



Ref: Audit/LFR/FECHL/01
February 03, 2022

The Circle Registrar,
Co-operative Societies Department,
Islamabad Capital Territory (ICT),
Islamabad.

**SUBJECT: AUDIT OF ACCOUNTS FOR THE YEAR 2020-2021
FEDERATION OF EMPLOYEES COOPERATIVE HOUSING SOCIETY- ISLAMABAD**

Dear Sir,

In pursuance to our appointment as auditors of the above named Society, vide your letter Ref No. 7259/CR/ICT/B dated 22nd November, 2021, we have completed the audit of financial statements of **Federation Of Employees Cooperative Housing Society Limited, Islamabad** (the "Society"), for the year ended June 30, 2021.

We are enclosing herewith our Audit Report along with audited financial statements, as **Annexure "A"**, comprising of Statement of Financial Position and Statement of Income & Expenditure for the year ended June 30, 2021.

Our comments and reservations on these financial statements and related affairs of the Society are summarized in the following paragraphs.

1. The Society And Its Operation

The Society is registered under the Cooperative Societies Act, 1925 on 6th Feb 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 year under audit were as follows:

2.1 Managing Committee Status:

The managing committee was dissolved as per bylaws No. 31(4) vide notification No.3244/CR/ICT/B dated 28th August, 2020 and the assistant commissioner (Saddar) ICT, Islamabad was appointed as Administrator of the society for the period of 60 days or until holding of fresh elections of Society. *fee*

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2.1 Managing Committee Status:

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The composition of the Managing Committee at the time of notification was as under:

Sr. No.	Name	Designation	MS. No.
1.	Mr. Muhammad Aziz Ullah Khan	President	101/89/E-11
2.	Dr. Ghulam Rasool Khan Khattak	Vice President	13/89/E-11
3.	Mr. Liaquat Ali	Secretary	134/90/E-11
4.	Mr. Jahangir Akhtar	Treasure	53/89/LB
5.	Mr. Asim Khurshid	Executive Member	300/89/LB
6.	Mr. Sayed Sadiq Hussain Shahab	Executive Member	0106
7.	Mr. Sahab 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, in continuation of the notification No. 3244/CR/ICT/B dated 28th August, 2020, the Administrator remained in position vide (Rule No. 59 ICSR, 2018) in place of bylaws No. 31(4) which was notified through corrigendum Notification No. 3922/CR/ICT/B dated 6th October, 2020.

Later on, the same managing committee was restored vide notification No.4313/CR/ICT/B dated 22nd December, 2020.

Notification No.4313/CR/ICT/B dated 22nd December, 2020, restoring the former committee was withdrawn and the management committee was again dissolved. The earlier Notification No. 3244/CR/ICT/B dated 28th August, 2020 and corrigendum Notification No. 3922/CR/ICT/B dated 6th October, 2020 were restored vide Notification No. 118/CR/ICT/B dated 4th January, 2021 and Ms. Sania Hameed Assistant Commissioner (Sadder) ICT was appointed as Administrator of FECHS Islamabad.

Notification No. 118/CR/ICT/B dated 4th January, 2021 was also withdrawn subsequently and the former managing committee was again restored vide Notification No. 514/CR/ICT/B dated 21st January, 2021.

Consequent upon the order of the Honorable High Court Islamabad dated 31st May, 2021 in the writ petition No. 775/2021 dated 26th February, 2021, the management committee was again dissolved vide Notification No. No.3576/CR/ICT/B dated 15th June and Mr. Abdullah Khan, Assistant commissioner (Potohar) ICT, Islamabad was appointed as Administrator of the Society for the period of 60 days or until holding of fresh elections of the Society. The Society was under the administrative charge as at June 30, 2021.

Ex-managing committee:

The Ex-Managing Committee was elected vide notification no. 116/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 was 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

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

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 enumerated in para 16 of this report.**

Status of plots

Plots allotted and un-allotted

As per management, the Society has total 849 plots of various sizes and out of total plots 841 plots have 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.

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.

Statistics of plots transferred during the year

During the financial year under audit, 115 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 come of the Society. Certificate from the management regarding transfers of plots is attached per annexure to this report.

