

**24.11** Compliance status to direction under section 44-D & 44-E of the Cooperative Societies Act, 1925 has not been made yet with respect to submission of statements of accounts, returns and documents on quarterly basis. Further we have observed that the society has not established contributory provident fund and gratuity for its employees. We strongly suggest that the society should look into matter with serious concern and take necessary steps to comply with the aforesaid direction.

**25. Appendices to this Report**

Sr. No.	Description	Appendix
1.	Copy - Registration certificate	"A"
2.	Copy - Bye-laws	"B"
3.	Copy - Notifications of the present 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.	Copy - Minute of Annual General Meeting	"G"
8.	Certificate - No amendment in Bye-Laws and no defaulter	"H"
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16.	Certificate - Litigation Cases at current	"J"
17.	Certificate - Cash in hand as at 30 <sup>th</sup> June 2018	"K"
18.	Certificate - No Affectees and procedure adopted for appointment of contractor	"L"
19.	Certificate - Total Land Purchased	"M"
20.	Society Layout Plan / Map	"N"
21.	List of members	"O"
22.	Copy - letter for Approval of LOP	"P"
23.	Copy - Letter for cancellation of LOP	"Q"
24.	Copy - Settlement agreement	"R"

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: *Kamran & Co*  
**KAMRAN & CO.**  
CHARTERED ACCOUNTANTS



ISLAMABAD

**ENGAGEMENT PARTNER: KAMIL FATAH [FCA]**

Copy to:

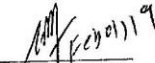
1. President/Secretary, Federation of Employees Cooperative Housing Society Limited, Islamabad

**FEDERATION OF EMPLOYEES COOPERATIVE HOUSING SOCIETY LIMITED, ISLAMABAD**

**BALANCE SHEET  
AS AT 30.06.2018**

	Note	2018 RUPEES	2017 RUPEES
<b><u>CAPITAL &amp; LIABILITIES</u></b>			
Share Capital	1	86,200	86,200
Accumulated Surplus	2	16,758,854	16,400,212
Reserve Fund		1,813,749	1,813,749
		18,658,803	18,300,161
<b><u>Members Deposits</u></b>			
Lohi Bher Phase	3	161,969,798	157,081,556
E-11 Phase	3.1	593,592,812	533,445,547
E-11 Northren Commercial Area	3.2	152,226,026	151,904,326
Motorway City Phase	3.3	-	264,400
	3.4	907,788,636	842,695,829
<b><u>Masjid Fund</u></b>			
E-11 Phase	4	14,794,350	13,459,806
Lohi Bher Phase	4.1	2,523,817	2,223,797
	4.2	17,318,167	15,683,603
Refunable Securities	5	4,751,420	4,066,420
<b><u>CURRENT LIABILITIES</u></b>			
Accounts Payable	6	6,882,452	11,219,739
Accrued & Other Payables	7	1,597,035	1,330,533
		8,479,487	12,550,272
		<u>956,996,513</u>	<u>893,296,285</u>
<b><u>PROPERTY &amp; ASSETS</u></b>			
<b><u>Fixed Assets</u></b>	8	581,987	652,549
		17,088,767	17,088,767
<b><u>CWIP</u></b>			
Land Cost	9	293,396,360	293,396,360
<b><u>Development Cost</u></b>			
E-11 Phase	10	213,064,709	204,842,504
E-11 Northren Commercial	10.1	136,498,558	135,448,518
Lohi Bhair Phase	10.2	102,477,077	98,674,575
	10.3	452,040,344	438,965,597
<b><u>Masjid</u></b>			
Masjid E-11 Phase	11	16,379,079	13,456,818
Masjid Lohi Bher Phase		5,086,606	4,861,770
		21,465,685	18,318,588
<b><u>CURRENT ASSETS</u></b>			
Receivables & Advances	12	769,845	656,082
Deposits & Prepayments	13	711,219	65,870
Cash & Bank balances	14	170,942,306	124,152,472
		<u>172,423,370</u>	<u>124,874,424</u>
		<u>956,996,513</u>	<u>893,296,285</u>

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

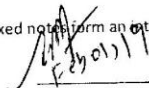
  
Finance Secretary

  
President

**FEDERATION OF EMPLOYEES COOPERATIVE HOUSING SOCIETY LIMITED, ISLAMABAD**  
**INCOME & EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 30.06.2018**

