

Date: April 07, 2023

Chief Auditor
Co-operative Societies Office,
Poonch House,
Lahore.

Dear Sir,

**SUBJECT: SPECIAL AUDIT REPORT OF C.V.C.H.S.L-LAHORE FOR THE
YEAR ENDED JUNE 30, 2021.**

In compliance of our appointment letter Ref. No. RCS/AUDIT/ALLO-2022/471, dated: March 29, 2022, we have completed the audit of the "Canal View Co-operative Housing Society Limited Lahore" for the year ended June 30, 2021.

Please find the attached Audit Report including relevant enclosures for your kind reference and record.

We appreciate the accounting and other staff members of the Society for extending co-operation during the Audit.

Regards,



Muniff Ziauddin & Co.
Chartered Accountants

C.C:

- 1) Deputy Registrar Co-operative Societies Lahore.
- 2) Secretary C.V.C.H.S.L, Lahore.

Dated: February 07, 2023

The Chief Auditor,
Co-operative Societies, Punjab
Lahore.

AUDIT REPORT OF THE SPECIAL AUDIT
CANAL VIEW CO-OPERATIVE HOUSING SOCIETY LTD LAHORE
FOR THE YEAR ENDED JUNE 30, 2021

Dear Sir,

We have audited the annexed statement of financial position of Canal View Co-operative Housing Society Ltd (the Society), as at June 30, 2021 and the related income and expenditure account, related receipts and payment account together with the notes forming part thereof (the financial statements) for the year then ended.

It is the responsibility of the Society's management to establish and maintain a system of internal control and prepare and present the above said statements in conformity with the accounting and reporting standards and the requirements of the Co-operative Societies Act 1925. Our responsibility is to issue a report on these statements based on our audit.

We have performed our audit under the provisions of Co-operative Societies Act 1925, and Co-operative Societies Rules 1927.

The procedures we performed did not constitute an examination or a review of complete financial statements in accordance with the International Standards on Auditing (ISAs) or International Standards on Review Engagements (ISREs) as applicable in Pakistan. Accordingly, we provide no opinion or other form of assurance in accordance with ISAs or ISREs with respect to our work or the information upon which our work was based.

Our report is intended solely for the Registrar Office and the Society, and is not intended nor may it be relied upon by or distributed to any other party ("Third Party"). We accept no liability or responsibility to any Third Party who gains access to this report. Any information and / or documentation which may come to our attention subsequent to the date of this report may alter our findings.

THE SOCIETY AND ITS OPERATIONS:

Registration and operations

The Canal View Co-operative Housing Society Ltd is registered under Co-operative Societies Act, 1925 as on June 24, 1975 vide Registration Certificate Number 910.

Location of the Society

The Registered Office of the society is situated at "Canal View Cooperative Housing Society, Multan Road, Thokar Niaz Baig, Lahore."

Objects of the society

As per clause 4 of Bye-Laws of the Society, adopted by the Canal View Cooperative Housing Society Limited, Lahore, Society has following objectives:

- 1.3.1 To promote the economic interest of the members on the principles of cooperation, self help, on no profit and loss basis.
- 1.3.2 To lay out, establish and maintain a residential colony for its members, if need be, to extend it and take other necessary steps for this purpose.
- 1.3.3 To arrange, buy or otherwise acquire land, house buildings or other property, whether moveable or immovable by purchase, lease, mortgage, acquire under Land Acquisition Act, or otherwise for the purpose of carrying out the objects of the society.
- 1.3.4 To bring into existence and to construct, manage and maintain works like roads, water supply, sewerage, electricity and sui-gas, telephone services and other construction of various kinds like schools, dispensary, mosque, amusement parks, civic centers, provision of transport, grave yard etc., for the benefit and convenience of the members residing in the colony. These will be subject to regulation of local bodies development authorities and at par or better than their standard.
- 1.3.5 To sell, mortgage, give on lease, land, houses, house sites, buildings and other properties of the society movable or immovable for the common benefit of the members, subject to the approval of the General Meeting and Registrar Punjab as may be necessary. The approval of Registrar will not be required for allotment/registration/lease of plots in favour of members.
- 1.3.6 To construct buildings for public use and to undertake other utility projects for the convenience of members.
- 1.3.7 To prepare plans for houses and other buildings in the colony or get them prepared from qualified architects and get them approved to ensure that the houses and buildings are prepared according to them. For this purpose, prepare building Bye-laws and get them approved from General Meeting and Registrar Punjab.
- 1.3.8 To obtain loan from government or any other source for construction of houses or shopping centers, etc. on terms and conditions as may be deemed suitable by the Society and the Registrar, Punjab.
- 1.3.9 To adopt measures designed to encourage in members the spirit of cooperation and practice of thrift, self-help and mutual aid.
- 1.3.10 To take steps for the general welfare of its members.
- 1.3.11 To allot plots to members as per approved Master Plan. 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 General Meeting and Registrar Punjab will be compulsory.