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Layout Plan and NOC status

E-11 Scheme

Earlier the Society has obtained approval of revised Layout Plan [LOP] from Capital Development Authority vide its letter dated 5th 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.

Later on, the management had once again submitted approval/restoration letter to CDA vide letter No. FECH: 003/AO/CDA/E-11 dated 04-02-2016 along with revised Layout Plan, meeting certain conditions for approval of layout plan (LOP). The letter is attached as per annexure to this report. Approval of the layout plan has not been obtained from CDA till 30th June, 2021.

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.

Share money / Share capital

[Rs. 86,200]

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

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

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

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.

See

7. Accumulated surplus

[Rs. 28,742,462]

Movement during year under this account is as follows:

AS ON 30 TH JUNE 2021		
Description	Ref No.	[Rupees]
Balance at beginning of the year		26,257,259
Add: Income during the year	7.1	35,505,499
Less: Expenditure during the year	7.2	(32,744,163)
Less: Transferred to reserve fund		(276,134)
Balance at end of the year		28,742,462

- 7.1 The total income/receipts amounted to Rs. 35,505,499 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 the audit it came to our knowledge that the society owns a commercial property namely "Federation plaza" which was vacant as at June 30, 2021, except for the first floor which was rented out in March, 2021. This non usage of the property leads to loss of revenue to the society. **It is strongly recommended that management should take necessary steps and rent out the remaining floors of the plaza to generate revenue for the society.**

- 7.2 The Society has incurred expenses to the tune of Rs. 32,744,163 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. 2,312,049]

Balance represents the reserve fund as on 30th June 2021. During the year the Society has transferred Rs. 276,134/- 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. 915,894,852]

Movement during year under this account is as follows:

AS ON 30 TH JUNE 2021				
Description	Lohi Bher Phase [Rupees] 9.1	E-11 Phase [Rupees] 9.2	E11 Northern Commercial [Rupees] 9.3	Total [Rupees]
Balance at beginning of the year	166,651,895	593,682,292	154,769,381	915,103,568
Add: Addition during the year	446,284	345,000	-	791,284
Less: Refund during the year	-	-	-	-
Balance at end of the year	167,098,179	594,027,292	154,769,381	915,894,852

- 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.
- 9.3 There is no movement in this head of account 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. 21,516,091]

Movement during year under this account is as follows:

Description	AS ON 30 TH JUNE 2021		
	E-11 Phase [Rupees]	Lohi Bher [Rupees]	Total [Rupees]
Balance at beginning of the year	17,232,565	2,882,784	20,115,349
Add: Additions during the year	1,200,742	200,000	1,400,742
Less: Refunds during the year	-	-	-
Balance at end of the year	18,433,307	3,082,784	21,516,091

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

11. Refundable securities

[Rs. 6,971,969]

Movement during year under this account is as follows:

Description	AS ON 30 TH JUNE 2021	
		[Rupees]
Balance at beginning of the year		6,216,969
Add: Addition during the year		865,000
Less: Refunds during the year		(110,000)
Balance at end of the year		6,971,969

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.

12. Accounts payable

[Rs. 6,945,463]

The breakup of this account is as follows:

AS ON 30 TH JUNE 2021		
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
Loan from Members	12.10	1,790,000
Balance at end of the year		6,945,463

- a) Serial no. 12.1 represents the security deposit received from the tenant against four floors of Federation plaza rented in the past.
- 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. This amount is appearing in the books for last many years and the management needs to take action for either paying it off to the contractor or writing back in the books of accounts.
- 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. This account also needs to be either paid off to the contractor or written back in the books of account, as appropriate.
- e) Serial No. 12.10 represents loans received from members in cash to meet the operational expenses during the period from March 2021 to June 2021. Further, no approval has been taken from the Registrar of the Cooperative Societies for these loans, as prescribed in the FECHS Bye-Laws made under the Cooperative Societies Act, 1925. The management explained that during the period from March 2021 to June 2021, there was no managing committee of the Society and also there was no administrator appointed by the Registrar of the Cooperative Societies.