	2018	2017
	RUPEES	RUPEES
<b>INCOME</b>		
Registration Fee	350,000	457,500
Transfer Fees	6,301,966	5,716,705
Possession Fees	1,099,450	820,394
Demarcation Fee	64,000	72,000
Penalty Income	4,238,899	706,000
Urgent Fee	110,000	210,000
Annual Fund	650,000	1,837,000
Building Plan Approval Fee	2,864,284	2,262,061
Interest Income	3,330,308	3,931,207
Completion Certificate Fee	1,388,567	2,036,729
Other Mics Income	5,128,911	3,534,580
Subdivision Fee	754,000	4,440,000
Amalgamation Fee	80,000	1,564,800
Conservancy Bills	9,192,682	7,228,419
Surcharge	2,591,456	4,786,616
Main Boulevard Charges	66,486	-
	<u>38,211,009</u>	<u>39,604,011</u>
<b>EXPENDITURE</b>		
Advertising Expense	360,928	135,900
AGM Expenses	565,552	575,567
Audit Fee	850,000	250,000
Bank Charges	3,046	29,085
Court Charges	63,724	17,870
Entertainment and Meals Exp	287,185	235,309
Legal & Professional Expense	784,000	733,650
Consultancy	1,207,988	1,176,440
Maintenance E-11	15,058,911	11,386,849
Maintenance Lohi Bher	7,400,391	2,236,743
Office Supplies	17,363	66,484
Postage and Telephone Expense	87,153	129,482
Printing and Stationery	187,220	123,534
Rent or Lease Expense	960,416	872,076
Repair and Maintenance Expense	444,464	113,089
Salaries Expense	3,786,421	5,643,608
Travel and Conveyance Expense	131,253	74,352
Utilities Expense	1,561,169	152,376
Fringe Benefits	95,907	118,836
Other Expense	124,846	12,460
Depreciation	299,831	227,194
Surcharge Expense	3,839,000	-
	<u>38,116,768</u>	<u>24,310,904</u>
<b>Total Expenditure</b>	<b>94,241</b>	<b>15,293,107</b>
Prior Year Adjustment	264,400	(2,439,622)
<b>Surplus/ Deficit for the year</b>	<b>358,641</b>	<b>12,853,485</b>
<b>Transfer to Reserve Fund</b>	<b>-</b>	<b>(1,285,349)</b>
Deficit/Surplus for the previous years	16,400,213	4,832,076
<b>Surplus/Deficit carried forward to Balance Sheet</b>	<b>16,758,854</b>	<b>16,400,213</b>

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 30.06.2018**

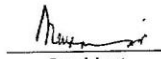
	<u>2018</u> <u>RUPEES</u>	<u>2017</u> <u>RUPEES</u>
<b>1 SHARE MONEY</b>		
Opening Balance as at 01.07.2017	86,200	86,200
Addition during the year	-	-
Closing Balance as at 30.06.2018	<u>86,200</u>	<u>86,200</u>
<b>2 RETAINED EARNINGS</b>		
<b>ACCUMULATED SURPLUS / (DEFICIT)</b>		
Opening Balance as at 01.07.2017	16,400,212	4,832,076
Income during the year	38,211,009	39,604,011
Expenditure during the year	(38,116,768)	(24,310,904)
Income Tax Adjustment	-	(2,439,622)
Reserve Fund	(5,539,280)	(1,285,349)
Closing Balance as at 30.06.2018	<u>10,955,173</u>	<u>16,400,212</u>
<b>3 MEMBERS DEPOSITS</b>		
<b>3.1 Members Deposits Lohi Bher</b>		
Opening balance as at 1.07.2017	157,081,556	153,459,870
Addition during the year	4,888,242	3,692,686
Deletion/ refund during the year	-	(71,000)
Closing balance as at 30.06.2018	<u>161,969,798</u>	<u>157,081,556</u>
<b>3.2 Members Deposits-E 11</b>		
Opening balance as at 1.07.2017	533,445,547	516,468,237
Addition during the year	116,485,827	30,486,845
Deletion/ refund during the year	(56,338,562)	(13,509,535)
Closing balance as at 30.06.2018	<u>593,592,812</u>	<u>533,445,547</u>
<b>3.3 Members Deposits-Northern Commercial</b>		
Opening balance as at 1.07.2017	151,904,326	136,118,873
Addition during the year	321,700	15,785,453
Deletion/ refund during the year	-	-
Closing balance as at 30.06.2018	<u>152,226,026</u>	<u>151,904,326</u>

