

FEDERATION OF EMPLOYEES COOPERATIVE HOUSING SOCIETY LTD,
ISLAMABAD
AUDIT REPORT
FROM 1ST JULY 2011 TO 30TH JUNE 2012

Submitted to:
Circle Registrar
Cooperative Societies
Islamabad Capital Territory
Islamabad.

The society was registered on February 06, 1985 against registration No.279 under section 10 of Cooperative societies Act 1925 and its area of operation was restricted to the Federal Territory Islamabad.

The audit includes examining on test basis evidence supporting the amounts in records and such test and auditing procedures and practices as were considered necessary in the circumstances. Our work however was restricted to the information stated and available in the records, which have been prepared and maintained by the society.

Our observations and comments are as follows:

1. BOOKS OF ACCOUNTS

Following is a list of the books required under bye-laws to be maintained and the level of compliance by the society:

Sr. No.	Books Required as per Bye- Laws	Level of compliance
1	Members Register	Maintained
2	Cash Book	Maintained
3	Ledger	Maintained
4	Installment Register	Maintained
5	Minute book	Maintained
6	Stock Register	Maintained
7	Register Showing Property Held	Maintained
8	Supporting Invoices, Receipts etc	Maintained



2. **SHARE CAPITAL**

- 2.1 There is no movement in this account Rupees
- Balance as on 30th June, 2012 86,200
- 2.2 Authorized share capital of the society consists of the unlimited number of shares of Rs.100/-and 1000/- each.
- 2.3 The liability of the members is limited to ten times of the value of share held.
- 2.4 Share certificates were not issued to the members during the year ended June 30th, 2012.

3. **MEMBERS' DEPOSITS**

- 3.1 **Movement in Lohi Bher is as under:** Rupees
- Opening balance as at July 1st, 2011 89,006,627
- Addition during the year 6,746,435
- Balance as on 30th June, 2012 95,753,062
- 3.2 **Movement in E-11 is as under:**
- Opening balance as at July 1st, 2011 501,794,533
- Addition during the year 13,733,995
- Balance as on 30th June, 2012 515,528,528
- 3.3 **Motorway City:**
- 3.4 There is no movement in this account under audit
- Balance as on 30th June, 2012 264,400
- 3.5 Movement in Lohi Bhair and E-11 scheme represent amounts received from members on account of cost of land and development charges.



4. MASJID FUND

4.1 Movement in E-11 is as under:

Rupees

Opening balance as at July 1 st , 2011	613,163
Addition during the year	905,000
Payments during the year	(104,089)
Balance as on 30 th June, 2012	<u>1,414,074</u>

4.2 Movement in Lohi Bher is as under:

Opening balance as at July 1 st , 2011	115,500
Addition during the year	105,000
Balance as on 30 th June, 2012	<u>220,500</u>

5. REFUNDABLE SECURTIES

Movement in this account is as under:

Rupees

Opening balance as at July 1 st , 2011	400,920
Addition during the year	322,500
Refunded during the year	(10,000)
Balance as on 30 th June, 2012	<u>713,420</u>

6. ACCOUNTS PAYABLE

6.1 Break up of this account is given below:

Particulars	2012	2011
Diamond Boring and Co.	20,000	20,000
M/S Iqbal and Sons	3,042,876	3,042,876
M/S Karcon (Pvt) Ltd.	1,067,492	4,293,006
M/S Designman	23,600	23,600
M/S Town Planning	13,811	13,811
M/S Zoma (Pvt) Ltd.	190,000	190,000
Payable to Anjum Aqeel	700,000	700,000
M/S Rabnawaz & Co.	333,537	333,537
TOTAL	5,391,316	8,616,830



- 6.2 The management committee of the society deducted 10% security money of Rs.333,537/- from M/S Rabnawaz & Co. which will be paid after completion of work.

7. **ACCRUED AND OTHER PAYABLE**

Break up of this account in given below:

Particulars	2012	2011
Accrued Expenses	1,141,297	598,785
Salaries and other benefits payable	755,065	155,320
Withholding Tax Payable	178,833	85,487
TOTAL	2,075,195	839,592

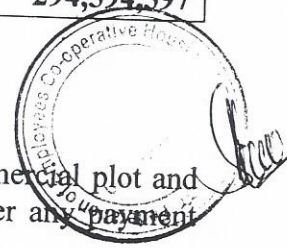
8. **FIXED ASSETS**

Break up of this account in given below:

Particulars	2012
Land	293,396,360
Buildings	624,291
Computer Equipment	17,376
Office Equipment	166,067
Furniture and Fixture	390,223
Total	294,594,597

9. **LAND OF SCHOOL**

- 9.1 The Plot reserved for school was illegally converted into a commercial plot and allotted to Mr. Raja Abid Husain by the ex-management. Neither any payment received in the society accounts nor any record is available.
- 9.2 The above mentioned case was reported in 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 loss of Rs. 143.4 million has been caused to the society.
- 9.3 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 of 25th October, 2009. The resolution passed is as under:



"The president explained the position of commercial plot no. 19. 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 land for the school campus."