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13. Accrued & other payables

[Rs. 1,781,844]

The breakup of this account is as follows:

AS ON 30 TH JUNE 2021		
Description	Ref. No.	[Rupees]
Withholding tax payable	13.1	12,094
Gratuity payable	13.2	1,289,750
Audit fee payable	13.3	480,000
Total		1,781,844

- 3.1 This represents the withholding tax deducted towards various payments of vendors and payable as on 30th June 2021. The Society is liable to deposit the tax withheld within 7 days of its deduction.
- 3.2 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.
- 3.3 This represents the annual audit fee payable by the society for the year ended 30th June 2021.

Fixed assets

[Rs. 8,499,888]

The movement during year under this account is as follows:

AS ON 30 TH JUNE 2021	
Description	[Rupees]
Opening balance cost	11,893,793
Addition during the year	1,611,501
(Deletion) during the year	-
Closing balance cost	13,505,294
Opening balance accumulated depreciation	(4,029,212)
Depreciation for the year	(976,195)
Closing balance depreciation	(5,005,406)
Written down value	8,499,888

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

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:

- a) Detailed description of each item
- b) Original cost of the item, Date of its acquisition, Classification of the item
- c) The location and/or the custodian of the item
- d) The rate of depreciation, Accumulated depreciation, Depreciation charge for the period
- e) The department / cost center / product to which the depreciation is charged
- f) Date of revaluation (if any) and Revalued amount (if any) of the items.
- g) Depreciation on revalued amount
- h) 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 443 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".

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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.

- ✚ 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 @ 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".
- ✚ So, in the view of above-mentioned direction, the committee withdraws the show-cause notice of cancellation of ownership.
- ✚ 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.
- ✚ 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 present management that a FIR has also been registered by FIA Corporate Crime circle, Rawalpindi where loss has been reported of Rs. 143,400,000. We suggest that the management should take up the matter with a serious note and extensive efforts to get out of this situation at the earliest in the best interest of the Society.

17. Development cost

[Rs. 482,801,518]

The movement during year under this account is as follows:

Head of account	AS ON 30 TH JUNE 2021			
	E-11 Residential [Rupees] [17.1]	E-11 Commercial [Rupees] [17.2]	O-9 Lohi Bher [Rupees] [17.3]	Total [Rupees]
Balance at beginning of the year	221,397,442	136,921,736	124,221,028	482,540,206
Add: Addition during the year	98,638	-	162,674	261,402
Less: Adjustment during the year	-	-	-	-
Balance at end of the year	221,496,080	136,921,736	124,383,702	482,801,518

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17.1 The addition during the year represents the payment made to Haji M. Wali Construction Company for construction of six RCC pillars to support the security fence at E-11 and payment to M. Luqman Mughal Site Engineer for providing and fixing fence 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 account during the year under audit.

17.3 The additions represent various bills raised by Al-Rehman Art, Haji M. Wali, 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. 28,211,744]

Movement during year under this account is as follows:

Description	AS ON 30 TH JUNE 2021		
	E-11 Phase [Rupees]	Lohi Bher [Rupees]	Total [Rupees]
Balance at beginning of the year	21,151,969	5,785,095	26,937,064
Add: Addition during the year	1,271,050	3,630	1,274,680
Less: Refund during the year	-	-	-
Balance at end of the year	22,423,019	5,788,725	28,211,744

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.

9. Receivables and advances

[Rs. 3,634,576]

The breakup of this account is as follows:

Description	Ref. No.	AS ON 30 TH JUNE 2021
		[Rupees]
Col (R) Aftab Iqbal	19.1	1,480,005
Khyber Estate Services	19.2	1,146,800
Mahmood Corporation	19.3	700,000
Omer Farooq Engineering	19.4	268,679
Advance tax	19.5	3,380,824
Advance to employees against salary	19.6	80,752
Advances for Expenses	19.7	173,000
Gross receivables at end of the year		7,230,060
Provision for doubtful debts		(3,595,484)
Balance at end of the year	19.8	3,634,576

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.

Free

- 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.715, 377]

The movement during year under this account is as follows:

Description	AS ON 30 TH JUNE 2021
	[Rupees]
Balance at beginning of the year	690,927
Add: Additions during the year	58,288
Less: Adjustments during the year	(53,838)
Balance at end of the year	695,377

This head of account includes advances to staff for maintenance work, security against locker and other security deposits as at 30th June 2021.

