

Ref. No. CRC/M&Co. 2020/107-01

Date: 20th September 2021

The Circle Registrar
Cooperative Societies Department,
Sector F-8 Markaz,
Islamabad Capital Territory (ICT)
Islamabad.

**SUBJECT: AUDIT OF ACCOUNTS FOR THE YEAR 2019-20
FEDERATION OF EMPLOYEES COOPERATIVE HOUSING SOCIETY- ISLAMABAD**

Dear Sir,

In pursuance to our appointment as auditors of the above named Society vide your letter No. 3259/CR/ICT/B dated 31st August 2020, we have completed the audit of annexed balance sheet of **Federation Of Employees Cooperative Housing Society, Islamabad** (the "Society") as at **30th June 2020** and the income and expenditure account for the year then ended [here-in-after referred to as the "financial statements"]. The management of the Society was responsible for both the accuracy and completeness of the information supplied to us for the purposes of this audit and is responsible for the preparation of financial statements.

We examined the transactions on test basis with evidence supporting the amounts in records and applied such test and procedures as were considered necessary in the circumstances. However, our work was restricted to the information provided and available in the records which was prepared and maintained by the Society.

We conducted our audit in accordance with guidelines issued by the Registrar, Cooperative Societies Department ICT, Islamabad. Further we conducted our audit in accordance with the generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

It is clarified that the matters, which are being reported, came to our attention during the course of normal audit procedures, which is based on test check and therefore should be relied upon to that extent only, as stated. It is further clarified that during the year movements in various head of accounts, necessary explanations, and accounting policies form part of the annexed financial statements, and the purpose of this document specifically is just to report our observations and to recommend the appropriate suitable corrective action thereto.

It is further clarified that these observations have duly been discussed with the management of the Society at an appropriate level.

Registration, History and Objects

The Society is registered under the Cooperative Societies Act, 1925 on 6th February 1985 vide registration No. 279. The objects of the Society are to promote the economic and social interest of its members on the principles of cooperation, self-help, on no profit and no loss basis and more particularly to lay-out, establish and maintain a residential colony for its members and to arrange or otherwise acquire land, houses, buildings or other property for the purpose of carrying out the objects of the Society. Its area of operation is restricted to Capital Territory of Islamabad and Rawalpindi Division.

2. Managing Committee

The details of the Managing Committees during the tenure under audit were as follows:

2.1 Ex-Managing Committee:

The Ex-Managing Committee was elected vide notification no. 1116/CR/ICT/B and the official notification of the Managing Committee was issued on **25th February 2020**. The composition of the Ex-Managing Committee at the time of notification is as under:

Sr. No.	Name	Designation	M. No.
1.	Mr. Muhammad Aziz Ullah Khan	President	101/89/E-11
2.	Dr. Ghulam Rasool Khan Khattak	Vice President	13/89/LB
3.	Mr. Liaquat Ali	Secretary	134/90/E-11
4.	Mr. Jahangir Akhtar	Treasurer	53/89-LB
5.	Mr. Asim Khurshid	Executive Member	300/89-LB
6.	Mr. Syed Sadiq Hussain Shah	Executive Member	0106
7.	Mr. Shahab uddin Shahab	Executive Member	207/90/E-11
8.	Mr. Muhammad Jamshaid	Executive Member	246/89-E-11
9.	Mr. Wajid Bhatti	Executive Member	82/89/LB

Further, this Managing Committee was dissolved vide notification no. 3244/CR/ICT/B dated 28th August, 2020 according to byelaw no. 31(4). Later, the same managing committee was restored vide notification no. 4313/CR/ICT/B dated 22nd December 2020.

2.2 Ex-managing committee:

The Ex-Managing Committee was elected (unopposed) and the official notification of the Managing Committee was issued on **21st September 2016**. The composition of the Ex-Managing Committee at the time of notification is as under:

Sr. No.	Name	Designation	M. No.
1.	Mr. Arman Aziz	President	238/89/E-11
2.	Mr. Sabir Khan	Vice President	34/89/LB
3.	Mr. Raja Jahangir Akhtar	Secretary	53/89/LB
4.	Mr. Muzamil Mukhtar	Treasurer	101/90/E-11
5.	Dr. Waqar Hussain Malik	Executive Member	208/90/E-11
6.	Mr. Ali Anwar Syed	Executive Member	44/07/E-11
7.	Mr. Syed Ghazanfar Abbas	Executive Member	142/89
8.	Mr. Tanveer Ahmed	Executive Member	84/80/LB
9.	Mr. Anees Ur Rehman	Executive Member	360-B/89/LB

Presently the society is working under the administrative charge.

It is clarified that the audit observations are arranged according to the importance and significance of the matter and before we move to our observations, certain relevant key statistics are provided for better understanding and comprehension.

3. Location and area of land

The Society has acquired land measuring 443 Kanals 15.5 Marlas at Sector E-11 and 349 Kanals at Sector O-9 for the housing schemes directly from the owners/land suppliers at the total cost of Rs. 293,396,360/- (including registration fee and CVT expenditure). **Further land and related issues in detail are numerated below in para 16 of this report.**

4. Status of plots

4.1 Plots allotted and un-allotted

As per management, the Society has total 834 plots of various sizes and out of total plots 826 plots has been allotted to the members in both schemes of the Society. Certificate from the management regarding status of plot allotted and un-allotted is attached as per annexure to this report.

