companies Act, 1913 (now Companies Act, 2017).

MCCI enjoys singular distinction of being the premier Chamber of Southern Punjab representing economic activities by virtue of its location in industrial and commercial companies of Southern Punjab and is affiliated with the Federation of Pakistan Chamber of Commerce and Industry. The objective of MCCI is to promote and protect the interest of Trade & Industry.

**Geographical location and address of the Company**

The registered office of MCCI is situated at Shahrah-e-Aiwane-e-Tijarat-o-Sannat, Multan.

**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 approved accounting and reporting standards applicable in Pakistan comprise of:

- Revised Accounting and Financial Reporting Standard for Small-Sized Entities (Revised AFRS for SSEs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017;
- Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act; 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the Revised AFRS for SSEs or the Accounting Standard for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.2 Basis of preparation**

These financial statements have been prepared under the historical cost convention without any adjustment for the effect of inflation or fair values, except for land and building which have been measured at revalued amount.

**2.3 Functional and presentation currency**

These financial statements are presented in Pak Rupees which is MCCI's functional currency.

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**3.1 Property and equipment**

Property, plant and equipment are stated at written down value except for land and building which is stated at revalued amount. Depreciation is recognized as an expense and is determined by applying the reducing balance method at the rates prescribed in the note 7 to these financial statements, in order to write off the cost over the useful lives of the assets, except for Crockery and Cutlery which is depreciated by using the straight line method.

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Surplus on revaluation of land and building is credited to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value.

In respect of additions and disposals during the year, depreciation is charged for the whole year in which the asset is available for use and no depreciation is charged in the year of disposal.

Minor repair and maintenance expenditure are recognized in the year in which they are incurred but major repair and maintenance expenditure are capitalized. Gains or losses on the disposal of assets are recognized as an income in the year in which they are incurred.

**3.2 Accrued and other liabilities**

Liabilities in respect of accrued and other liabilities are carried at cost, which is the fair value of the consideration to be paid in future for goods and services received.

**3.3 Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of statement of cash flow, cash equivalents are short term highly liquid instruments that are readily convertible to known amounts of cash which are subject to insignificant changes.

**3.4 Revenue recognition**

Revenue from all sources of income are recognized on actual receipts basis.

	Note	2023 Rupees	2022 Rupees
<b>4 ACCUMULATED FUND</b>			
Opening balance		38,509,026	35,769,866
Surplus for the year		5,402,398	2,457,069
Incremental depreciation		267,987	282,091
Closing balance		<u>44,179,411</u>	<u>38,509,026</u>
<b>5 SURPLUS ON REVALUATION OF FREEHOLD LAND AND BUILDING</b>			
Land		53,455,644	53,455,644
Building		6,979,660	6,979,660
		60,435,304	60,435,304
<b>Incremental depreciation on buildings:</b>			
Opening balance		(1,619,928)	(1,337,837)
for the year		(267,987)	(282,091)
		(1,887,915)	(1,619,928)
		<u>58,547,389</u>	<u>58,815,376</u>
<b>6 ACCRUED AND OTHER LIABILITIES</b>			
Audit fee payable		63,000	52,500
Other payable	6.1	512,084	845,477
Payable to vendors		151,060	128,185
E.O.B.I payable		12,000	-
Advance from companies	6.2	277,000	299,700
Salaries payable		-	457,767
Tax payable on salaries		7,052	53,821
		<u>1,022,196</u>	<u>1,837,450</u>

6.1 This represents amount received as donations to provide medicines, free education, food to needy people, and is maintained in separate bank account.

6.2 This represents amount received as advance from companies for visa letter recommendation fee and certificates attestation fee.

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**PROPERTY AND EQUIPMENT**

Particulars	Cost / revalued amount			Accumulated depreciation			Net book value as at June 30, 2023	Rate
	As at July 01, 2022	Additions / (Disposals)	As at June 30, 2023	As at July 01, 2022	Charge for the year	As at June 30, 2023		
	Rupees						%	
Freehold land	56,000,000	-	56,000,000	-	-	-	56,000,000	-
Building	12,621,200	-	12,621,200	2,341,154	514,002	2,855,156	9,766,044	5%
Furniture and fixtures	1,396,939	-	1,396,939	1,177,473	21,947	1,199,420	197,519	10%
Electrical appliances	6,442,935	576,170	7,019,105	3,973,148	304,596	4,277,744	2,741,361	10%
Vehicles	1,770,500	-	1,770,500	923,676	84,682	1,008,358	762,142	10%
Motor cycles	80,000	-	80,000	39,040	8,192	47,232	32,768	20%
	<b>78,311,574</b>	<b>576,170</b>	<b>78,887,744</b>	<b>8,454,491</b>	<b>933,419</b>	<b>9,387,910</b>	<b>69,499,834</b>	

**For comparative year**

Particulars	Cost / revalued amount			Accumulated depreciation			Net book value as at June 30, 2022	Rate
	As at July 01, 2021	Additions / (Disposals)	As at June 30, 2022	As at July 01, 2021	Charge for the year	As at June 30, 2022		
	Rupees						%	
Freehold land	56,000,000	-	56,000,000	-	-	-	56,000,000	-
Building	12,621,200	-	12,621,200	1,800,099	541,055	2,341,154	10,280,046	5%
Furniture and fixtures	1,396,939	-	1,396,939	1,153,088	24,385	1,177,473	219,466	10%
Electrical appliances	5,820,315	653,020 (30,400)	6,442,935	3,698,728	274,420	3,973,148	2,469,787	10%
Vehicles	1,770,500	-	1,770,500	829,584	94,092	923,676	846,824	10%
Motor cycle	80,000	-	80,000	28,800	10,240	39,040	40,960	20%
	<b>77,688,954</b>	<b>622,620</b>	<b>78,311,574</b>	<b>7,510,299</b>	<b>944,192</b>	<b>8,454,491</b>	<b>69,857,083</b>	

7.1 On July 01, 2011, MCCI elected to measure its freehold land and building (Classified as property and equipment) using the revaluation model.