21. Cash and bank balance

[Rs. 149,922,700]

The breakup of this account is as follows;

Description	AS ON 30 TH JUNE 2021
	[Rupees]
Cash in hand	928,354
Cash with banks	148,994,346
Total	149,922,700

- 21.1 Cash in hand is reported Rs 928,354/- as per the financial statements and books of accounts. It is clarified that we couldn't verify the cash in hand on 30th June 2021 due to our appointment subsequent to the balance sheet date. **Further, transactions made in cash and cash related issues are enumerated in detail in para 27.6 of this report.**
- 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.

Free

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 at least three members of the Society other than the members of its managing committee as may be 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 made all the business transactions from March 2021 to June 2021; involving receipts and payments of funds in cash. It's a serious internal control weakness that should have been avoided.
- 27.7 The Society has been circulating various notices to the members during the year.
- 27.8 A certificate regarding current litigation has been obtained and annexed as per annexure to this report.

Faiz

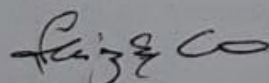
28. Appendices to this Report

Sr. No.	Description	Appendix
1.	Auditors' Report along with audited financial statements	"A"
2.	Copy - Registration certificate	"B"
3.	Copy - Bye-laws	"C"
4.	Copy - Notifications of the managing committee	"D"
5.	Certificate - List of Ex-Managing Committee Members	"E"
6.	Certificate - List of staff	"F"
7.	Certificate - Managing Committee meetings held during the year	"G"
8.	Certificate - AGM held during the year	"H"
9.	Certificate - Litigation Cases at present	"I"
10.	Certificate - Cash in hand as at 30 th June 2021	"J"
11.	Certificate - List of bank accounts as at 30 th June 2021	"J"
12.	Certificate - No Plot allotted/converted during the year	"K"
13.	Certificate - Plots allotted / un-allotted upto 30 th June 2021	"K"
14.	Certificate - Plots transferred during the year	"K"
15.	Certificate - Land purchased upto 30 th June 2021	"K"
16.	Certificate - Total Land acquired	"L"
17.	Certificate - Plot cancelled and restored during the year	"M"
18.	Certificate - No defaulters	"M"
19.	Certificate - No Affectees	"M"
20.	Certificate - No sub-committee established during the year	"M"
21.	Certificate - Honorarium paid to managing committee	"N"
22.	Certificate - List of member	"M/O"
23.	Copy - Letter for approval of LOP	"P"
24.	Copy - Letter for cancellation of LOP	"Q"
25.	Copy - Society map	"R"

We are not aware of any other matter of importance that we feel should be reported to you but we will be pleased to give any further information and explanation that you may require.

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,



**CHARTERED ACCOUNTANTS
ISLAMABAD**

Date: 24 FEB 2022



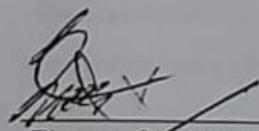
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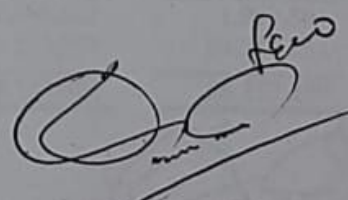
1. The Secretary, Federation of Employees Cooperative Housing Society Limited, Islamabad

FEDERATION OF EMPLOYEES COOPERATIVE HOUSING SOCIETY LIMITED, ISLAMABAD
 STATEMENT OF FINANCIAL POSITION
 AS AT 30 JUNE 2021