4.2 Statistics of plots cancelled, restored and refunded

As per management, no plot was cancelled or restored during the year under audit. Certificate from the management regarding plot cancellation is attached as per annexure to this report.

4.3 Statistics of plots transferred during the year

During the financial year under audit, 133 plots were transferred to their new owners and accordingly the management transferred their membership after charging requisite transfer fee. The amount charged on account of transfer fee has been credited to transfer fee account as income of the Society. Certificate from the management regarding transfers of plots is attached as per annexure to this report.

5. Layout plan and NOC status

5.1 E-11 Scheme

Earlier the Society has obtained approval revised Layout Plan [LOP] from Capital Development Authority vide its letter dated 05th March, 2008 for Sector E-11 housing Scheme which was later **suspended** vide letter no. CDA/PLW-HS(90)E-11/FECHS/2009/ dated 27th December, 2010 due to irregularities and violations.

5.2 O-9 Scheme

The Society has not obtained approval of LOP for Sector O-9 Housing scheme.

It is pertinent to mention with great concern that the Society's management has allotted plots to the members of the Society prior to obtain approval of Master Plan from the concerned authorities. Whereas, according to bye-laws, allotment of plots will not be made till the approval of Master plan of the housing scheme from the concerned authority. When once the allotment is so made, the allotted plot or its site or its area shall not be changed without the prior consent of the affected members. If any change is otherwise inevitable, the approval of the General Body Meeting and Registrar, ICT, Islamabad will be compulsory. We are of the opinion that the management of the Society has neglected the same. As discussed in para 4.1 above of this report, the management has already allotted the plots in violation of the said provision, whereas NOC and approval of Master Plan is still pending.

It is strongly recommended that management should take due diligence and steps to get the activities in line with the provisions of the Cooperative Societies Act, 1925 and Bye-laws of the Society. Further, the Society's management may look into the matter with serious concern and take necessary steps to expedite the process of obtaining approval of LOP and NOC's with respect to both of housing schemes on top priority basis.

6. Share money / Share capital

[Rs. 86,200]

6.1 There is no movement in this account during the year under audit.

6.2 Authorized share capital of the Society consists of undetermined number of shares of Rs. 1,000 each.

6.3 The liability of every member is restricted to ten times of the value of the shares purchased.

- 6.4 No individual member shall hold shares, the value of which exceeds Rs. 20,000/- or 1/5th of the total share capital of the Society, whichever is less. If an individual member, by inheritance or otherwise, come in possession of more than the maximum holding permitted by this rule, the Managing Committee shall have the power to sell the excess number or purchase them for the Society.

7. **Accumulated surplus** [Rs. 26,257,259]

Movement during year under this account is as follows:

AS ON 30TH JUNE 2020

Description	Ref No.	[Rupees]
Balance at beginning of the year		24,257,758
Add: Income during the year	7.1	36,561,267
Less: Expenditure during the year	7.2	(34,339,599)
Less: Transferred to reserve fund		(222,167)
Balance at end of the year		26,257,259

- 7.1 The total income/receipts amounted to Rs. 36,561,267/- during the year and mostly comprises of Transfer fee, Conservancy bills, Interest income, Building plan approval fee and penalty Income. We checked the income earned during the year on test basis with the supporting documents and we found the result satisfactory.

During audit it came to our knowledge that the society owns a commercial property namely "Federation Plaza" which was vacant since August 2019 and last monthly rent received from the tenant was Rs. 282,750/-. This non usage of property leads to loss of revenue of approximately 3.4 million per annum. It is strongly recommended that management should take necessary steps and rent out commercial property to generate revenue.

- 7.2 The Society has incurred expenses to the tune of Rs. 34,339,599/- and mostly comprises of salaries and allowances, maintenance E-11, maintenance Lohi bher, utility expense, garbage expense, consultancy fee and Legal and professional charges. We have checked the expenses on test basis and found the result satisfactory.

8. **Reserve fund** [Rs. 2,035,916]

Balance represents the reserve fund as on 30th June 2020. During the year the Society has transferred Rs. 222,167/- to general reserves. As per applicable provisions of bye-laws, the Society has created a reserve fund of 10% of surplus arising during the years.

9. **Members' deposits** [Rs. 915,103,568]

Movement during year under this account is as follows:

AS ON 30TH JUNE 2020

Description	Lohi Bher Phase [Rupees] 9.1	E-11 Phase [Rupees] 9.2	E11Northern Commercial [Rupees] 9.3	Total [Rupees]
Balance at beginning of the year	166,429,895	593,817,292	154,769,381	915,016,568
Add: Addition during the year	222,000	435,000	-	657,000
Less: Refund during the year	-	(570,000)	-	(570,000)
Balance at end of the year	166,651,895	593,682,292	154,769,381	915,103,568