We observed the following irregularities in the above mentioned resolution.

- 9.3.1 The said issue was not included in the agenda circulated among the members for the notice of the meeting. According to the bye law no 25 of the society no matter will be discussed in the general meeting which is not included in the agenda. So in the light of above mentioned explanation, any issue discussed which is not included in the agenda is null and void.
- 9.3.2 The new elected committee of the society handed over the possession to Mr. Shayan Mehmood but the land is not yet recovered against the allotment of commercial plot as the president explained that it was allotted against land compensation is his first annual general meeting dated 25th October, 2009.
- 9.3.3 The committee failed to utilize the Rs. 25 million to buy the land for school campus.
- 9.3.4 The committee of the society failed to receive the construction cost of the mosque from Mr. Shayan Mehmood.
- 9.3.5 The committee of the society made the agreement with Mr. Shayan Mehmood on 12 November, 2009 while the circle registrar passed his directions regarding the minutes of the AGM on 31 May, 2010 so we are unable to understand why the committee of the society made the agreement and handed over the possession without the approval of the competent authority.

10. DEVELOPMENT COST E-11

10.1 Break up of this account in given below:

Particulars	2012	2011
Electrification	37,374,053	36,968,859
Sewerage	1,094,394	1,094,394
Gas Supply	724,304	724,304
Consultants	2,351,016	2,351,016
Surveyor Charges	72,000	72,000
Salaries site staff	3,389,962	3,389,962
Other Development Cost	155,862,111	142,697,210
TOTAL	200,867,840	187,297,745

Employees Co-operative Housing Society
Islamabad
Tel: 051-2668530
051-2668540
2011

[Signature]

10.2 Payments made on above mentioned accounts were checked with bank statements, vouchers and bills and found in order.

11. DEVELOPMENT COST LOHI BHAIK

11.1 Break up of this account in given below:

Particulars	2012	2011
Electrification	14,564,065	14,564,065
Gas Supply	13,969,478	89,701,25
Consultants	1,445,638	1,445,638
Salaries site staff	1,411,231	1,411,231
Other Development Cost	55,243,129	55,104,512
TOTAL	86,633,541	81,495,571

11.2 Payments made on above mentioned accounts were checked with bank statements, vouchers and bills and found in order.

12. RECEIVABLES

12.1 The movement in this accounts and breaks up of the account in given below:

Particulars	2012	2011
Col. (R) Aftab Iqbal	1,480,005	1,480,005
Khyber Estate Services	1,146,800	1,146,800
Mehmood Corporation	700,000	700,000
Omer Farooq Engineering	268,679	268,679
Electricity / Water Consumers – (E-11)	409,280	114,990
Advances to Staff	6,000	56,000
Tax Deducted at Source	832,451	480,199
TOTAL	4,843,215	4,246,673

13. DEPOSITS AND PREPAYMENTS

The movement in this accounts and breaks up of the account in given below:

Particulars	2012	2011
Locker's Security	600	600
Security Deposits	635,000	35000
Prepaid Rent (E-11)	407,000	335,000
TOTAL	1,042,600	370,600



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14. CASH AND BALANCES

14.1 Break up of this account in given below:

Particulars	2012	2011
Cash in hand	22,673	12,881
ABL A/C 526170023	7,374,563	6,883,201
ABL A/C 526190021	45,533,834	45,892,550
ABL A/C 9343-2	100	100
NBP A/C 21790-3	216,485	216,485
NBP A/C 21789-6	34,512	34,512
PPCBL A/C 1177	59	59
MCFC A/C 269	79,810	79,810
MCFC A/C 267	35,037	35,037
Total	53,297,073	53,154,635

14.2 Cash in hand was not physically verified on 30th, June 2012.

Place: Rawalpindi
Date: November 28, 2012

Shehzad Malik
Shehzad Malik & Co.
Cost & Management Accountants
& Tax Consultants
RAWALPINDI