1.3.12 To do generally all such incidental things or acts as may be considered necessary or conducive to all or any of the aforesaid objects.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

2.1 Accounting Convention

These financial statements have been prepared under the historical cost convention unless otherwise specifically stated under relevant policy notes.

2.2 Operating Fixed Assets

Operating fixed assets are stated at cost less accumulated depreciation less impairment losses if any. Depreciation is charged on reducing balance method to write off the cost of an asset at the rates specified in fixed asset schedule. Depreciation on additions to assets is charged from the day when asset is available for use and ends on the day when asset is disposed off. Gain / (Loss) on disposal of fixed assets is charged to income & expenditure for the period.

2.3 Revenue recognition

All type of revenue is recognized on receipt basis except water and sewerage charges and which are recognized on accrual basis.

2.4 Cash and cash equivalents

Cash and Cash equivalents are carried in the balance sheet at cost which is the fair value of the consideration to be paid in future for goods and services.

2.5 Trade and other receivables

Trade and other receivables are recognized at fair value of consideration receivable. Receivables consideration irrecoverable are written off and those considered doubtful of recovery are provided for.

2.6 Creditors, Accrued, and other liabilities

Creditors, accrued, and other liabilities are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

2.7 Taxation

Provision for current taxation is based on taxable income at the current rate of taxation after taking into account tax rebates and credits, if any.

SHARE CAPITAL (SHARE MONEY):

	2021	2020
Rupees.....	
Opening balance	1,499,550	1,313,550
Add: Received during the year	321,000	186,000
Less: Adjusted during the year	-	-
Balance at end of the year	<u>1,820,550</u>	<u>1,499,550</u>

- 3.1 The opening balance is made up of Share Capital amounted to Rs. 230,750 and Share Money amounted to Rs. 1,082,800. Society has reclassified share money as share capital.
- 3.2 The movement during the year is verified and found in order.
- 3.3 As per clause 8(2) of the Bye-laws of the Society, application for membership shall be in writing in the prescribed form. Such application will form part of register of members. The register for members doesn't contain any application for admission.
- 3.4 Every member on admission shall pay the share money specified in the Bye-Law, clause 18 & 19, which will be refundable. He will also pay Rs. 5,000/- or as decided by Managing Committee from time to time as admission fee, which after approval of membership shall not

be refundable. During our audit, we found that society is not in practice of refunding share money to outgoing members. It is recommended that society should receive share money from new members and refund share money to outgoing members.

3.5 Total number of members as at June 30, 2021 are 1,343. However, during audit we observed that share money is not in reconciliation with the total number of members. Therefore, Society is recommended to reconcile its share money with total number of members.

3.6 As per clause 18 of the Bye-laws of the Society, members desiring to acquire residential plot in the society are required to purchase shares as per following criteria:

Sr. No.	Size of Residential Plot	No. of Shares
1	Upto 5 marlas	One share
2	6 to 10 marlas	Two shares
3	11 marlas to one kanal	Four shares
4	More than one kanal but less than two kanals	Eight shares
5	Two kanals or more	Ten shares

We are unable to verify the number of shares held by each member because member's register does not contain this information.

3.7 As per clause 19 of the Bye-laws of the Society, members desiring to acquire commercial plot in the society are required to purchase shares as per following criteria:

Sr. No.	Size of Commercial Plot	No. of Shares
1	Upto 3 marlas	Two shares
2	Above 3 marlas to 5 marlas	Three shares
3	More than 5 marlas	Five shares

We are unable to verify the number of shares held by each member because member's register does not contain this information.

3.8 As per clause 20 of the Bye-Laws of the Society, the maximum holding of a member is 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 comes 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. However, society has not provided any record showing maximum holding of a member due to which we are unable to check compliance of clause 20 of bye laws.

ACCUMULATED RESERVE FUND:	2021	2020
Rupees.....	
Opening balance at beginning of the year	8,197,837	8,197,837
Add: Transfer during the year (1/10th of Surplus)	-	-
Balance at the end of the year	8,197,837	8,197,837

4.1 As per clause 46 (b) of the Bye-Laws of the Society, each year the society will keep 1/10th of its net Surplus as Reserve Fund which will be indivisible. This reserve fund can be utilized in the business of the Society or can be invested as provided in Rule 37 of Co-operative Societies Rules 1927. After setting aside of this reserve fund, the Society may as per its requirement make provision for other funds, like common good fund, building fund, share transfer fund, depreciation fund, bad and doubtful debt fund, dividend equalization fund, and

provident or some other fund. The decision for the provision of any such fund or the ratio thereof will be decided by the general meeting subject to the approval of Registrar. After keeping a provision for reserve and other funds, members can be paid, divided on their paid up shares, at the rate not exceeding 60%.

4.2 The opening balance was verified from the last year audited financial statements.

4.3 There was no activity in this head of account during the year under audit.

ACCUMULATED SURPLUS / (DEFICIT):	2021	2020
Rupees.....	
Opening balance at beginning of the year	(6,361,978)	(1,416,814)
Add: Transfer during the year	-	-
Less: Deficit during the year	(6,916,639)	(4,945,164)
Balance at the end of the year	<u>(13,278,617)</u>	<u>(6,361,978)</u>

5.1 The opening balance was verified from the last year audited financial statements.

5.2 The movement in this head of account for the year has been provided in income and expenditure account of the financial statements.