- 9.1 Under the head of members' deposits for Lohi Bher; the additions during the year represents the deposits against cost of land and additional development charges from the members. The additions were checked on test basis with the supporting documents and have found the same in order.
- 9.2 Under the head of members' deposits for E-11; the additions during the year represents the deposits against cost of land from the members. The additions and refunds were checked on test basis with the supporting documents and have found the same in order.
- 9.2.1 During the year Rs. 570,000/- was refunded to Zafar Ali Khan as compensation for short measurement of plot no. 398 by 19 sq. yards. Originally the allotment letter was issued for 355 sq. yards which on measurement found short of area than the area of allotment, upon which allottee filed petition under section 54 of Cooperatives Societies Act, 1925 that his plot size was consequently reduced to 300 sq. yards. The Assistant Commissioner (Potohar) acting as Registrar's Nominee directed vide letter no. 2173/CR/ICT/B to either correct applicant's plot size as per allotment or make monetary compensation as per the market value for the 55 sq. yards reduced. Further, on demarcation by the Society it was found that plot no. 398 is only short of 19 sq. yards for which compensation is made as directed by Circle Registrar at rate of Rs. 30,000/sq. yard.
- 9.3 There is no movement in this head of accounts during the year under audit. Balance represents the charges received for underground basement from the members of affiliated land at the rate of Rs. 7,000/sq. yard for construction of underground parking in commercial plots.

10. Masjid fund**[Rs. 20,115,349]**

Movement during year under this account is as follows:

Description	AS ON 30 TH JUNE 2020		
	E-11 Phase [Rupees]	Lohi Bher [Rupees]	Total [Rupees]
Balance at beginning of the year	16,381,680	2,716,984	19,098,664
Add: Additions during the year	850,885	165,800	1,016,685
Less: Refunds during the year	-	-	-
Balance at end of the year	17,232,565	2,882,784	20,115,349

The addition during the year represents the voluntary contribution by members for the construction of Masjid in society.

11. Refundable securities**[Rs. 6,216,969]**

Movement during year under this account is as follows:

Description	AS ON 30 TH JUNE 2020	
	[Rupees]	
Balance at beginning of the year	5,811,420	
Add: Addition during the year	545,000	
Less: Refunded/adjusted during the year	(139,451)	
Balance at end of the year	6,216,969	

The balance represents the security deposited by members at the time of submission of approval of map and refunded at the time of completion of construction to secure any potential default on part of members of the Society and also includes security deposited by PTCL while carrying out maintenance work at E-11.

12. Accounts payable**[Rs. 5,155,463]**

The breakup of this account is as follows:

AS ON 30 TH JUNE 2020		
Description	Ref No.	[Rupees]
Security deposit Federation Plaza	12.1	1,000,000
Earnest Money	12.2	642,772
Karcon (Pvt.) Limited	12.3	1,067,492
M/s. Zoma (Pvt.) Limited	12.4	190,000
Diamond Boring & Co.	12.5	20,000
M/S. Designman	12.6	23,600
Mr. Anjum Aqeel	12.7	700,000
Retention money	12.8	1,497,788
M/s. Town Planning	12.9	13,811
Balance at end of the year		5,155,463

- a) Serial no. 12.1 represents the security deposit received from the tenant against rented floor of Federation plaza.
- b) Serial no. 12.2 to 12.7 represents the brought forward balances from the last many years; management has stated that neither of the counter parties has ever claimed any such amount. In view of the same, probe into past record is suggested for taking appropriate action for the settlement or write back of these outstanding balances after complying due procedures.
- c) Serial no. 12.8 represents the securities deduction from the running bills of the contractors against the work done and payable by the Society at the time of completion of the contracts in accordance with terms and conditions of the contracts executed.
- d) Serial no. 12.9 represents the brought forward balance from last many years in respect of engineering consultancy services rendered by the M/s. Town Planning.

13. Accrued & other payables**[Rs. 1,731,726]**

The breakup of this account is as follows:

AS ON 30 TH JUNE 2020		
Description	Ref. No.	[Rupees]
Withholding tax payable	13.1	151,976
Gratuity payable	13.2	1,289,750
Audit fee payable	13.3	290,000
Total		1,731,726

- 13.1 This represents the withholding tax deducted towards various payments of vendors and payable as on 30th June 2020. The Society is liable to deposit the tax withheld within 7 days of its deduction.
- 13.2 This represents the brought forward balance of gratuity payable. However, management has stated that in the past years, provision was created by the accountant, whereas there are no such rules and policies for gratuity. As per last year auditor's report, the management has stated that in future it will be written off from the books after complying due procedure. Whereas compliance has not been made yet. The matter is highlighted for the information of the concerned for necessary action.

13.3 This represents the annual audit fee payable by the society for the year ended 30th June 2019.

[Rs. 7,864,581]

14. Fixed assets

The movement during year under this account is as follows:

AS ON 30 TH JUNE 2020	
Description	[Rupees]
Opening balance cost	8,841,928
Addition during the year	3,051,865
(Deletion) during the year	-
Closing balance cost	11,893,793
Opening balance accumulated depreciation	(3,138,963)
Depreciation for the year	(890,249)
Closing balance depreciation	(4,029,212)
Written down value	7,864,581

14.1 Additions during the year have been verified from the supporting documents on test basis and found the same in order.