Latest revaluation of MCCI's freehold land, buildings was determined at June 30, 2018 by an independent professionally qualified valuer Sama Engineers Associates listed on the panel of the Pakistan Bank Association. The valuation is based on an open market value.

The activity in the property markets in which these assets are located provides observable market data on which reliable fair value estimates can be derived. In determining the valuation, the valuer refers to current market conditions and recent sales transactions of similar properties.

The forced sale value of the revalued freehold land and building has been assessed at Rs. 47.6 million and Rs. 10.7 million respectively.

	Note	2023 Rupees	2022 Rupees
<b>8 LONG TERM INVESTMENT</b>			
<b>Term deposit receipts:</b>			
U Micro Finance Bank Ltd.	8.1	-	<b>15,000,000</b>
8.1 MCCI has withdrawn Rs. 15 million from U Micro Finance Bank Limited during the year by approval of the President.			
<b>9 LOANS AND ADVANCES</b>			
Loans and advances to staff		452,000	602,000
Prepayments	9.1	-	100,000
Provision for doubtful loans and advances to staff		(250,000)	(250,000)
		<b>202,000</b>	<b>452,000</b>
9.1 This includes advance for social media committee for meeting expenses.			

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	Note	2023 Rupees	2022 Rupees
<b>10 TAX REFUNDS DUE FROM GOVERNMENT</b>			
Opening balance		2,509,766	2,099,491
<b>Withholding tax deducted during the year on:</b>			
Profit from fixed deposits		512,596	210,913
Banks		143,389	122,929
Vehicles-GLI		1,750	1,750
Telephone bills		4,134	3,641
Electricity bills		110,344	71,042
		772,213	410,275
		<b>3,281,979</b>	<b>2,509,766</b>
<b>11 CASH AND BANK BALANCES</b>			
Cash in hand		7,707	1,718
Cash at banks			
- current accounts		432,601	809,387
- deposit account	11.1	30,324,875	10,531,898
		<b>30,765,183</b>	<b>11,343,003</b>
11.1	Deposit account carried profit at the rate of 16.6% to 21.5 % (2022: 6%) per annum		
<b>12 CONTINGENCIES AND COMMITMENTS</b>			
There are no known contingencies and commitments as at June 30, 2023 ( 2022: nil)			
		2023	2022
	Note	Rupees	Rupees
<b>13 GROSS RECEIPTS</b>			
Admission & membership fee		8,192,450	7,397,000
Annual subscription		2,829,000	2,847,000
Rental income		25,000	35,000
Visa letter recommendation fee		2,257,500	1,442,500
Certificates attestation fee		2,898,500	2,345,700
Membership card fee		-	166,300
Other contribution / donations		990,000	960,000
		<b>17,192,450</b>	<b>15,193,500</b>
<b>14 ADMINISTRATIVE EXPENSES</b>			
Salaries and other benefits		7,446,497	6,633,754
Utility charges		1,169,836	924,498
Printing and stationary		437,187	333,378
Entertainment		2,628,392	3,223,227
Legal and professional charges		383,486	352,511
Fee & subscription		64,228	60,000
Repair and maintenance		261,681	410,135
Audit fee		84,110	52,500
Travelling and conveyance		531,610	630,258
Rent charges		-	46,525
Depreciation charge	7	933,419	944,192
Architectural and structure design		-	60,000
Advertisement / communication expenses		188,521	213,980
Vehicle insurance		36,450	24,300
Crockery & cutlery expenses		40,036	2,185
Computer & electric expenses		256,550	48,640
Newspaper, periodicals & postage		54,460	344,877
Daily allowance		33,999	20,987
Miscellaneous expenses		730,588	187,382
Media coordination charges		331,840	-
		<b>15,612,890</b>	<b>14,513,329</b>

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	Note	2023 Rupees	2022 Rupees
<b>15 OTHER EXPENSES</b>			
Loss on disposal		-	12,400
<b>16 FINANCE COST</b>			
Bank charges		8,286	12,238
<b>17 OTHER INCOME</b>			
Profit on fixed deposit account		2,981,272	1,130,647
Profit on bank deposits		807,639	619,997
Miscellaneous income		42,213	50,982
		<b>3,831,124</b>	<b>1,801,626</b>
<b>18 REMUNERATION OF EXECUTIVES</b>			
		<b>2023</b>	<b>2022</b>
		<b>Executives</b>	<b>Executives</b>
Basic salary		1,843,182	1,568,184
Medical allowance		184,318	156,816
		<b>2,027,500</b>	<b>1,725,000</b>
<b>Number of Executives</b>		<b>1</b>	<b>1</b>
<b>19 NUMBER OF EMPLOYEES</b>			
Number of employees as at June 30,		11	11
Average number of employees during the year		11	11
<b>20 DATE OF AUTHORIZATION</b>			
These financial statements were authorized for issue on September <u>30</u> , 2023 by the executive committee of MCCI.			
<b>21 GENERAL</b>			
These financial statements have been rounded off to the nearest of Rupee.			

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**PRESIDENT**



**MEMBER EXECUTIVE COMMITTEE**



**SECRETARY GENERAL**