	Note	2021 RUPEES	2020 RUPEES
<u>CAPITAL & LIABILITIES</u>			
Share Capital	1	86,200	86,200
Retained Earning	2	28,742,462	26,257,259
Reserve Fund		2,312,049	2,035,916
		31,140,711	28,379,375
<u>Members Deposits</u>			
Lohi Bher Phase	3.1	167,098,179	166,651,895
E-11 Phase	3.2	594,027,292	593,682,292
E-11 Northern Commercial Area	3.3	154,769,381	154,769,381
		915,894,852	915,103,568
<u>Masjid Fund</u>			
E-11 Phase	4.1	18,433,307	17,232,565
Lohi Bher Phase	4.2	3,082,784	2,882,784
		21,516,091	20,115,349
Refundable Securities	5	6,971,969	6,216,969
<u>CURRENT LIABILITIES</u>			
Accounts Payable	6	6,945,463	5,155,463
Accrued & Other Payables	7	1,781,844	1,731,726
		8,727,307	6,887,189
		984,250,930	976,702,450
<u>PROPERTY & ASSETS</u>			
<u>Fixed Assets</u>			
	8	8,499,888	7,864,581
<u>CWIP</u>			
		17,088,767	17,088,767
Land Cost	9	293,396,360	293,396,360
<u>Development Cost</u>			
E-11 Phase	10		
E-11 Northern Commercial	10.1	221,496,080	221,397,442
Lohi Bher Phase	10.2	136,921,736	136,921,736
	10.3	124,383,702	124,221,028
		482,801,518	482,540,206
<u>Masjid Cost</u>			
Masjid E-11 Phase	11	22,423,019	21,151,969
Masjid Lohi Bher Phase		5,788,725	5,785,095
		28,211,744	26,937,064
<u>CURRENT ASSETS</u>			
Receivables & Advances	12	3,634,576	3,169,130
Deposits & Prepayments	13	695,377	690,927
Cash & Bank Balances	14	149,922,700	145,015,415
		154,252,654	148,875,472
		984,250,930	976,702,450

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


 Finance Secretary

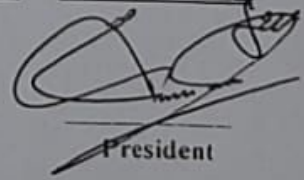

 President

FEDERATION OF EMPLOYEES COOPERATIVE HOUSING SOCIETY LIMITED, ISLAMABAD
STATEMENT OF INCOME & EXPENDITURE
FOR THE YEAR ANDED 30 JUNE 2021

	2021 RUPEES	2020 RUPEES
<u>INCOME</u>		
Registration Fee	391,955	305,000
Transfer Fees	4,857,353	4,263,529
Possession Fees	787,850	673,200
Demarcation Fee	67,000	67,000
Penalty Income	300,000	2,442,000
Urgent Fee	184,333	180,000
Annual Fund	726,000	487,000
Building Plan Approval Fee	1,163,699	805,115
Interest Income	7,433,573	15,080,370
Completion Certificate Fee	2,837,400	589,877
Other Mics Income	1,341,140	616,120
Amalgamation fee	275,000	-
Conservancy Bills	14,420,287	9,679,388
Surcharge	719,909	354,068
Main Boulevard Charges	-	1,018,600
	35,505,499	36,561,267
<u>EXPENDITURE</u>		
Advertising Expense	199,870	351,498
AGM Expenses	-	27,290
Audit Fee	480,000	290,000
Bank Charges	9,506	8,388
Court Charges	55,320	21,000
Entertainment and Meals Expenses	283,439	272,954
Legal & Professional Expenses	1,012,317	667,321
Consultancy	925,299	476,378
Maintenance E-11	3,034,065	3,583,157
Maintenance Lohi Bher	565,082	725,817
Office Supplies	113,825	52,361
Postage and Telephone Expenses	27,770	127,660
Printing and Stationery	203,221	151,327
Rent, Rates & Taxes	25,000	668,627
Repair and Maintenance Expenses	235,930	389,362
Salaries Expenses	6,317,892	6,553,271
Travel and Conveyance Expenses	146,810	234,865
Utilities Expenses	8,325,548	7,196,188
Newspaper & Periodicals	5,720	5,310
Garbage Expenses	3,691,424	4,202,970
Fringe Benefits	256,148	252,930
Security Charges	4,126,721	4,692,453
Other Expenses	231,155	272,330
Meeting Allowance	540,000	1,200,000
Depreciation	976,195	890,249
Tax Expense	955,907	1,025,893
Total Expenditure	32,744,163	34,339,599
Surplus/ Deficit for the year	2,761,336	2,221,668
Prior Year Adjustment	-	-
Transfer to reserve fund	(276,134)	(222,167)
Deficit/Surplus for the previous years	2,485,202	1,999,501
Surplus/Deficit carried forward to Balance Sheet	26,257,259	24,257,758
	28,742,462	26,257,259

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 FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