14.2 It has been observed that Society is not maintaining fixed assets register properly since inception. Further, an itemized stock register of fixed asset is being maintained by the Society, therefore the Society is suggested to maintain an adequate record of fixed assets which at minimum must indicate following particulars:

- Detailed description of each item
- Original cost of the item, Date of its acquisition, Classification of the item
- The location and/or the custodian of the item
- The rate of depreciation, Accumulated depreciation, Depreciation charge for the period
- The department / cost center / product to which the depreciation is charged
- Date of revaluation (if any) and Revalued amount (if any) of the items,
- Depreciation on revalued amount
- Accumulated depreciation on the revalued amount

The updating of fixed assets register will lead to improve the accuracy of accounting records of fixed assets and for the efficiency of operation.

15. Capital work in progress [CWIP] [Rs. 17,088,767]

There is no movement in this head of account during the last many years.

16. Land cost [Rs. 293,396,360]

16.1 There is no movement in this account during the year under audit. Further the Society has acquired land measuring 433 Kanal 15.5 Marla at E-11 and 349 Kanal at O-9 directly from the owners/land suppliers at the total cost of Rs. 293,396,360/- (including registration fee and CVT expenditure). The management has stated that all the land purchased is under possession of the Society. Certificate of total land is obtained and attached as per annexure to this report.

16.2 Land of school and related issues

Before we proceed with our comments, for clarity and convenience, we feel appropriate to give certain facts which were also reported in the previous auditors' reports as under:

16.2.1 The plot reserved for school was illegally converted into a commercial plot and allotted to Mr. Raja Abid Hussain by the ex-management. Neither any payment was received in the Society's account nor any record available.

16.2.2 The above mentioned case was reported in the audit report of 2008-09 and 2009-10. Finally, the action has been taken by the Federal Investigation Agency and registered FIR on 08-05-2012. Furthermore, it is also mentioned in the FIR that due to fraudulent sale of plot a loss of Rs. 143.4 million has been caused to the Society.

16.2.3 In 2009 new management committee of the Society was elected by the members of the Society. The new elected committee of Society passed a resolution in its first annual general meeting held on October 25, 2009. The resolution passed is as under:

"The President explained the position of commercial plot no. 19 that it was allotted against land compensation and sold in the market as commercial plot. The present owner has offered Rs. 25 million and the full cost of construction of mosque on the land to be provided by the Society. The cost would be used to buy for the school campus".

The objections raised in the last year audit report against the management committee elected in the year 2009 are justified by them through following points.

4 The President of the committee explained that they issued show-cause notices to the owner of the plots for cancellation on February 4, 2009 but the "Registrar's Nominee" Captain (R) Farid-ud-Din Mustafa, Assistant Commissioner (Industrial Area) Islamabad, directed the committee to seek remedy against the illegalities, irregularities of Ex-Management Committee at the appropriate forum and restored the plots to the owners by declaring them as "Bonafide Purchaser's". (Annexure attached)

4 So, in the view of above-mentioned direction, the committee withdraws the show-cause notice of cancellation of ownership.

4 The President further explained that a plot of about 2.3 Kanal that was reserved for petrol pump has converted for school due to which the requirement of school plot has also been fulfilled.

4 The President also explained that a sum of Rs. 5 million is received from the said party for the construction of mosque as well. Committee of the Society failed to receive the construction cost of the mosque from Mr. Shayan Mehmood.

16.2.4 On our inquiry regarding the current status of the case the management has stated that it is still pending before the High Court for recovery matter. Further, the president has explained that the plot of 2.3 Kanal reserved for petrol pump has converted for school was later on carved out in further plots to settle old issue and allotted to Services Cooperative Housing Society, Islamabad by the Administrator in the year 2013. At present only a plot of 50x50 is available out of 2.3 Kanal with the Society.

Further as explained by the management that a FIR had also been registered by FIA Corporate Crime circle, Rawalpindi where loss has been reported of Rs. 143,400,000/-. We suggest that the

MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

H/O 407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 021-32638521-4 Fax: 021-32639843
Email Address: audit.khi@mushtaqandco.com; info@mushtaqandco.com



leading edge alliance

Member firm

management should take up the matter with a serious note and extensive efforts to resolve this matter at the earliest in the best interest of the Society.

17. Development cost

[Rs. 482,540,206]

The movement during year under this account is as follows:

Head of account	AS ON 30 TH JUNE 2020			
	E-11 Residential [Rupees]	E-11 Commercial [Rupees]	O-9 Lohi Bher [Rupees]	Total [Rupees]
	17.1	17.2	17.3	
Balance at beginning of the year	220,260,478	136,921,736	121,170,425	478,352,639
Add: Addition during the year	1,136,964	-	3,050,603	4,187,567
Less: Adjustment during the year	-	-	-	-
Balance at end of the year	221,397,442	136,921,736	124,221,028	482,540,206

17.1 The additions during the year represents the payments made to Al-Rehman Art for providing and fixing fence at E-11 and Haji Wali Muhammad Construction Co. for installation of light-poles in park at E-11. We have verified the payments during the year on test basis with the supporting documents and found the same in order.