	<u>2018</u> <u>RUPEES</u>	<u>2017</u> <u>RUPEES</u>
3.4 Members Deposits Against Land in Motorway City		
Opening balance as at 1.07.2017	264,400	264,400
Addition during the year	-	-
Less Refund during the year	<u>(264,400)</u>	<u>-</u>
Closing balance as at 30.06.2018	<u>-</u>	<u>264,400</u>
<b>4 Masjid Fund</b>		
4.1 E 11		
Opening balance as at 1.07.2017	13,459,806	11,684,693
Addition during the year	<u>1,334,544</u>	<u>1,775,113</u>
Closing balance as at 30.06.2018	<u>14,794,350</u>	<u>13,459,806</u>
4.2 Lohi Bher		
Opening balance as at 1.07.2017	2,223,797	1,960,797
Addition during the year	<u>300,020</u>	<u>263,000</u>
Closing balance as at 30.06.2018	<u>2,523,817</u>	<u>2,223,797</u>
<b>5 Refunable Securites</b>		
Opening Balance as at 1.07.2017	4,066,420	3,161,420
Addition during the year	815,000	930,000
Refunded during the year	<u>(130,000)</u>	<u>(25,000)</u>
Closing balance as at 30.06.2018	<u>4,751,420</u>	<u>4,066,420</u>
<b>6 Account Payable</b>		
Opening balance as at 1.07.2017	11,219,739	11,544,515
Addition during the year	1,814,937	3,620,229
Deletion/ paid during the year	<u>(6,152,224)</u>	<u>(3,945,005)</u>
Closing balance as at 30.06.2018	<u>6,882,452</u>	<u>11,219,739</u>
6.1 Breakup of this account is as follows		
Accounts payable	1,887,425	1,287,575
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. Desigman	23,600	23,600
Mr. Anjum Aqeel	700,000	700,000
Retention money	1,337,352	6,274,489
M/s. Town Planning	13,811	13,811
Earnest Money	<u>642,772</u>	<u>642,772</u>
TOTAL	<u>6,882,452</u>	<u>11,219,739</u>

	<u>2018</u> <u>RUPEES</u>	<u>2017</u> <u>RUPEES</u>
<b>7 ACCRUED &amp; OTHER PAYABLES</b>		
Withholding Tax Payables	307,285	38,443
Graduity Payable	1,289,750	1,289,750
EOBI Payable	-	2,340
<b>TOTAL</b>	<b><u>1,597,035</u></b>	<b><u>1,330,533</u></b>
<b>8 FIXED ASSETS</b>		
Written down value as at 30.06.2018	<b><u>581,987</u></b>	<b><u>652,549</u></b>
The Schedule of Fixed Assets is attached.		
<b>9 LAND COST</b>		
Opening balance as at 1.07.2017	293,396,360	293,396,360
Addition during the year	-	-
Deletion during the year	-	-
Closing balance as at 30.06.2018	<b><u>293,396,360</u></b>	<b><u>293,396,360</u></b>
<b>10 DEVELOPMENT COST</b>		
<b>10.1 Development Cost at E 11</b>		
Opening balance as at 1.07.2017	204,842,504	204,842,504
Addition during the year	8,222,205	-
Deletion during the year	-	-
Closing balance as at 30.06.2018	<b><u>213,064,709</u></b>	<b><u>204,842,504</u></b>
<b>10.2 Development Cost at E 11 Northren Commercial</b>		
Opening balance as at 1.07.2017	135,448,518	120,403,915
Addition during the year	1,050,040	15,204,603
Deletion during the year	-	(160,000)
Closing balance as at 30.06.2018	<b><u>136,498,558</u></b>	<b><u>135,448,518</u></b>
<b>10.3 Development Cost at LOHI BHER</b>		
Opening balance as at 1.07.2017	98,674,575	98,674,575
Addition during the year	3,802,502	-
Deletion during the year	-	-
Closing balance as at 30.06.2018	<b><u>102,477,077</u></b>	<b><u>98,674,575</u></b>

	<u>2018</u> <u>RUPEES</u>	<u>2017</u> <u>RUPEES</u>
<b>11 Masjid</b>		
Masjid E-11 Phase	16,379,079	13,456,818
Masjid Lohi Bher Phase	5,086,606	4,861,770
Closing balance as at 30.06.2018	<u>21,465,685</u>	<u>18,318,588</u>
<b>12 RECEIVABLES &amp; ADVANCES</b>		
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	638,127	638,127
Employe Advances - Salary	131,718	17,955
Provision for Doubtful Debts	(3,595,484)	(3,595,484)
	<u>769,845</u>	<u>656,082</u>
<b>13 DEPOSITS &amp; PREPAYMENTS</b>		
Opening balance as at 1.07.2017	65,870	315,870
Addition during the year	645,349	-
Less: Refund		(250,000)
Closing balance as at 30.06.2018	<u>711,219</u>	<u>65,870</u>
<b>14 Cash in Hand</b>	107	12,269
<b>Cash at Bank</b>		
ABL 526170023 (LB), EBC Plaza, E-11, Islamabad	43,541,127	40,554,269
ABL Profit Plus Deposit 9343-2Civic Center Melody Branch , ISB.	100	100
ABL 526190021 (E-11), EBC Plaza, E-11, Islamabad	122,975,073	81,749,594
ABL 526190044 (E-11) EBC Plaza , E-11 Islamabad Conservancy	6,816	1,585,184
NBP P&L Sharing A/C 21790-3 Civic Center Branch G-6 , ISB.	216,485	216,485
NBP P&L Sharing A/C 21789-6 Civic Center 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	4,168,027	
	<u>170,942,306</u>	<u>124,152,472</u>