MEMBER'S DEPOSITS

DEPOSIT FOR LAND AND DEVELOPMENT

Movement in this account is given as under:

	2021	2020
	Rupees	Rupees
Opening balance	7,781,018	7,781,018
Addition during the year	1,875,000	-
Less: Adjustment/ development during the year	-	-
Closing balance	<u>9,656,018</u>	<u>7,781,018</u>

6.1 The opening balance was verified from the last year audited financial statements.

6.2 The society has not provided us any explanation / justification of addition in member's deposits. Due to lack of supporting documents and information we are unable to verify this head of account.

6.3 The member's deposits include the amount received from members against cost of land and development. As per management development of the Society is complete and the members deposits against Cost of land & development have been set-off against cost of land and development expenditure, but it is pertinent to mention that the member's deposit still include an amount of Rs. 7,781,018 for which management has not provided us any explanation / justification. This matter should be investigated by the Registrar of Cooperative Department and explanation should be sought from management of the society.

BANK OVERDRAFT

	2021	2020
	Rupees	Rupees
Dubai Islamic Bank Limited	984,629	301,520
MCB Bank Limited	389,405	293,933
	<u>1,374,034</u>	<u>595,453</u>

7.1 We have sent bank confirmation letters to confirm the balances as at June 30, 2021, for which we received the following replies from the banks:

Bank Account	Balance as Per Accounts	Balance as per Bank Confirmation	Difference	Reconciliation Provided
Dubai Islamic Bank	(984,629)	1,884,556	(2,869,185)	No
MCB Bank Limited	(389,405)	143,815	(533,220)	No
Total	(1,374,034)	2,028,371	(3,402,405)	

- 7.2 The society has not provided us any explanation / justification related to the bank overdraft. Further, banks of the society have not confirmed any overdraft facility given to the society and management of the society has also not provided us the bank reconciliation of these bank accounts. This matter should be investigated by the Registrar of Cooperative Department and explanation should be sought from management of society as there is a significant risk due to fraud and error.

SECURITY DEPOSITS

		2021 Rupees	2020 Rupees
House construction security	8.1	2,238,333	2,113,333
Security deposited by security guards	8.2	121,250	126,250
Against cleaning services	8.3	320,000	320,000
Wateen telecom	8.3	50,000	50,000
		<u>2,729,583</u>	<u>2,609,583</u>

- 8.1 House construction security represents the amount received from those members, who have started construction of plots. The amount is refundable to members as and when the construction is completed and subject to removal of debris by the members. In case members fails to remove debris, the Society reserve the rights to deduct charges for the removal of such debris from the members. However, society has not provided us the list of the members from whom this amount was received. So, we are unable to confirm the balances from the members.
- 8.2 This amount represents the security deposited by the security guards at the time of joining. However, society has not provided us the list of the security guards from whom this amount was received. So, we are unable to confirm the balances from the security guards. No employment letters were provided to confirm the relevant clause of obtaining security deposit.
- 8.3 We are not provided the details of the security deposits received against cleaning services and from Wateen Telecom. Therefore, we are unable to confirm these balances from parties. We are also not provided any agreement with these parties.
- 8.3 The above matters should be investigated by the Registrar of Cooperative Department and explanation should be sought from management of society.

PROVISION FOR TAXATION

Movement in this account is given as under:

	2021 Rupees	2020 Rupees
Opening balance	2,558,476	2,558,476
Addition	-	-
Less: Adjustment/ development during the year	-	-
Closing balance	<u>2,558,476</u>	<u>2,558,476</u>

- 9.1 The opening balance was verified from the last year audited financial statements.
- 9.2 There was no activity in this head of account during the year under audit.
- 9.3 During our audit it has been observed that provision for taxation amounting to Rs. 2,558,476 is payable till date. However, society has not provided us any explanation of non-payment of this amount. The Management of the society should review this matter and tax should be paid to Federal Board of Revenue (FBR). The Management of the society should review this matter and consult with a tax expert to advice the way forward as non compliances of income tax laws may result in penalties.

ACCRUED AND OTHER PAYABLES

		2021 Rupees	2020 Rupees
Accrued expenses	10.2	1,778,053	4,464,068
Trade creditors	10.3	3,697,216	1,611,100
Income tax deducted at source payable	10.4	905,626	759,066
Payables against Juliana land	10.5	5,504,956	5,504,956
Rent received in advance		414,544	386,787
Balance at the end of the year		<u>12,300,395</u>	<u>12,725,977</u>