17.2 There is no movement in this head of accounts during the year under audit.

17.3 The additions represent various bills raised by Al-Rehman Art, Saif Engineering Services and others during the year. We have verified the payments during the year on test basis with the supporting documents and found the same in order.

18. Masjid Cost

[Rs. 26,937,064]

Movement during year under this account is as follows:

Description	AS ON 30 TH JUNE 2020		
	E-11 Phase [Rupees]	Lohi Bher [Rupees]	Total [Rupees]
Balance at beginning of the year	19,147,729	5,086,606	24,234,335
Add: Addition during the year	2,004,240	698,489	2,702,729
Less: Refund during the year	-	-	-
Balance at end of the year	21,151,969	5,785,095	26,937,064

This represents the cost incurred against various miscellaneous bills along-with staff salaries of masjid at E-11 and O-9 schemes of the Society. We have verified the payments during the year on test basis with the supporting documents and found the same in order.

19. Receivables and advances

[Rs. 3,169,130]

The breakup of this account is as follows:

Description	Ref. No.	AS ON 30 TH JUNE 2020
		[Rupees]
Col (R) Aftab Iqbal	19.1	1,480,005
Khyber Estate Services	19.2	1,146,800

Lahore Office: 19-B, Block G, Gulberg-III, Lahore. Tel: 042-35858624-6 Email Address: audit.lhr@mushtaqandco.com
Islamabad Office: 407, 2nd floor, Millennium heights, F-11/1, Islamabad Tel: 051-2224970

MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

H O 407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 021-32638521-4 Fax: 021-32639843

Email Address: audit.khi@mushtaqandco.com; info@mushtaqandco.com



leading edge alliance

innovation • quality • excellence

Member firm

Mahmood Corporation	19.3	700,000
Omer Farooq Engineering	19.4	268,679
Advance tax	19.5	2,870,462
Advance to employees against salary	19.6	18,668
Advances for Expenses	19.7	280,000
Gross receivables at end of the year		6,764,614
Provision for doubtful debts	19.8	(3,595,484)
Balance at end of the year		3,169,130

- a) Serial no. 19.1 to 19.4 represents the long outstanding receivables and management is of the opinion that their recovery is doubtful and hence a provision of Rs. 3,595,484/- has been created in compliance to the recommendation by the previous auditors.
- b) Serial no. 19.5 represents the income tax withheld by banks on profits.
- c) Serial no. 19.6 represents the advance to employees against salary.
- d) Serial no. 19.7 represents the advances given to E-11 and O-9 staff for expenses.
- e) Serial no 19.8 represents the provision for doubtful debts for old outstanding balances against the parties and individuals referred from serial no. 19.1 to 19.4.

20. Deposits and prepayments

[Rs. 690,927]

The movement during year under this account is as follows:

AS ON 30 TH JUNE 2020	
Description	[Rupees]
Balance at beginning of the year	713,289
Add: Additions during the year	450,508
Less: Adjustments during the year	(472,870)
Balance at end of the year	690,927

This head of account includes, advance to staff for maintenance work, security against locker and other security deposits as at 30th June 2020.

21. Cash and bank balance

[Rs. 145,015,415]

The breakup of this account is as follows;

AS ON 30 TH JUNE 2020	
Description	[Rupees]
Cash in hand	47,200
Cash with banks	144,968,215
Total	145,015,415

- 21.1 Cash in hand is reported Rs. 47,200/- as per the financial statements and books of accounts. It is clarified that we couldn't verify the cash in hand on 30th June 2020 due to our appointment subsequent to the balance sheet date.
- 21.2 Bank balances were duly verified with the bank statements; in case of any differences between balance as per books and bank, bank reconciliation statements were obtained. Also we have circulated the letters to

the Society's bankers for direct confirmation which were confirmed by banks except for the dormant accounts.

22. List of defaulters

The management of the Society has stated that no member was declared defaulter during the year under audit.

23. Taxation matters

The Society has obtained its national tax number as required under prevailing laws and governing rules. In this regards, the management has stated that the quarterly statements of withholding tax have been filed regularly as required under the provisions of Income Tax Ordinance 2001.

24. Litigation status

A certificate from the Society regarding current litigation has been obtained and annexed as per annexure to this report.

25. Accounting system and books of accounts

The Society has prepared books of accounts on **Microsoft excel** and **Peachtree accounting software**.

26. Internal Audit Committee

As per clause 22B of the Cooperative Societies Act, 1925, every housing Society, in addition to the audit of accounts under section 22, shall also get the accounts audited by an internal audit committee comprising atleast three members of the Society other than the members of its managing committee as may b appointed by its general body with their consent. However the Society constitutes an internal audit committee whereas no internal audit was conducted in accordance with the provision of relevant section.

27. Compliance to audit guidelines and other directions

- 27.1 The business of the Society has been conducted according to the Cooperative principles and sound business practices except for the matters/observations stated in our report which may have an effect on the results and state of affairs of the Society.
- 27.2 No Annual General Meeting (AGM) was held during the year under audit which is a violation of clause 22 of the society's bye laws. However, last AGM was held on 27th April 2019. A certificate from management is attached as per annexure to this report.
- 27.3 The Society has not established any sub-committees during the year under audit.
- 27.4 The Society has paid honorarium to the members of management committee. Certificate of monthly rate of honorarium is attached as per annexure to this report.
- 27.5 The management has certified that the powers of staff are limited up to their job designations and no further extra powers were delegated to any employee.
- 27.6 The Society has been circulating various notices to the members during the year.

