

GIKI ALUMNI ASSOCIATION

INITIAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2023



Ref: Audit/24/62

Date: August 03, 2023

Executive Council
GIKI Alumni Association
Islamabad.

Subject: Audit for the year ended June 30, 2023

We are pleased to enclose Four copies of the draft financial statements of GIKI Alumni Association together with our draft audit report thereon initialed by us for identification purposes. We shall be pleased to sign our audit report in their present or amended form after;

- a) The financial statements have been approved and signed by President and Vice President Finance authorized by the Council in this behalf.
- b) Extracts of minutes of meeting in which financial statements and management letter were approved and presented to the Council;
- c) Pending documents and confirmations listed in Annexure "1".

Responsibilities of the auditors and the management in relation to the financial statements

The responsibilities of the independent auditors in an audit engagement are explained in International Standards on Auditing. While the auditors are responsible for forming and expressing an opinion on the financial statements, the responsibility for its preparation is primarily that of the Management. The Society's responsibilities include maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, safeguarding of the assets and prevention and detection of frauds and irregularities. The audit of the financial statements does not relieve the management of its responsibilities. Accordingly, our examination of the books of accounts and records should not be relied upon to disclose all the errors or irregularities, which are not material in relation to the financial statements.

Matter for specific consideration

The Council should consider following matter and take appropriate action:

- According to the Islamabad Capital Territory Charities Registration, Regulation and Facilitation Act, 2021, section 5 "All the charities working for welfare or charitable purposes and already registered under any of the laws, other than the laws mentioned in sub-section (3) and rendering services in any or multiple activities mentioned in the Schedule, shall have to seek fresh registration in accordance with the provisions of this Act and on the production of such documents as deemed and required by the registration authority.

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GIKI Alumni Association has been formed and registered under The Societies Act, 1860, however, the Islamabad Capital Territory Charities Registration, Regulation and Facilitation Act, 2021, requires fresh registration should be obtained under this act by all charities working for welfare or charitable purposes. GIKI has currently not received any legal notice from any regulatory authority against non-registration

We would like to inform you that unless we have signed the auditors' report on these financial statements, the same shall remain and be deemed unaudited.

Finally, we take this opportunity to express our appreciation for the courtesy extended to us during the course of our audit by the management and staff of the Society.

Yours faithfully

J.A.S.B. & Ant

J.A.S.B. & Associates
Chartered Accountants



Annexure 1- Pending Documents and Pending Confirmations

Pending Documents:

1. List of Students/supporting documents of scholarship disbursement to students amounting Rs. 16,524,277.
2. Bank statement and subsequent bank statement
3. Subsequent general ledger
4. Signed agreement with PAYPRO
5. Management Representation letter
6. Cash in hand certificate
7. List of authorized signatories
8. List of employees as at year end
9. List of bank account
10. List of Council members
11. Representation for Going Concern

Pending Confirmations:

Sr #	Description	Amount in PKR
1	Bank Confirmation- Habib Bank Limited	18,122,175
2	Bank Confirmation- Silk Bank Limited	3,073,086
3	Bank Confirmation- Silk Bank Limited	2,394,398
4	Donations Confirmations	9,322,724
5	Legal and Tax Confirmation	-

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GIKI ALUMNI ASSOCIATION

Opinion

We have audited the financial statements of GIKI Alumni Association (the Society), which comprise the statement of financial position as at June 30, 2023, and statement of income and expenditure 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, in all material respects, the financial position of the Society as at June 30, 2023, and its financial performance for the year then ended in accordance with the accounting policies described in note 3 to the financial statements.

Basis for Opinion

We conducted our audit in accordance with the 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 Society 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1.2 of the financial statements, which indicates the registration status of the Society. As stated in Note 1.2, these events or conditions indicate that a material uncertainty may cast significant doubt on the Society's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting policies described in note 3 to the financial statements and for such internal control as the management determine 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

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Those charged with governance are responsible for overseeing the Society'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 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 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 the Society'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 Society 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 the manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Other Matter

The financial statement of the Society for the period ended June 30, 2022 were unaudited, accordingly, we do not express an opinion or any form of assurance on these financial statements.

The engagement partner on the audit resulting in this independent auditor's report is **Mr. Arsalan Vardag (FCA)**.