  
Finance Secretary

  
President

**FEDERATION OF EMPLOYEES COOPERATIVE HOUSING SOCIETY LIMITED**  
**PROPERTY, PLANT AND EQUIPMENT**  
**AS AT JUNE 30, 2018**

Description	COST		Rate of Depreciation Per Annum	ACCUMULATED DEPRECIATION		Written Down Value As at June 30, 2018
	As at July 01, 2017	As at June 30, 2018		As at July 01, 2017	As at June 30, 2018	
Buildings	1,104,590	1,231,717	10%	741,087	864,259	367,459
Computer equipment	251,834	273,010	30%	239,828	251,828	21,182
Office equipment	616,879	649,930	10%	452,201	517,194	132,736
Furniture and fixtures	808,948	856,862	10%	710,566	796,252	60,610
Office Use Vehicle	69,900	69,900	20%	55,920	69,900	-
<b>Rupees (2018)</b>	<b>2,852,151</b>	<b>3,081,419</b>		<b>2,199,602</b>	<b>2,499,433</b>	<b>581,987</b>
<b>Rupees (2017)</b>	<b>2,823,651</b>	<b>2,823,651</b>		<b>1,972,408</b>	<b>2,199,602</b>	<b>652,549</b>

*[Signature]*  
 Finance Secretary

*[Signature]*  
 President



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INPACT Asia Pacific an  
international network of  
independent professional  
accountants



THE INSTITUTE  
OF CHARTERED  
ACCOUNTANTS  
MEMBERS AND VICES  
AUTHORISED TRAINING EMPLOYER

**FEDERATION OF EMPLOYEES  
COOPERATIVE HOUSING SOCIETY  
LIMITED**

**Annual Audit Report  
For the year ended  
30<sup>th</sup> June 2018**

**Kamran & Co.**  
Chartered Accountants

Lahore office:  
Apt. A/2, Ingola Apartments,  
24 Jail Road,  
Lahore.

Tel: [042] 3 7424 020 – 22  
Fax: [042] 3 7424 019  
e-mail: ca@kamranco.com.pk;  
fatah@brain.net.pk

Islamabad (Branch office):  
103, Golden Plaza, Fazal-e-Haq Road, Blue Area,  
Islamabad.

Tel: [0300] 9405 444  
e-mail: kamil@kamranco.com.pk

web: [www.kamranco.com.pk](http://www.kamranco.com.pk)

Ref. No. CRC-ISB/1809

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

**RE: AUDIT OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018  
FEDERATION OF EMPLOYEES COOPERATIVE HOUSING SOCIETY – ISLAMABAD**

Dear Sir,

We are pleased to inform you that as per requirement of your letter No. 2006/CR/ICT/B, dated 05<sup>th</sup> July 2018, we have completed the Audit of Accounts of **Federation of Employees Cooperative Housing Society, Islamabad** for the year ended **30<sup>th</sup> June 2018** and are enclosing herewith a copy each of the Statement of the Accounts and the Auditor's Report, along-with the following annexure:

Sr. No.	Description	Appendix
1.	Copy - Registration certificate	"A"
2.	Copy - Bye-laws	"B"
3.	Copy - Notifications of the present managing committee	"C"
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19.	Certificate - Total Land Purchased	"M"
20.	Society Layout Plan / Map	"N"
21.	List of members	"O"
22.	Copy - letter for Approval of LOP	"P"
23.	Copy - Letter for cancellation of LOP	"Q"
24.	Copy - Settlement agreement	"R"

Kindly acknowledge receipt.

