

INDEPENDENT AUDITOR'S REPORT

ANNEXURE- II

**The Institution of Engineers (India)
Gujarat State Centre**

Report on the Financial Statements

We have audited the accompanying financial statements of **The Institution of Engineers (India) Gujarat Local Centre**, (“the Institution”), which comprise the Balance Sheet as at 31st March, 2022 signed by us under reference to this report and the related Income and Expenditure Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as “financial statement”) [in which have been incorporated the returns /accounts received from the various Local Centers of the Institution for the year ended 31st March, 2022 as audited by other auditors and which have been relied upon by us].

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Institution give the information in accordance with the generally accepted accounting principles and the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and read with the Other Matters paragraph below, give a true and fair view of the state of affairs of the Institution as at March 31, 2022 its surplus/(deficit) and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SA) issued by the Institute of Chartered Accountants of India. 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 Institution in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Management's Responsibility for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs and result of operation of the Institution in accordance with the accounting principles generally accepted in India, including the applicable Accounting Standards. This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Institution and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Institution'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 Institution or to cease operations, or has no realistic alternative but to do so.

The management of the Institution is responsible for overseeing the Institution'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 SAs 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 SAs, 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 financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances

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 Institution'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 Institution 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.

Obtain sufficient appropriate audit evidence regarding the financial information of the Institution to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of the Institution of which we are the independent auditors. For the financial statements of the branches incorporated in these financial statements which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audit carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the result of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

Disclosure on other matters has been reported in the Annexure-III annexed herewith along with other observation stated below. Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

This report does not contain a statement on the matters specified by the Companies (Auditor's Report) Order 2016 („the Order“) issued by the Central Government of India in terms of sub section (11) of section 143 of the Companies Act 2013 as the said Order is not applicable to the Institution.

We further report that:

1. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit;
2. In our opinion proper books of accounts as required by law have been kept by the Institution so far as appears from our examination of those books;
3. The Balance Sheet, the Statement of Income and Expenditure and the Cash Flow Statement dealt with in this Report are in agreement with the books of account.
4. We further report that according to the information and explanation given to us:
 - i. The Institution has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii. The Institution did not have any long-term contracts including derivative contracts for which there may be any material foreseeable losses.

Regards

SMJ & Associates

Chartered Accountants

Firm Registration No 137347W

Mohit Mehta

Partner

Membership No. 155175

Date: 29/06/2022

Place: Ahmedabad

UDIN: 22155175ALWUVZ7406