- 10.1 Opening balances has been verified from the last year audited financial statements.
- 10.2 Accrued expenses represents the salaries payable to employees, sui gas and electricity expenses which are payable to utility providers at the end of the financial year. The movement during the year has been verified on sample basis and found in order.
- 10.3 Trade creditors include an amount of Rs. 3,240,800 payable to waste management company. However, society has not provided us any agreement with the waste management company. Further, society has not provided details to send confirmation letter to the company due to which we are unable to confirm this balance.
- 10.4 This amount represents income tax withheld on payment to supplier of goods, payment to contractors for bills and other payments made by the Society. Movement during the year is checked on sample basis and found in order.
However, it is pertinent to mention that opening tax withheld is outstanding till date and society has not provided us any explanation on the non-payment of this amount to authorities.
- 10.5 During audit, it has been observed that payable against Juliana Land amounting to Rs. 5,504,956 is outstanding till date. Society informed us that this land was purchased 25 years ago and then apportioned it and collected deposits from members for the said land. But after some years society sold back this land to the same owner from whom it was purchased initially. But society did not pay back amount collected from depositors. However, Management has not provided us any documentary evidence to verify this information. These matters should be investigated by the Registrar of Cooperative Department and explanation should be sought from management of society.

OPERATING FIXED ASSETS

		2021 Rupees	2020 Rupees
Opening balance-WDV		8,521,878	9,957,676
Add: Additions during the year		103,100	-
Less: Disposal during the year	11.2	(1,083,802)	-
Less: Depreciation during the year		(1,446,088)	(1,435,798)
Closing Balance-WDV		<u>6,095,088</u>	<u>8,521,878</u>

- 11.1 The opening (WDV) has been verified from the last year audited financial statements.
- 11.2 Society has sold an old generator to one of its members but society has also not provided us the policy and procedures adopted for the disposal of the fixed assets of the society.
- 11.3 No policy for capitalization of assets has been provided.
- 11.4 Depreciation is recalculated as per accounting policy of the Society and found in order.
- 11.5 The Operating Fixed Assets Schedule is attached with financial statements.
- 11.6 The society does not perform impairment testing.
- 11.7 The society does not perform physical verification activity on regular intervals.
- 11.8 Fixed Asset Register is not maintained by the management of the society.

INTANGIBLE ASSETS

	2021 Rupees	2020 Rupees
Opening balance-WDV	54,257	67,822
Add: Additions during the year	-	-
Less: Amortization during the year	(10,852)	(13,565)
Closing Balance-WDV	<u>43,405</u>	<u>54,257</u>
12.1 This represents accounting software and Bio-metric system and related costs towards implementation of software. Amortization is charged over the estimated useful life of the asset on a systematic basis applying the diminishing balance method at the rate of 20% per		
12.2 The opening (WDV) has been verified from the last year audited financial statements.		
12.3 The society has not disclosed policy of intangible assets in its financial statements.		
12.4 There was no activity in this head of accounts during the year under audit.		
12.5 Amortization is recalculated by using diminishing balance method at the rate of 20% per annum and found in order.		
12.6		
12.7 The society does not perform impairment testing.		

LONG TERM DEPOSITS

Movement in this account is given as under:

	2021 Rupees	2020 Rupees
Opening balance	151,251	151,251
Addition during the year	-	-
Adjustment/Transfer during the year	-	-
Closing balance	<u>151,251</u>	<u>151,251</u>

- 3.1 The opening balance was verified from the last year audited financial statements.
- 3.2 There was no activity in this head of account during the year under audit.
- 3.3 Management of the society has not provided us any information related to these long term deposits. This matter should be investigated by the Registrar of Cooperative Department and explanation should be sought from the Management of the society related to these long term deposits.

ADVANCES & RECEIVABLES

		2021 Rupees	2020 Rupees
Advance to employees	14.3	1,937,269	1,564,992
Advances to suppliers	14.4	175,000	178,000
Refundable income tax	14.5	2,957,480	2,957,480
Advance income tax	14.6	9,297,303	8,162,106

Water charges receivable	14.7	2,694,134	3,585,388
Rental income receivable	14.8	83,128	1,812,437
Suspense account	14.9	1,490,584	1,490,584
Closing balance		<u>18,634,898</u>	<u>19,750,987</u>

- 14.1 The opening balances were verified from the last year audited financial statements.
- 14.2 The movement during the year is verified on sample basis and found in order.
- 14.3 This represents the amount paid in advance to various employees. We circulated balance confirmation to employees however we were communicated by employees that no amount is payable by them. The details are attached as annexure. This matter should be investigated by the Registrar of Cooperative Department and explanation should be sought from the Management of the society related to these advances.
- 14.4 This represents amount paid in advance to contractors for services. The movement during the year is not verified because management has not provided us any supporting documents of these amounts. Further, an amount of Rs. 175,000, which is shown as advance to supplier actually represents the advance to employee as per management. However, the employee has shown disagreement to this balance. This matter should be investigated by the Registrar of Cooperative Department and explanation should be sought from the Management of the society related to this amount.
- 14.5 During audit, it has been observed that refundable income tax amounting to Rs. 2,957,480 is outstanding till date. However, management has not provided us any reasonable explanation / justification related to this amount.
- 14.6 Advance Income Tax mainly includes the tax deducted on the rental income, and electricity bills. Due to unavailability of complete supporting documents, we are unable to verify this amount.
- 14.7 This amount includes water charges receivable from the members of the society. However, this amount is not reconciled with the defaulter's list provided by the management. Society should take reasonable steps to recover this amount.
- 14.8 This amount is receivable from PTCL against rent of the PTCL tower. Management should take reasonable steps to recover this amount.
- 14.9 Society has not provided us any explanation / Justification on the suspense account created during the prior year. Due to lack of supporting documents and information we are unable to verify this head of account. Creation of suspense account highlights the effect that internal controls are weak and chances due to misstatement or fraud are high therefore procedures should be adopted for identification of such amounts. The matter needs to reviewed further so that appropriate internal controls can be established. Moreover, Registrar of Cooperative department should investigate this matter and explanation should be sought from managing committee related to this head of account.