Yours faithfully,

*Kamran & Co*  
For: **KAMRAN & CO.**  
**CHARTERED ACCOUNTANTS**



**ISLAMABAD**

**ENGAGEMENT PARTNER: KAMIL FATAH [FCA]**

Copy to: 1. President, Federation of Employees Cooperative Housing Society, Islamabad

Ref. No. CRC-ISB/1809/01

Date: 21<sup>st</sup> February 2019

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

**RE: AUDIT OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018  
FEDERATION OF EMPLOYEES COOPERATIVE HOUSING SOCIETY-ISLAMABAD**

Dear Sir,

We are pleased to inform you, that as per requirement of your letter No. 2006/CR/ICT/B dated 05 July 2018, we have completed the audit of annexed balance sheet of **Federation Of Employees Cooperative Housing Society, Islamabad** (the "Society") as at 30<sup>th</sup> June 2018 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 the provisions of section 22 of the Cooperative Societies Act, 1925, and Cooperative Societies Rules, 1927 along-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.

It is clarified that the matters, which are being reported, came to our attention during the course of 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 these observations have duly been discussed with the management of the society at an appropriate level.

#### 1. Registration, History and Objects

The society is registered under the Cooperative Societies Act, 1925 on 6<sup>th</sup> 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.

Federation of Employees Cooperative Housing Society Limited - Islamabad  
Audit Report for the year ended 30<sup>th</sup> June 2018

1/13

Lahore (Head Office)  
Apt: A/1, Ingola Apartments 24 Jail Road, Lahore-Pakistan  
Tel: + 92-42-3 742 40 20 - 22 Fax: + 92-42-3 742 40 19  
e-contacts: ca@kamranco.com.pk / fatah@brain.net.pk

Islamabad (Branch Office)  
103, Golden Plaza Fazaal-e-Haq Road, Blue Area, Islamabad-Pakistan  
Tel: + 92-300-940 5444  
e-contacts: kamil@kamranco.com.pk / kamil.fatah@gmail.com

web: www.kamranco.com.pk

02121

## 2. Managing Committee

Present Managing Committee was elected and the official notification of the Managing Committee was issued on **21<sup>st</sup> September 2016**. The composition of the Present Managing Committee at the time of notification is as under:

Sr. No.	Name	Designation
1.	Mr. Arman Aziz	President
2.	Mr. Sabir Khan	Vice President
3.	Mr. Jahangir Akhtar	Secretary
4.	Mr. Muzamil Mukhtar	Treasurer
5.	Mr. Ali Anwar Syed	Executive Member
6.	Dr. Waqar Malik	Executive Member
7.	Mr. Syed Ghazanfar Abbas	Executive Member (Resigned)
8.	Mr. Tanveer Ahmed	Executive Member
9.	Mr. Anees Ur Rehman	Executive Member

Mr. Syed Ghazanfar Abbas has resigned from the position of executive member on 24<sup>th</sup> October 2018.

## 3. Location and area of land

The society has already acquired total land measuring 433 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 details are enumerated 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, 348 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 of revised Layout Plan [LOP] from Capital Development Authority vide its letter dated March 05, 2008 subject to fulfillment of certain essential conditions for Sector E-11 housing Scheme which was later **suspended** vide letter no. CDA/PLW-HS(90)E-11/FECHS/2009/ dated 27<sup>th</sup> December, 2010 due to non-fulfillment of following conditions;

- Mortgage of 20% saleable area
- Transfer of land under parks/open spaces, roads and graveyard
- Engineering design
- Environmental clearance from Pak (EPA)

The above said conditions had been fulfilled by the society except clearance from EPA.

The society was in the process of obtaining approval from EPA, meanwhile the CDA has directed the EPA that LOP of the society has been cancelled and EPA has not issued the clearance on the directions of CDA.

### 5.2 O-9 Scheme

The society has submitted the LOP of Sector O-9 Housing scheme for approval to RDA however final approval has not been granted so far.

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 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. 16,758,854]

Movement during year under this account is as follows:

AS ON 30 <sup>TH</sup> JUNE 2018	
[Rupees]	
Balance at beginning of the year	16,400,212
Add: Income during the year	38,211,009
Less: Expenditure during the year	(38,116,768)
Add: Prior year adjustment	264,400
<b>Balance at end of the year</b>	<b>16,758,854</b>

- 7.1 The total income/receipt amounted to Rs. 38,211,009 during the year and mostly comprises of Transfer fee, Conservancy bills, Amalgamation Fee, Interest income, Building plan approval fee, surcharge and miscellaneous Income. We checked the income earned during the year on test basis with the supporting documents and we found the result satisfactory.
- 7.2 The society has incurred expenses to the tune of Rs. 38,116,768 and mostly comprises of salaries and allowances, maintenance E-11 and Lohir bher and Legal and professional charges. We have checked the expenses on test basis with the supporting documents and found the result satisfactory.
- 7.3 Prior year adjustment represents the written off balance of motorway city project which had been refunded earlier and project was closed accordingly.