	2021 RUPEES	2020 RUPEES
1 SHARE MONEY		
Opening Balance as at 01.07.2020	86,200	86,200
Addition during the year	-	-
Closing Balance as at 30.06.2021	<u>86,200</u>	<u>86,200</u>
2 RETAINED EARNINGS		
ACCUMULATED SURPLUS / (DEFICIT)		
Opening Balance as at 01.07.2020	26,769,426	24,257,758
Income during the year	35,505,499	36,561,267
Expenditure during the year	(32,744,163)	(34,049,599)
Prior year Adjustment	-	-
Closing Balance as at 30.06.2021	<u>29,530,762</u>	<u>26,769,426</u>
3 MEMBERS DEPOSITS		
3.1 Members Deposits Lohi Bher		
Opening balance as at 1.07.2020	166,651,895	166,429,895
Addition during the year	446,284	222,000
Deletion/ refund during the year	-	-
Closing balance as at 30.06.2021	<u>167,098,179</u>	<u>166,651,895</u>
3.2 Members Deposits-E 11		
Opening balance as at 1.07.2020	593,682,292	593,817,292
Addition during the year	345,000	435,000
Deletion/ refund during the year	-	(570,000)
Closing balance as at 30.06.2021	<u>594,027,292</u>	<u>593,682,292</u>
3.3 Members Deposits-Northern Commercial		
Opening balance as at 1.07.2020	154,769,381	154,769,381
Addition during the year	-	-
Deletion/ refund during the year	-	-
Closing balance as at 30.06.2021	<u>154,769,381</u>	<u>154,769,381</u>
Masjid Fund		
E 11		
Opening balance as at 1.07.2020	17,232,565	16,381,680
Addition during the year	1,200,742	850,885
Closing balance as at 30.06.2021	<u>18,433,307</u>	<u>17,232,565</u>
Lohi Bher		
Opening balance as at 1.07.2020	2,882,784	2,716,984
Addition during the year	200,000	165,800
Closing balance as at 30.06.2021	<u>3,082,784</u>	<u>2,882,784</u>

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FEDERATION OF EMPLOYEES COOPERATIVE HOUSING SOCIETY LIMITED, ISLAMABAD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

	2021 RUPEES	2020 RUPEES
5 Refundable Securities		
Opening Balance as at 1.07.2020	6,216,969	5,811,420
Addition during the year	865,000	545,000
Refunded during the year	(110,000)	(139,451)
Closing balance as at 30.06.2021	<u>6,971,969</u>	<u>6,216,969</u>
6 Accounts Payable		
Opening balance as at 1.07.2020	5,155,463	6,989,524
Addition during the year	1,790,000	-
Deletion/ paid during the year	-	(1,834,061)
Closing balance as at 30.06.2021	<u>6,945,463</u>	<u>5,155,463</u>
6.1 Breakup of this account is as follows:		
Accounts payable	1,459,175	1,459,175
Loan from members	1,790,000	-
Security deposit Federation Plaza	1,000,000	1,000,000
Karcon (Pvt.) limited	1,067,492	1,067,492
M/s Zoma (Pvt.) Limited	190,000	190,000
Diamond Boring & co.	20,000	20,000
M/s. Designman	23,600	23,600
Mr. Anjum Aqeel	700,000	700,000
Retention money	38,613	38,613
M/s. Town Planning	13,811	13,811
Earnest Money	642,772	642,772
	<u>6,945,463</u>	<u>5,155,463</u>
7 ACCRUED & OTHER PAYABLES		
Withholding Tax Payables	12,094	151,976
Gratuity Payable	1,289,750	1,289,750
Audit Fee Payable	480,000	290,000
	<u>1,781,844</u>	<u>1,731,726</u>
8 FIXED ASSETS		
Written down value as at 30.06.2021	<u>8,499,888</u>	<u>7,864,581</u>
The Schedule of Fixed Assets is attached.		
9 LAND COST		
Opening balance as at 1.07.2020	293,396,360	293,396,360
Addition during the year	-	-
Deletion during the year	-	-
Closing balance as at 30.06.2021	<u>293,396,360</u>	<u>293,396,360</u>

Free

FEDERATION OF EMPLOYEES COOPERATIVE HOUSING SOCIETY LIMITED, ISLAMABAD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