Signature

J.A.S.B. & Associates
Chartered Accountants
Islamabad
Date:
UDIN:

GIKI ALUMNI ASSOCIATION
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	<u>2023</u> Rupees	<u>2022</u> Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment	4	42,422	63,316
CURRENT ASSETS			
Advances, Deposits & Prepayments	5	23,333	-
Advance Income Tax	6	-	-
Cash and Cash Equivalents	7	23,610,568	22,622,095
TOTAL ASSETS		<u>23,676,323</u>	<u>22,685,411</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred Liability	8	23,014,108	22,263,443
CURRENT LIABILITIES			
Accrued and other Payables	9	443,740	221,560
Provision for Taxation	10	218,475	200,408
CONTINGENCIES AND COMMITMENTS	11	-	-
TOTAL LIABILITIES		<u>23,676,323</u>	<u>22,685,411</u>

The annexed notes 1 to 20 form an integral part of these financial statements.

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PRESIDENT

VICE PRESIDENT FINANCE

GIKI ALUMNI ASSOCIATION
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
INCOME			
Donation	8	19,742,367	17,572,211
Other Income	12	205,857	110,217
		19,948,224	17,682,428
EXPENDITURE			
Direct Expenses	13	18,010,799	15,803,712
Administrative and General Expenses	14	1,681,930	1,660,275
Finance Cost	15	2,053	1,500
		19,694,782	17,465,487
SURPLUS/(DEFICIT) BEFORE TAX		253,442	216,941
Income Tax Expense	16	253,442	216,941
SURPLUS/(DEFICIT) AFTER TAX		-	-

The annexed notes 1 to 20 form an integral part of these financial statements.

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PRESIDENT

VICE PRESIDENT FINANCE

GIKI ALUMNI ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1 THE SOCIETY AND ITS OPERATIONS

- 1.1** GIKI Alumni Association (the Society) is registered under the Societies Act, 1860 as on November 24, 2003. The registered office of the Society is located at Mezzanine floor, Pak Pavilions, 65-E, A.K Fazal Haq Road, G-7 Blue Area Islamabad.
- 1.2** GIKI Alumni Association has been formed and registered under The Societies Act, 1860, however the Islamabad Capital Territory Charities Registration, Regulation and Facilitation Act, 2021, requires fresh registration should be obtained under this act by all charities working for welfare or charitable purposes. GIKI has currently not received any legal notice from any regulatory authority against non-registration, but in such case, GIKI will take all the necessary steps to abide by the rules and regulations to avoid any obstacle in the future operations of the Society. Additionally, other existing Non-Profit Organizations are also operational even without registration in the above-mentioned Act. The non-registration may effect the future operations of the Society indicating a material uncertainty on the ability to continue as going concern. However, these financial statements have not been prepared on any other alternate basis.
- 1.3** The principle objective of the GIKI Alumni Association (the Society) is to promote the interests and welfare of Ghulam Ishaq Khan Institute of Engineering Sciences and Technology (the Institute), its alumni, deserving students and other deserving in the education sector. The Society provides a critical link between the alumni and the Institute and is supported exclusively by member contributions, donations and volunteer support.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared under the historical cost convention on the basis of significant accounting policies described in Para 3.

2.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention.

2.3 SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of financial statements is in conformity with the Revised Accounting and Financial Reporting Standard for Small-Sized Entities issued by the Institute of Chartered Accountants of Pakistan which requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are based on an ongoing basis. Revisions to the accounting estimates are recognized in the period in which the estimates are revised and in any future period affected.

In particulars, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are as follows:

(a) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises acquisition and other directly attributable costs.

(b) Depreciation

Depreciation is charged to statement of income and expenditure on reducing balance method. Depreciation on additions to property, plant and equipment is charged from the month in which an item is put to use while no depreciation is charged for the month in which the item is derecognized / disposed off.

(c) Provisions and Contingencies

A provision is recognized as a result of past event, the Trust has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation.

Where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation can not be measured with sufficient reliability, it is disclosed as contingent liability.

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**GIKI ALUMNI ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied in preparation of these financial statements.

3.1 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises acquisition and other directly attributable costs.

3.2 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, cash with banks on current or saving and deposit accounts, with maturities of three months or less from acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Trust in the management of its short term commitments.

3.3 Accrued and Other Payables

Accrued and other payables are stated at their cost.

3.4 Income

Donations are recognized as income on accrual basis to the extent of expenses recognized. Any surplus/deficit is recognized in deferred liabilities.

3.5 Advances and Other Receivables

Advances and Other Receivables are stated at estimated realizable value after each debt has been considered individually. Where the payment of a debt becomes doubtful a provision is made and charged to the income

3.6 Taxation

Income tax represents current tax expense. Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates, if any and minimum tax under the provisions of Income Tax Ordinance, 2001, whichever is higher.