**8. Reserve fund** [Rs. 1,813,749]

This represents the brought forward balance from last year and there is no movement in this account during the year. As per applicable provisions of bye-laws, the Society has created a reserve fund of 10% of surplus arising during the prior years.

**9. Members' deposits** [Rs. 907,788,636]

Movement during year under this account is as follows:

AS ON 30 <sup>TH</sup> JUNE 2018				
Head of account	Lohi Bher Phase [Rupees]	E-11 Phase [Rupees]	E11Northern Commercial [Rupees]	Motorway City Phase [Rupees]
Balance at beginning of the year	157,081,556	533,445,547	151,904,326	264,400
Add: Addition during the year	4,888,242	116,485,827	321,700	-
Refund/Adjusted during the year	-	(56,338,562)	-	(264,400)
<b>Balance at end of the year</b>	<b>161,969,798</b>	<b>593,592,812</b>	<b>152,226,026</b>	<b>-</b>

- 9.1** Under the head of members' deposits for Lohi Bher; the additions during the year represent the deposits received against cost of land, additional development charges and corner 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 phase; the additions during the year amounting to Rs. 116,485,827 represent the amount received from Anjum Aqeel Khan against Settlement agreement along-with deposits towards cost of land from the members.
- 9.2.1** Facts of the case are that the society has entered into the affiliation agreement dated February 04, 2008 with Mr. Anjum Aqeel Khan s/o Khudadad Khan which was subsequently superseded by another agreement between the society and M/s. Golra Associates (Pvt.) Limited, dated 31<sup>st</sup> October 2009. (Copies enclosed) In this regard, the society has allotted 37 commercial plots to the affiliated party; whereas affiliated party failed to fulfill the terms and conditions of the above said agreements. Afterwards the society instituted a civil suit before the Honorable Islamabad High Court for specific enforcement of the said contractual obligations of the affiliated party in which sole arbitrator was appointed who directed the affiliated party to pay a sum of Rs. 112,618,800 against 500 sq. yards commercial plot and 6% of the auction proceeds of 50% saleable commercial plots. Thereafter both the parties challenged the said award before the Islamabad High Court and subsequently a final settlement agreement has been finalized as follows:

The society has entered into a settlement agreement with M/s. Anjum Aqeel Khan and M/s. Golra Associates dated 30<sup>th</sup> March 2017 against compensation of Rs. 145,655,815 payable to the society in respect commercial plots measuring 500 sq. yards and 632 sq. yards as per following obligations;

- i. Rs. 101,880,000 against the failure to transfer 1132 sq. yards (500 sq. yards & 632 Sq. yards) commercial plots in terms of the affiliation agreement dated 31<sup>st</sup> October 2009 and settlement agreement dated 12<sup>th</sup> November 2011 at the rate of Rs. 90,000 per sq. yard as determined by the learned arbitrator in his award dated 20<sup>th</sup> February 2016.*
- ii. Rs. 35,851,815 at the average rate of Rs. 90,000 per sq. yard as determined by the learned arbitrator in his award dated 20<sup>th</sup> February 2016 of the total saleable area of 13,278.45 sq. yards.*
- iii. Rs. 7,924,000 against the payment by the society as development charges of the land measuring 1132 sq. yards of the commercial plots for parking area at the rate of Rs. 7,000 per sq. yard.*

This settlement agreement had been approved by the annual general meeting of the society held on 11<sup>th</sup> February 2017. In this regard, the society has received full payment against aforesaid settlement agreement.

- 9.2.2** Further, the society made refund against commercial plot No. 30 & 31 during the year under audit for which the detail is as follows.

*h.c.s.*

Name	Plot No.	Amount	Cheque No.
Iqbal Mustafa Khan	30	32,381,500	44946631-ABL
Iqbal Mustafa Khan	30	6,012,500	47583829-ABL
Usman Fareed Tareen	31	1,255,540	47583835-ABL
Arman Aziz	31	550,840	47583836-ABL
Farooq Aziz	31	5,578,151	44946625-ABL
Malik Altaf	31	2,666,364	44946626-ABL
Arman Aziz	31	1,455,893	44946630-ABL
Usman Fareed Tareen	31	3,318,443	44946629-ABL
Malik Altaf	31	1,008,825	47583826-ABL
Farooq Aziz	31	2,110,506	47583830-ABL
<b>Total</b>		<b>56,338,562</b>	

It is appropriate to mention that an amount of Rs. 31,454,100 was received by the society against sale of commercial plot no. 31 along-with an amount of Rs. 38,394,000 after discount against sale of commercial plot no. 30 earlier to year under audit. The matter was subsequently went in dispute and followed by litigation and arbitration as discussed in para 9.2.1.