27.7 A certificate from the Society's legal advisor regarding current litigation has been obtained and annexed as per annexure to this report.

28. Appendices to this Report

Sr. No.	Description	Appendix
1.	Copy - Registration certificate	"A"
2.	Copy - Bye-laws	"B"
3.	Copy - Notifications of the managing committee	"C"
4.	Certificate - List of Managing Committee Members	"D"
5.	Certificate - List of staff	"E"
6.	Certificate - Managing Committee meetings held during the year	"F"
7.	Certificate - AGM held during the year	"G"
8.	Certificate - Litigation Cases at present	"H"
9.	Certificate - Cash in hand as at 30 th June 2020	"I"
10.	Certificate - List of bank accounts as at 30 th June 2020	"I"
11.	Certificate - No Plot allotted/converted during the year	"J"
12.	Certificate - Plots allotted / un-allotted upto 30 th June 2020	"J"
13.	Certificate - Plots transferred during the year	"J"
14.	Certificate - Land purchased upto 30 th June 2020	"J"
15.	Certificate - Total Land acquired	"J"
16.	Certificate - Plot cancelled and restored during the year	"K"
17.	Certificate - No defaulters	"L"
18.	Certificate - No Affectees	"L"
19.	Certificate - No sub-committee established during the year	"L"
20.	Certificate - Honorarium paid to managing committee	"L"
21.	Certificate - List of member	"M"
22.	Copy - Letter for approval of LOP	"N"
23.	Copy - Letter for cancellation of LOP	"O"
24.	Copy - Society map	"P"
		"Q"

Finally, we wish to place on record our appreciation for the cooperation extended to us by the management and staff of the Society during the course of our audit.

Yours faithfully,

For: **MUSHTAQ & CO.**
CHARTERED ACCOUNTANTS

ENGAGEMENT PARTNER: MUHAMMAD TAIYAB [FCA]



LAHORE

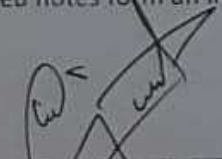
Copy to:


1. The Administrator, Federation of Employees Cooperative Housing Society Limited, Islamabad

FEDERATION OF EMPLOYEES COOPERATIVE HOUSING SOCIETY LIMITED ,ISLAMABAD
BALANCE SHEET
AS AT 30 JUNE 2020

	Note	2020 RUPEES	2019 RUPEES
<u>CAPITAL & LIABILITIES</u>			
Share Capital	1	86,200	86,200
Retained Earning	2	26,257,259	24,257,758
Reserve Fund		2,035,916	1,813,749
		28,379,375	26,157,707
<u>Members Deposits</u>			
Lohi Bher Phase	3.1	166,651,895	166,429,895
E-11 Phase	3.2	593,682,292	593,817,292
E-11 Northern Commercial Area	3.3	154,769,381	154,769,381
		915,103,568	915,016,568
<u>Masjid Fund</u>			
E-11 Phase	4.1	17,232,565	16,381,680
Lohi Bher Phase	4.2	2,882,784	2,716,984
		20,115,349	19,098,664
Refundable Securities	5	6,216,969	5,811,420
<u>CURRENT LIABILITIES</u>			
Accounts Payable	6	5,155,463	6,989,524
Accrued & Other Payables	7	1,731,726	2,130,240
		6,887,189	9,119,764
		976,702,450	975,204,123
<u>PROPERTY & ASSETS</u>			
<u>Fixed Assets</u>	8	7,864,581	5,702,965
<u>CWIP</u>		17,088,767	17,088,767
Land Cost	9	293,396,360	293,396,360
<u>Development Cost</u>	10		
E-11 Phase	10.1	221,397,442	220,260,478
E-11 Northern Commercial	10.2	136,921,736	136,921,736
Lohi Bher Phase	10.3	124,221,028	121,170,425
		482,540,206	478,352,639
<u>Masjid Cost</u>	11		
Masjid E-11 Phase		21,151,969	19,147,729
Masjid Lohi Bher Phase		5,785,095	5,086,606
		26,937,064	24,234,335
<u>CURRENT ASSETS</u>			
Receivables & Advances	12	3,169,130	1,916,851
Deposits & Prepayments	13	690,927	713,289
Cash & Bank Balances	14	145,015,415	153,798,917
		148,875,472	156,429,057
		976,702,450	975,204,123

The annexed notes form an integral part of these Financial Statements.