CASH AND BANK BALANCES

		2021	2020
		Rupees	Rupees
Cash in hand	15.1	238,439	994,136
Bank balances	15.2	195,194	133,407
		<u>433,633</u>	<u>1,127,543</u>

- 15.1 Due to our late appointment, we are unable to perform physical cash count. However, certificate of cash in hand is attached as Annexure.

- 15.2 We have sent bank confirmation letters to confirm the balances as at June 30, 2021, for which we received the following replies from the banks till date:

Bank Account	Balance as Per Accounts	Balance as per Bank Confirmation	Difference	Reconciliation Provided
Allied Bank Ltd.	146,562	146,562	-	No
United Bank Ltd.	31,078	-	31,078	No
United Bank Ltd.	5,296	5,296	-	No
Allied Bank Ltd.	12,258	-	12,258	No
Total	195,194	151,858	43,336	

- 15.3 The year end account balances have been verified from bank statements and bank balance confirmations provided by the bank. There is a difference of balance as per bank balance confirmation and as per financial statements, for which we are not provided the bank reconciliation statements.

INCOME

	2021 Rupees	2020 Rupees
Membership fee	260,000	135,000
Transfer fee	6,395,701	3,564,081
Water and sewerage charges	35,078,937	33,965,266
Possession and scrutiny fee	1,405,772	642,791
Maintenance income	4,405,761	2,780,850
Rental income	5,760,277	4,856,647
Gain on sale of disposal	1,224,198	-
Miscellaneous income	3,736,347	2,546,241
	58,266,993	48,490,876

- 16.1 Society is following hybrid system of both receipt & accrual basis of accounting. As per Section 80(2)(b)(v) of the Income Tax Ordinance 2001, co-operative society has been defined as "Company" and Section 32(2) of the Income Tax Ordinance 2001, requires that a company shall adopt accrual basis of accounting. However, Society is in violation of the Income Tax Ordinance and this may lead to understatement or overstatement of Income and cause harm to Government Treasury.
- 16.2 The transfer fee income for the year is not in reconciliation with the transfer list provided by the management of the society. Fee income received during the year is checked on sample basis and found in order.
- 16.3 The society received water charges from members of society. However, it is not possible to reconcile the total income for the year from water charges because the society follows both receipt & accrual basis of accounting. Society has booked water and sewerage charges on monthly basis, however we are not provided with member wise breakup of the monthly water and sewerage charges.
- 16.4 This head of income represents the amount received from the members of the society who have not started construction on their plots. Maintenance income received during the year is checked on sample basis and found in order.
- 16.5 This head of income includes rent received from PTCL tower, Ufone tower, and Mobilink tower. Complete rent agreements of these towers were not provided to us so it is not possible

to reconcile the total rental income of society for the year.

- 16.6 Miscellaneous income of the society includes booking fee of society ground, gate entry fee of heavy vehicles, pamphlet distribution fee, and other scrap sales. This head of income is checked on sample basis and found in order.

ADMINISTRATIVE EXPENSES

	2021	2020
	Rupees	Rupees
Salaries and wages	23,995,279	23,967,479
Social Security Expenses	1,696,007	111,827
Honorarium	336,550	142,294
Electricity, gas and water charges	22,958,978	20,175,596
Postage and telephones	116,720	183,347
Printing and stationery	252,675	183,700
Travelling and conveyance	198,760	57,814
Vehicle running and maintenance	575,336	342,061
Repair and maintenance	3,709,536	726,260
Advertisement	162,900	36,600
Office expenses	20,425	4,190
Entertainment	327,260	45,512
Legal and professional charges	2,731,575	2,219,553
Audit fee	473,297	250,000
Development expenses	5,450	19,945
Sewerage charges	4,548,877	2,355,140
Computer expenses	96,380	17,000
Election Expenses	158,840	250,430
Amortisation on intangible asset	10,852	13,565
Depreciation	1,446,088	1,435,798
Bank charges	108,329	16,494
Uniform Expenses	109,100	-
Miscellaneous expenses	270,413	154,072
	64,309,627	52,708,677

- 17.1 Society has not maintained any service rules for its employees.
- 17.2 There is no approved travelling & conveyance policy.
- 17.3 Staff salaries & other benefit include salaries paid to office employees, tube well operator, gardener, security guards and sweepers.
- 17.4 Utilities expenses includes sui gas bills, PTCL bills and electricity bills of society. During audit, it has been observed that electricity expense does not match with electricity bills and society has not provided us any reconciliation in this regard.
- 17.5 Depreciation expense is recalculated as per policy of the society and was found in order.
- 17.6 Legal and Professional charges includes legal fees paid to lawyer against different suits filed by or against the society. Confirmation letter has been sent to legal advisor but no reply has been received till date. The management of society has not provided us list of litigations therefore, we are unable to ascertain whether any contingencies need to be disclosed or provisions need to be recognized.
- 17.7 Audit fee for previous year audit has been paid and recorded in current year because no accrual was made in last year. However, accrual for current year audit fee has also not been

made.