The members vide application dated 18-04-2017 requested to refund their deposits against the commercial plots no. 31. In this regard, the society has already refunded an amount of Rs. 13,509,535 against refund of plot no 31 during the year 2016-17. During the year under audit the society refunded remaining balance of Rs. 17,944,562 against plot no. 31 to the members along-with 10% markup as per court order.

Similarly an amount of Rs. 38,394,000 was refunded against plot no. 30 during the year to the respected member along-with markup as per court order.

- 9.3 Under the head of members' deposits for E-11 Commercial [Affiliated]; the additions during the year represent the charges for underground basement from the members of affiliated land at the rate of Rs. 7,000 per sq. yard for construction of underground parking in commercial plots.
- 9.4 The deposits of motorways city have been adjusted during the year as the project was closed and these deposits had been refunded in prior years.

**10. Masjid fund**

[Rs. 17,318,167]

Movement during year under this account is as follows:

Description	AS ON 30 <sup>TH</sup> JUNE 2018		
	E-11 Phase [Rupees]	Lohi Bher [Rupees]	Total [Rupees]
Balance at beginning of the year	13,459,806	2,223,797	15,683,603
Add: Addition during the year	1,334,544	300,020	1,634,564
Less: Refund during the year	-	-	-
<b>Balance at end of the year</b>	<b>14,794,350</b>	<b>2,523,817</b>	<b>17,318,167</b>

The addition during the year represents the voluntary contribution by members of the Society for the construction of Masjids at each of the above referred sites.



**11. Refundable securities**

[Rs. 4,751,420]

Movement during year under this account is as follows:

**AS ON 30<sup>TH</sup> JUNE 2018**

Description	[Rupees]
Balance at beginning of the year	4,066,420
Add: Addition during the year	815,000
Less: Refund during the year	(130,000)
<b>Balance at end of the year</b>	<b>4,751,420</b>

The balance of security deposit represents the security deposited by members at the time of submission of approval of map and is refunded at the time of completion of construction to secure any potential default on part of members of the society.

**12. Account payable**

[Rs. 6,882,452]

The breakup of this account is as follows:

**AS ON 30<sup>TH</sup> JUNE 2018**

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	3,224,777
M/s. Town Planning	12.9	13,811
<b>Balance at end of the year</b>		<b>6,882,452</b>

- Serial no. 12.1 represents the security deposit and advance rent received from the tenant against rented floor of Federation plaza.
- 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.
- Serial no. 12.8 represents the retention money deducted from the running bills of contractors against work done.
- 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.

*haco.*

**13. Accrued & other payables**

[Rs. 1,597,035]

The breakup of this account is as follows:

AS ON 30 <sup>TH</sup> JUNE 2018		
Description	Ref. No.	[Rupees]
Withholding tax payable	13.1	307,285
Gratuity payable	13.2	1,289,750
<b>Total</b>		<b>1,597,035</b>

- 13.1** This represents the withholding tax deducted towards various payments of vendors and payable as on 30<sup>th</sup> June 2018. The Society is liable to deposit the tax withheld within 7 days of its deduction but the Society has not made these payments to FBR within stipulated time. **We strongly suggest that society should follow the provisions of Income Tax Ordinance, 2001 in order to avoid any inconvenience in term of penalty and fines.**
- 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.

**14. Fixed assets**

[Rs. 581,987]

The movement during year under this account is as follows:

AS ON 30 <sup>TH</sup> JUNE 2018	
Description	[Rupees]
Opening balance cost	2,852,151
Addition/(Deletion) during the year	229,268
<b>Closing balance cost</b>	<b>3,081,419</b>
Opening balance accumulated depreciation	(2,199,601)
Depreciation for the year	(299,831)
<b>Closing balance depreciation</b>	<b>(2,499,432)</b>
<b>Written down value</b>	<b>581,987</b>

The additions during the year were checked with the supporting documents and found in order.

**15. Capital work in progress [CWIP]**

[Rs. 17,088,767]

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

**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 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.

↓ 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" Caption @ 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)

↓ So, in the view of above mentioned direction, the committee withdraws the show-cause notice of cancellation the 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 has 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.**

*Kaco.*

Further as explained by the present management that an 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. 452,040,344]

The movement during year under this account is as follows:

Head of account	AS ON 30TH JUNE 2018		
	Note 17.1 E-11 Residential [Rupees]	Note 17.2 E-11 Commercial [Rupees]	Note 17.3 O-9 Lohi Bher [Rupees]
Balance at beginning of the year	204,842,504	135,448,518	98,674,575
Add: Addition during the year	8,222,205	1,050,040	3,802,502
Less: Deletion/ adjustment during the year	-	-	-
<b>Balance at end of the year</b>	<b>213,064,709</b>	<b>136,498,558</b>	<b>102,477,077</b>