Finance Secretary


President

FEDERATION OF EMPLOYEES COOPERATIVE HOUSING SOCIETY LIMITED, ISLAMABD
INCOME & EXPENDITURE
FOR THE YEAR ANDED 30 JUNE 2020

	2020	2019
	RUPEES	RUPEES
INCOME		
Registration Fee	305,000	480,222
Transfer Fees	4,263,529	5,040,221
Possession Fees	673,200	1,258,967
Demarcation Fee	67,000	47,000
Penalty Income	2,442,000	1,303,500
Urgent Fee	180,000	150,000
Annual Fund	487,000	342,000
Building Plan Approval Fee	805,115	1,945,562
Interest Income	15,080,370	10,961,071
Completion Certificate Fee	589,877	717,938
Other Mics Income	616,120	693,964
Subdivision Fee	-	100,000
Conservancy Bills	9,679,388	10,385,176
Surcharge	354,068	2,154,956
Main Boulevard Charges	1,018,600	2,375,100
	36,561,267	37,955,677
EXPENDITURE		
Advertising Expense	351,498	172,940
AGM Expenses	27,290	683,085
Audit Fee	290,000	300,000
Bank Charges	8,388	10,771
Court Charges	21,000	131,900
Entertainment and Meals Exp	272,954	262,398
Legal & Professional Expense	667,321	1,332,389
Consultancy	476,378	1,163,949
Maintenance E-11	3,583,157	2,665,078
Maintenance Lohi Bher	725,817	1,942,445
Office Supplies	52,361	39,975
Postage and Telephone Expense	127,660	84,529
Printing and Stationery	151,327	198,989
Rent or Lease Expense	668,627	1,055,214
Repair and Maintenance Expense	389,362	378,920
Salaries Expense	6,553,271	5,965,331
Travel and Conveyance Expense	234,865	152,649
Utilities Expense	7,201,498	5,422,131
Garbage Expense	4,202,970	2,336,043
Fringe Benefits	252,930	222,418
Security Charges	4,692,453	3,206,559
Other Expense	272,330	34,710
Meeting Allowance	1,200,000	1,295,000
Depreciation	890,249	639,530
Tax Expense	1,025,893	679,909
Total Expenditure	34,339,599	30,376,862
Surplus/ Deficit for the year	2,221,668	7,578,815
Prior Year Adjustment	-	(79,911)
Transfer to reserve fund	(222,167)	-
	1,999,501	7,498,904
Deficit/Surplus for the previous years	24,257,758	16,758,854
Surplus/Deficit carried forward to Balance Sheet	26,257,259	24,257,758

The annexed notes form an integral part of these Financial Statements.


Finance Secretary


President

FEDERATION OF EMPLOYEES COOPERATIVE HOUSING SOCIETY LIMITED , ISLAMABAD.
 NOTES TO THE ACCOUNTS
 FOR THE YEAR ENDED 30 JUNE 2020

1 SHARE MONEY

Opening Balance as at 01.07.2019
 Addition during the year
 Closing Balance as at 30.06.2020

2020 RUPEES	2019 RUPEES
86,200	86,200
86,200	86,200

2 RETAINED EARNINGS

ACCUMULATED SURPLUS / (DEFICIT)

Opening Balance as at 01.07.2019
 Income during the year
 Expenditure during the year
 Prior year Adjustment
 Closing Balance as at 30.06.2020

24,257,758	16,758,854
36,561,267	37,955,677
(34,339,599)	(30,376,862)
-	(79,911)
26,479,426	24,257,758

3 MEMBERS DEPOSITS

3.1 Members Deposits Lohi Bher

Opening balance as at 1.07.2019
 Addition during the year
 Deletion/ refund during the year
 Closing balance as at 30.06.2020

166,429,895	161,969,798
222,000	4,460,097
-	-
166,651,895	166,429,895

3.2 Members Deposits-E 11

Opening balance as at 1.07.2019
 Addition during the year
 Deletion/ refund during the year
 Closing balance as at 30.06.2020

593,817,292	593,592,812
435,000	224,480
(570,000)	-
593,682,292	593,817,292

3.3 Members Deposits-Northern Commercial

Opening balance as at 1.07.2019
 Addition during the year
 Deletion/ refund during the year
 Closing balance as at 30.06.2020

154,769,381	152,226,026
-	2,543,355
-	-
154,769,381	154,769,381

4 Masjid Fund

4.1 E 11

Opening balance as at 1.07.2019
 Addition during the year
 Closing balance as at 30.06.2020

16,381,680	14,794,350
850,885	1,587,330
17,232,565	16,381,680

4.2 Lohi Bher

Opening balance as at 1.07.2019
 Addition during the year
 Closing balance as at 30.06.2020

2,716,984	2,523,817
165,800	193,167
2,882,784	2,716,984
613,797,641	617,464,288

5 Refundable Securities

Opening Balance as at 1.07.2019
 Addition during the year
 Refunded during the year
 Closing balance as at 30.06.2020

2020 RUPEES	2019 RUPEES
5,811,420	4,751,420
545,000	1,130,000
(139,451)	(70,000)
6,216,969	5,811,420

6 Account Payable

Opening balance as at 1.07.2019
 Addition during the year
 Deletion/ paid during the year
 Closing balance as at 30.06.2020

6,989,524	6,882,452
-	1,151,733
(1,834,061)	(1,044,661)
5,155,463	6,989,524

6.1 Breakup of this account is as follows:

Accounts payable
 Security deposit Federation Plaza
 Karcon (Pvt.) limited
 M/s Zoma (Pvt.) Limited
 Diamond Boring & co.
 M/s. Designman
 Mr. Anjum Aqeel
 Retention money
 M/s. Town Planning
 Earnest Money
Total

1,459,175	1,459,175
1,000,000	1,000,000
1,067,492	1,067,492
190,000	190,000
20,000	20,000
23,600	23,600
700,000	700,000
38,613	1,872,674
13,811	13,811
642,772	642,772
5,155,463	6,989,524

7 ACCRUED & OTHER PAYABLES

Withholding Tax Payables
 Gratuity Payable
 Audit Fee Payable
TOTAL

151,976	840,490
1,289,750	1,289,750
290,000	-
1,731,726	2,130,240

8 FIXED ASSETS

Written down value as at 30.06.2020

7,864,581	5,702,965
------------------	------------------

The Schedule of Fixed Assets is attached.