	2021 RUPEES	2020 RUPEES
10 DEVELOPMENT COST		
10.1 Development Cost at E 11		
Opening balance as at 1.07.2020	221,397,442	220,260,478
Addition during the year	98,638	1,136,964
Deletion during the year	-	-
Closing balance as at 30.06.2021	<u>221,496,080</u>	<u>221,397,442</u>
10.2 Development Cost at E 11 Northern Commercial		
Opening balance as at 1.07.2020	136,921,736	136,921,736
Addition during the year	-	-
Deletion during the year	-	-
Closing balance as at 30.06.2021	<u>136,921,736</u>	<u>136,921,736</u>
10.3 Development Cost at LOHI BHER		
Opening balance as at 1.07.2020	124,221,028	121,170,425
Addition during the year	162,674	3,050,603
Deletion during the year	-	-
Closing balance as at 30.06.2021	<u>124,383,702</u>	<u>124,221,028</u>
11 Masjid Cost		
Masjid E-11 Phase	22,423,019	21,151,969
Masjid Lohi Bher Phase	5,788,725	5,785,095
Closing balance as at 30.06.2021	<u>28,211,744</u>	<u>26,937,064</u>
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	3,380,824	2,870,462
Employee Advances - Salary	80,752	18,668
Provision for Doubtful Debts	(3,595,484)	(3,595,484)
Advances for Expenses	173,000	280,000
	<u>3,634,576</u>	<u>3,169,130</u>
13 DEPOSITS & PREPAYMENTS		
Opening balance as at 1.07.2020	690,927	713,289
Addition during the year	58,288	450,508
Less: Refunded/ adjusted during the year	(53,838)	(472,870)
Closing balance as at 30.06.2021	<u>695,377</u>	<u>690,927</u>

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FEDERATION OF EMPLOYEES COOPERATIVE HOUSING SOCIETY LIMITED, ISLAMABAD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

	2021 RUPEES	2020 RUPEES
14 <u>Cash & Bank Balances</u>		
<u>Cash in Hand</u>	928,354	47,200
<u>Cash at Bank</u>		
ABL 526170023 (LB), EBC Plaza, E-11, Islamabad	22,894,779	23,273,412
ABL Profit Plus Deposit 9343-2Civic Centre Melody Branch , ISB.	100	100
ABL 526190021 (E-11), EBC Plaza, E-11, Islamabad	123,064,706	112,826,108
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	2,776,889	8,610,723
	<u>149,922,700</u>	<u>145,015,415</u>

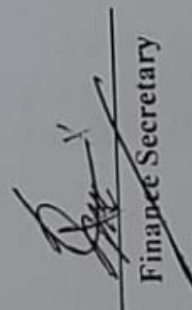
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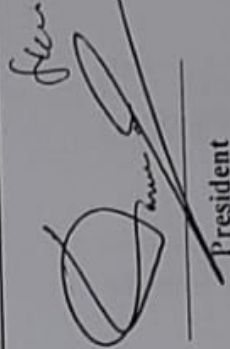

Finance Secretary


President

FEDERATION OF EMPLOYEES COOPERATIVE HOUSING SOCIETY LIMITED
FIXED ASSET SCHEDULE
AS AT 30 JUNE 2021

Description	COST		Rate of Depreciation	ACCUMULATED DEPRECIATION			Written Down Value As at June 30, 2021
	As at July 01, 2020	Additions		As at July 01, 2020	For the Year	As at June 30, 2021	
Buildings	7,540,400	131,164	10%	1,950,148	572,142	2,522,289	5,149,275
Computer equipment	296,079	87,500	30%	270,648	33,879	304,527	79,052
Office equipment	2,165,505	1,073,643	10%	823,227	241,592	1,064,819	2,174,329
Furniture and fixtures	1,746,909	319,194	10%	900,290	116,581	1,016,871	1,049,232
Office Use Vehicle	144,900	-	20%	84,900	12,000	96,900	48,000
Rupees (2021)	11,893,793	1,611,501		4,029,212	976,195	5,005,406	8,499,888
Rupees (2020)	8,841,928	3,051,865		3,138,963	890,249	4,029,212	7,864,581


Finance Secretary


President