- 17.1** The additions during the year represent the running bills raised by M/s Pak Agro Tech International, M/s K.K Engineers and other developers against work done for solar energy and cable work. Further, the society has entered into an agreement with M/s K.K Engineers during the year under audit for the execution, completion and maintenance work of E-11/1 & E-11/2 for a total cost of Rs 8,580,000. We feel appropriate to mention that the society has strictly adhered bidding process for award of development work to K.K Engineers.
- 17.2** The additions during the year represent the running bills raised by M/s. Pak agro Tech International and others against the work done for construction of street lights and tube wells. We have verified the payments during the year on test basis with the supporting documents and found the same in order.
- 17.3** The additions represent bills raised by M/s. Arch Ways, M/s. Pak Agro Tech International and M/s. Saif Engineers during the year ended 30<sup>th</sup> June 2018.

**18. Masjid** [Rs. 21,465,685]

Movement during year under this account is as follows:

Description	AS ON 30 <sup>TH</sup> JUNE 2018		
	E-11 Phase [Rupees]	Lohi Bher [Rupees]	TOTAL [Rupees]
Balance at beginning of the year	13,456,818	4,861,770	18,318,588
Add: Addition during the year	2,922,261	224,836	3,147,097
Less: Refund during the year	-	-	-
<b>Balance at end of the year</b>	<b>16,379,079</b>	<b>5,086,606</b>	<b>21,465,685</b>

This represents the expenditure incurred on construction of Masjid 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. 769,845]

The breakup of this account is as follows:

AS ON 30 <sup>TH</sup> JUNE 2018		
Description	Ref. No.	[Rupees]
Col @ 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	638,127
Advance to employees against salary	19.6	131,718
<b>Gross receivables at end of the year</b>		<b>4,365,329</b>
Provision for doubtful debts	19.7	(3,595,484)
<b>Balance at end of the year</b>		<b>769,845</b>

- 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 provision for doubtful for old outstanding balances against the parties and individuals referred from serial no. 19.1 to 19.4.

**20. Advances, deposits and prepayments**

[Rs. 711,219]

Break up of this account is as follows:

AS ON 30 <sup>TH</sup> JUNE 2018		
	Ref. No.	[Rupees]
Security deposits	20.1	73,870
Advance income tax	20.2	637,349
<b>Balance at end of the year</b>		<b>711,219</b>

- 20.1 This represents the amount of locker's security and other security deposits as at 30<sup>th</sup> June 2018.
- 20.2 This represents the tax withheld on bank profits and cash withdrawals by the bankers of the society.

**21. Cash and bank balance**

[Rs. 170,942,306]

The breakup of this account is as follows;

AS ON 30 <sup>TH</sup> JUNE 2018		
		[Rupees]
Cash in hand		107
Cash with banks		170,942,199
<b>Total</b>		<b>170,942,306</b>

**21.1** Cash in hand is reported Rs. 107 as per the financial statements and books of accounts. It is clarified that we couldn't physically verify the cash in hand on 30<sup>th</sup> June 2018 due to our appointment subsequent to the balance sheet date. However, a certificate of cash in hand as on 30<sup>th</sup> June 2018 was obtained from the management and annexed to 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 letter for closing balance confirmation to the Society's bankers from whom the response is still awaited.

**22. List of defaulters**

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

**23. Litigation status**

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

**24. Compliance to audit guidelines and other directions**

**24.1** 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.

**24.2** The management has stated that no new membership was issued during the year under.

**24.3** AGM was held on 23<sup>rd</sup> June 2018 and minutes of the said AGM were properly recorded and annexed to this report.

**24.4** The society has not purchased any land during the year, further the management has confirmed through a certificate that total land purchased is under its possession.

**24.5** The management has certified that the society has not established any sub-committee.

**24.6** The Society paid remuneration to the members of management committee. Certificate of monthly rate of honorarium is attached as per annexure to this report. However, approvals from the AGM and Registrar Cooperative Societies Department have not been provided for our verification purposes viz a viz.

**24.7** The management has stated that powers of staff are limited up to the job designation of the employee and no extra powers were delegated to any employee during the year.

**24.8** The society has provided us with copies of notices or information circulated to the members during the year.

**24.9** A list of litigation cases is annexed as per annexure to this report.

**24.10** Books of accounts are maintained on double entry system by the finance department. The society has prepared books of accounts on **computerized accounting software namely "Peachtree"**.

*KAC*