9 LAND COST

Opening balance as at 1.07.2019
 Addition during the year
 Deletion during the year
 Closing balance as at 30.06.2020

293,396,360	293,396,360
-	-
-	-
293,396,360	293,396,360

10 DEVELOPMENT COST**10.1 Development Cost at E 11**

Opening balance as at 1.07.2019
 Addition during the year
 Deletion during the year
 Closing balance as at 30.06.2020

220,260,478	213,064,709
1,136,964	7,195,769
-	-
221,397,442	220,260,478

	2020 RUPEES	2019 RUPEES
10.2 Development Cost at E 11 Northern Commercial		
Opening balance as at 1.07.2019	136,921,736	136,498,558
Addition during the year	-	423,178
Deletion during the year	-	-
Closing balance as at 30.06.2020	136,921,736	136,921,736
10.3 Development Cost at LOHI BHER		
Opening balance as at 1.07.2019	121,170,425	102,477,077
Addition during the year	3,050,603	18,693,348
Deletion during the year	-	-
Closing balance as at 30.06.2020	124,221,028	121,170,425
11 Masjid Cost		
Masjid E-11 Phase	21,151,969	19,147,729
Masjid Lohi Bher Phase	5,785,095	5,086,606
Closing balance as at 30.06.2020	26,937,064	24,234,335
12 RECEIVABLES & ADVANCES		
A/R Col. (R) Aftab Iqbal	1,480,005	1,480,005
A/R Khyber Estate Services	1,146,800	1,146,800
A/R Mehmood Corporation	700,000	700,000
A/R Omer Farooq Engineering	268,679	268,679
WHT Deducted Receivable	2,870,462	1,766,133
Employee Advances - Salary	18,668	150,718
Provision for Doubtful Debts	(3,595,484)	(3,595,484)
Advances for Expenses	280,000	-
	3,169,130	1,916,851
13 DEPOSITS & PREPAYMENTS		
Opening balance as at 1.07.2019	713,289	711,219
Addition during the year	450,508	2,070
Less: Refunded/ adjusted during the year	(472,870)	-
Closing balance as at 30.06.2020	690,927	713,289
14 Cash & Bank Balances		
Cash in Hand	47,200	60,000
Cash at Bank		
ABL 526170023 (LB), EBC Plaza, E-11, Islamabad	23,273,412	28,580,553
ABL Profit Plus Deposit 9343-2 Civic Centre Melody Branch, ISB.	100	100
ABL 526190021 (E-11), EBC Plaza, E-11, Islamabad	112,826,108	119,760,257
ABL 526190044 (E-11) EBC Plaza, E-11 Islamabad Conservancy	6,816	6,816
NBP P&L Sharing A/C 21790-3 Civic Centre Branch G-6, ISB.	216,485	216,485
NBP P&L Sharing A/C 21789-6 Civic Centre Branch G-6, ISB.	34,512	34,512
Punjab Prov Cop Bank 1177 GPO Chowk, Saddar, Rawalpindi.	59	59
BAHL 0185-0981-000598-018 E-11	8,610,723	5,140,135
	145,015,415	153,798,917

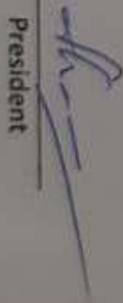

Finance Secretary


President

FEDERATION OF EMPLOYEES COOPERATIVE HOUSING SOCIETY LIMITED
FIXED ASSET SCHEDULE
AS AT 30 JUNE 2020

Description	COST			Rate of Depreciation	ACCUMULATED DEPRECIATION			Written Down Value As at June 30, 2020
	As at July 01, 2019	Additions	As at June 30, 2020		As at July 01, 2019	For the Year	As at June 30, 2020	
Buildings	5,511,754	2,028,646	7,540,400	10%	1,329,009	621,139	1,950,148	5,590,252
Computer equipment	278,229	17,850	296,079	30%	259,748	10,899	270,648	25,431
Office equipment	2,086,105	79,400	2,165,505	10%	674,085	149,142	823,227	1,342,278
Furniture and fixtures	895,940	850,969	1,746,909	10%	806,221	94,069	900,290	846,619
Office Use Vehicle	69,900	75,000	144,900	20%	69,900	15,000	84,900	60,000
Rupees (2020)	8,841,928	3,051,865	11,893,793		3,138,963	890,249	4,029,212	7,864,581
Rupees (2019)	3,081,419	5,760,509	8,841,928		2,499,433	639,530	3,138,963	5,702,965


Finance Secretary


President