- 17.8 Society has not provided us the agreement with waste management company so it is not possible to reconcile the total sewerage charges of society for the year.
- 17.9 Society does not have capitalization policy and follows the practice to expense out items of capital nature instead of capitalizing them. This may lead to understatement of assets and overstatement of expenses of the society.
- 17.10 We have verified expenses on sample basis and found them in order.

GENERAL OBSERVATIONS:

Followings are the general observations that needs to be reviewed in detail by the Registrar Co-operative Department and appropriate explanations should be sought from the management;

18.1 Basis of Accounting:

As per Section 80(2)(b)(v) of the Income Tax Ordinance 2001, co-operative society has been defined as "Company" and Section 32(2) of Income tax Ordinance 2001, requires that a company shall adopt accrual basis of accounting. Society is following both cash basis & accrual basis of accounting thus violating the provision of Income Tax Ordinance and accounting principles.

18.2 Procedures for awarding tender / PPRA rules:

Management of society is of the view that PPRA rules are not applicable on Co-operative societies. Moreover, no written procedure for awarding tender of development work have been maintained and provided by management. This matter needs to be investigated and Cooperative department should issue guidelines to the societies whether PPRA rules are applicable on them or not.

18.3 Cost of Land & Member's Deposits

During audit, we observed that cost of land is not included in the financial statements of the company. As per management development of the Society is complete and the members deposits against Cost of land & development have been set-off against cost of land and development expenditure, but it is pertinent to mention that the member's deposit still include an amount of Rs. 7,781,018 for which management has not provided us any explanation / justification.

18.4 Opinion of Secretary on Employees Annual Performance

As per Bye-Law number 40, Sub-section 8, the secretary will give his opinion regarding annual performance of employees of the society, But we have not been provided with any kind of such evaluation documents.

18.5 Confirmation from Legal Advisor:

Confirmation letter has been sent to Legal Advisor but no reply has been received till date.

18.6 Compliance Report by Deputy Registrar Cooperative Societies

We have written a letter to Deputy Registrar Co-operative societies, Lahore to confirm that compliance report has been sent to the Registrar Co-operative Societies, Punjab but no reply has been received till date.

18.7 Annual General Meeting:

As per section 22 of bye laws, Annual General Meeting shall be held between 1st of July to 30th September each year. If the society fails to convene General Meeting within time, the Registrar shall convene it. However, Annual General Meeting for the year ended 30th June

2020 & 30th June 2021 has not been held which is the violation of bye law no. 22. This matter needs to be reviewed by the Registrar of Co-operative Department.

18.8 Adoption of Financial Statements 2018-2019:

Audit Report and Financial Statements for the year ended June 30, 2019 and June 30, 2020 has not been adopted and approved by members in the AGM.

18.9 Preparation and Approval of Budget

As per clause no 30(7) of Bye-Laws, society is required to prepare a budget for the financial year which shall be approved by the members in the General Meeting. However, society did not prepare budget for the financial year 2020-2021.

18.10 Defaulters List:

The defaulters list provided by management shows water charges receivable from members amounting to Rs. 3,053,423. It is recommended that management should take reasonable steps to recover this amount.

18.11 Internal Audit:

As per clause no 40(1) of bye-laws of society the accounts will be audited internally twice a year, through different qualified accountants and copy of internal audit report will be sent to Registrar. But, the same has not been done by the society. The Registrar of Cooperative Department should review this matter as it is the violation of clause 40(1) of the bye laws of the society.

18.12 Internal Audit:

As per clause 34(32) of bye laws, Managing Committee is required to conduct internal audit. The Management of the society has formed audit committee but audit has not been conducted by the committee for the year ended June 30, 2021. The Registrar of Cooperative Department should review this matter as it is the violation of clause 34 (32) of the bye laws of the society.

18.13 Lay Out Plan:

As per information provided by management, lay out plan of society is approved by Lahore Development authority. Date of approval of lay out plan along with approved area is given below:

Canal View CHSL

Date of Approval

4th May 1990

Previous year audit report highlights that approved land area of society as per LOP is 2013 Kanals while as per land performa total area of land is 2037 Kanal and 13 Marla.

18.14 Members Register:

As per Bye-Law number 41(1) Society is required to maintain member register in which the name of member, address and occupation of every member, the number of shares held by him, the date of his admission to membership and the nominee appointed by him under his signature is mentioned.