3.7 Related Party Transactions

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the council, it is in the interest of the Trust to do so.

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GIKI ALUMNI ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

4 Property, Plant & Equipment

Particulars	Computer & Accessories	Total
-----Rupees-----		
As at June 30, 2022		
Cost	125,700	125,700
Accumulated Depreciation	(62,384)	(62,384)
Net Book Value	63,316	63,316
Year ended June 30, 2023		
Opening Net Book Value	63,316	63,316
Additions	-	-
Disposals		
-Cost	-	-
-Depreciation	-	-
	-	-
Depreciation charge	(20,894)	(20,894)
Closing Net Book Value	42,422	42,422
As at June 30, 2023		
Cost	125,700	125,700
Accumulated Depreciation	(83,278)	(83,278)
Net Book Value	42,422	42,422
Depreciation Rate %	33%	

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GIKI ALUMNI ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	<u>2023</u> Rupees	<u>2022</u> Rupees
5 Advances, Deposits & Prepayments			
Prepaid subscription expense		23,333	-
		<u>23,333</u>	<u>-</u>
6 Advance Income Tax			
Opening Balance		-	14,758
Income tax withheld during the year		30,878	16,534
Adjustment of advance tax			(14,758)
Provision for the year		(30,878)	(16,534)
Closing Balance		<u>-</u>	<u>-</u>
7 Cash and Cash Equivalents			
Cash in Hand		20,909	29,378
Cash at Bank - Current Account			
- Local Currency		23,589,659	22,592,717
		<u>23,610,568</u>	<u>22,622,095</u>
8 Deferred Liability			
Opening Balance		22,263,443	18,490,590
Donation Received during the Year		20,493,032	21,345,064
Less: Donation Recognized as Income		(19,742,367)	(17,572,211)
Closing Balance		<u>23,014,108</u>	<u>22,263,443</u>
9 Accrued and Other Payables			
Accounts Payable		331,415	139,200
Audit Fee Payable		89,125	81,200
Withholding Income tax payable		23,200	1,160
		<u>443,740</u>	<u>221,560</u>
10 Provision for taxation			
Provision for the year		218,475	200,408
		<u>218,475</u>	<u>200,408</u>
11 Contingencies and Commitments			
There are no significant contingencies and commitments as at June 30, 2023.			
	Note	<u>2023</u> Rupees	<u>2022</u> Rupees
12 Other Income			
Profit on Bank		205,857	110,217
		<u>205,857</u>	<u>110,217</u>
13 Direct Expenses			
Disbursement to Beneficiaries		18,010,799	15,803,712
		<u>18,010,799</u>	<u>15,803,712</u>

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GIKI ALUMNI ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	<u>2023</u> Rupees	<u>2022</u> Rupees
14 Administrative and General Expenses			
Salaries and Other Benefits		877,800	763,590
Auditor's Remuneration	14.1	421,935	464,600
Gifts and Promotions Expense		252,800	-
Subscription Expense		57,667	-
Communication Expense		22,735	44,852
Depreciation Expense	4	20,894	28,148
Travelling Expense		13,119	19,938
Strategy Summit Expense		10,730	-
Repair & Maintenance		3,200	-
Printing and Stationery		1,050	-
Income Tax Expense		-	335,287
Postage and mailing		-	3,860
		<u>1,681,930</u>	<u>1,660,275</u>
14.1 Auditor's Remuneration			
Annual Audit fee		89,125	81,200
Accounting, taxation and corporate services		325,335	383,400
Out of Pocket expenses		7,475	-
		<u>421,935</u>	<u>464,600</u>
15 Finance Cost			
Bank Charges		2,053	1,500
		<u>2,053</u>	<u>1,500</u>
16 Income Tax Expense			
Current tax		249,353	216,941
Under Provision		4,089	-
		<u>253,442</u>	<u>216,941</u>

17 REARRANGEMENT AND RECLASSIFICATION

The comparative figures have been rearranged and reclassified where necessary, for better and fair presentation. The reclassification made in the comparatives are as follows.

Head of accounts	Amount	Previously classified as	Reclassified as
Income Tax Expense	216,941	Administrative and General Expenses	Income Tax Expense

18 Number of Employees

	<u>2023</u>	<u>2022</u>
Number of Employees as at year end	1	1
Average Number of Employees at year end	1	1

19 General

Figures have been rounded off to the nearest Rupee.

20 Date of Authorization

These financial statements were authorized for issue by the Members of the Society in their meeting held on _____.



PRESIDENT

VICE PRESIDENT FINANCE