Society has maintained member's register however, it is not updated and above mentioned requirements are not fulfilled.

18.15 Documentation of Standard Operating Procedures and Accounting Practices:

Standard operating procedures, policies and accounting practices of the Society have not been formally documented. Major policies which have not been documented are as follows;

a) Service Rules of the Society

- b) Human resource policy
- c) Policy for acquisition and disposal of fixed assets
- d) Bank and cash policy

GENERAL RECOMMENDATIONS:

- 19.1 As per Bye Law 32 of the Society, a Member of Managing committee shall cease to hold office under various circumstances. We have not been apprised with policies and procedures developed / placed by the Society to review these circumstances, for instance, the Society should obtain an undertaking from Management Committee that they are not involved in any business (directly / Indirectly) as stated in the objects of the society, i.e. professional property dealer etc.
- 19.2 As per Co-operative Society Rules 55 and Bye law 34 (20) of the Society, relatives cannot be employed in the society. We have not been apprised with policies and procedures developed / placed by the society to review these circumstances i.e. employees names, CNIC, father name, common ancestor till grandfather should be tabulated and reviewed (may be in a software / any other interface) by Members of Management Committee to verify that they are not relatives of each other.
- 19.3 The society must prepare a detailed authority matrix/financial rules describing the financial powers of each authority/post.
- 19.4 The skills and knowledge of the accounts department personnel of the Society needs to be improved through trainings and technical knowledge seminars.

GENERAL:

- 20.1 Audit was conducted on test check basis, therefore the report should be relied upon to the extent, on the same basis.
- 20.2 During the course of our audit, some general errors and omissions were found and rectified. However, we suggest for the improvement of internal system of the Society.

LIST OF DOCUMENTS NOT ATTACHED:

The following list of documents have not been provided to us which were required to be attached with our Report:

- (i) Business Rules
- (ii) Minutes of Annual General Meeting
- (iii) Copy of Budget
- (iv) List of members
- (v) List of Litigation cases
- (vi) Certificate of total number of plots allotted and un-allotted

LIST OF DOCUMENTS ATTACHED:

Followings are the enclosures to this report:

- (i) Balance sheet, income and expenditure account, receipts and payments account and the notes forming part thereof;
- (ii) Audit Memo duly completed;
- (iii) Certificate of Registration
- (iv) Copy of Bye-Laws;
- (v) Form Alif, Bay & Jecm

- (vi) List of managing Committee members;
- (vii) Certificate of Cash in Hand
- (viii) Transfer List
- (ix) Lay-Out Plan
- (x) Certificate of Bank Accounts
- (xi) Certificate of percentage of completion of work
- (xii) Detail of plot mortgaged with L.D.A.
- (xiii) List of Staff
- (xiv) List of defaulters
- (xv) Certificate of Meetings held during the year.
- (xvi) Bill of our Professional Charges

In order to streamline society affairs the recommendations need to be implemented as soon as possible on proactive and progressive basis.

We appreciate and are thankful to the staff for extending help and assistance, where required, in execution of our audit.

Thanking You,

Muniff Ziauddin & Co
Chartered Accountants

Place: Lahore

Dated: February 07, 2023

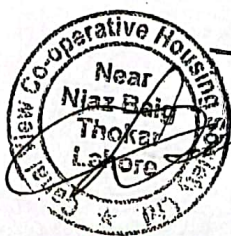
Deputy Registrar Co-operative Societies, Lahore.
Secretary, Canal View CHSL-

VIEW CO-OPERATIVE HOUSING SOCIETY LIMITED
RECEIPTS AND PAYMENTS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2021

3

RECEIPTS	2021	2020	PAYMENTS	2021	2020
CARRYING BALANCES			CAPITAL PAYMENTS		
Cash and Bank Balances	1,127,543	2,152,310	Operating Fixed Assets	103,100	-
	1,127,543	2,152,310	Advances, Deposits and Prepayments	-	672,924
			Creditors, Accrued and Other Liabilities	425,582	-
			Bank Overdraft	-	888,050
				528,682	1,560,974
TOTAL RECEIPTS			REVENUE PAYMENTS		
Money	321,000	186,000	Salaries and wages	23,995,279	23,967,479
Operating Fixed Assets	2,308,000	-	Social Security Expenses	1,696,007	111,827
Accruals, Deposits and Prepayments	1,116,089	-	Honorarium	336,550	142,294
Others Deposits	1,875,000	-	Electricity, gas and water charges	22,958,978	20,175,596
Overdraft	778,581	-	Postage and telephones	116,720	183,347
Accruals, Accrued and Other Liabilities	-	3,806,008	Printing and stationery	252,675	183,700
Bank Deposits	120,000	40,000	Travelling and conveyance	198,760	57,814
	6,518,669	4,032,008	Vehicle running and maintenance	575,336	342,061
			Repair and maintenance	3,709,536	726,260
NET RECEIPTS			Advertisement	162,900	36,600
Money	260,000	135,000	Office expenses	20,425	4,190
Water and sewerage charges	6,395,701	3,561,081	Entertainment	327,260	45,512
Electricity and scrutiny fee	35,078,937	33,965,266	Legal and professional charges	2,731,575	2,219,553
Finance income	1,405,772	642,791	Audit fee	473,297	250,000
Other income	1,405,761	2,780,850	Development expenses	5,450	19,945
Income tax income	5,760,277	4,856,647	Sewerage charges	4,548,877	2,355,140
	3,736,347	2,546,241	Computer expenses	96,380	17,000
	57,042,795	48,490,876	Election Expenses	158,840	250,430
			Bank charges	108,329	16,494
			Uniform Expenses	109,100	-
			Miscellaneous expenses	270,413	154,072
				874,005	727,363
				63,726,692	51,986,677
			Closing Balances		
			Cash and Bank Balances	433,633	1,127,543
				64,689,007	54,675,194
	<u>64,689,007</u>	<u>54,675,194</u>			

[Signature]
 PRESIDENT



[Signature]

[Signature]
 GENERAL SECRETARY

[Signature]

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CANAL VIEW CO-OPERATIVE HOUSING SOCIETY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

ASSETS	Note	2021 Rupees	2020 Rupees
Non-current assets			
Property, and equipment	4	6,095,088	8,521,878
Intangible assets	5	43,405	54,257
Long term deposits	6	151,251	151,251
		6,289,744	8,727,386
Current assets			
Advance, deposits and prepayments	7	18,634,898	19,750,987
Cash and bank balances	8	433,633	1,127,543
		19,068,532	20,878,530
Total assets		25,358,276	29,605,916
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	9	1,820,550	1,499,550
Reserve funds	10	8,197,837	8,197,837
Accumulated surplus/(deficit)	11	(13,278,617)	(6,361,978)
		3,260,230	3,335,409
Non-current liabilities			
Member deposits	12	9,656,018	7,781,018
Current liabilities			
Bank overdraft	13	1,374,034	595,453
Security deposits	14	2,729,583	2,609,583
Creditors, accrued and other liabilities	15	12,300,395	12,725,977
Provision for taxation	16	2,558,476	2,558,476
		18,962,488	18,489,489
Total equity and liabilities		25,358,276	29,605,916
Contingencies and commitments	17		

The annexed notes from, 1 to 19, form an integral part of these financial statements.


PRESIDENT


GENERAL SECRETARY



(2)

CANAL VIEW CO-OPERATIVE HOUSING SOCIETY LIMITED
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
INCOME			
Membership fee		260,000	135,000
Transfer fee		6,395,701	3,564,081
Water and sewerage charges		35,078,937	33,965,266
Possession and scrutiny fee		1,405,772	642,791
Maintenance income		4,405,761	2,780,850
Rental income		5,760,277	4,856,647
Gain on Sale of Disposal		1,224,198	-
Miscellaneous income		3,736,347	2,546,241
		<u>58,266,993</u>	<u>48,490,876</u>
EXPENDITURE			
Salaries and wages		23,995,279	23,967,479
Social Security Expenses		1,696,007	111,827
Honorarium		336,550	142,294
Electricity, gas and water charges		22,958,978	20,175,596
Postage and telephones		116,720	183,347
Printing and stationery		252,675	183,700
Travelling and conveyance		198,760	57,814
Vehicle running and maintenance		575,336	342,061
Repair and maintenance		3,709,536	726,260
Advertisement		162,900	36,600
Office expenses		20,425	4,190
Entertainment		327,260	45,512
Legal and professional charges		2,731,575	2,219,553
Audit fee		473,297	250,000
Development expenses		5,450	19,945
Sewerage charges		4,548,877	2,355,140
Computer expenses		96,380	17,000
Election Expenses		158,840	250,430
Amortisation on intangible asset	5	10,852	13,565
Depreciation	4	1,446,088	1,435,798
Bank charges		108,329	16,494
Uniform Expenses		109,100	-
Miscellaneous expenses		270,413	154,072
		<u>64,309,627</u>	<u>52,708,677</u>
Surplus/(Deficit) before taxation		(6,042,634)	(4,217,801)
Taxation			
- Current		(874,005)	(727,363)
- Prior year		-	-
(Deficit) for the year		<u>(6,916,639)</u>	<u>(4,945,164)</u>

The annexed notes from, 1 to 19, form an integral part of these financial statements.


PRESIDENT


GENERAL SECRETARY



CANAL VIEW CO-OPERATIVE HOUSING SOCIETY LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2021

1 STATUS AND NATURE OF BUSINESS

Canal View Co-operative Housing Society Limited is established under the Cooperative Housing Society Act, 1925. The principal object of the society is to lay out, establish and maintain one or more residential colonies in the Punjab.

2 BASIS OF PREPARATION

2.1 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention unless otherwise specifically stated

2.2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Generally Accepted Accounting Principles as applicable in Pakistan and the requirements of the Cooperative Societies Act, 1925 and Cooperative Societies Rules, 1927.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 ACCOUNTING CONVENTIONS

These accounts have been prepared under the historical cost convention.

3.2 TAXATION

Provision for current taxation is based on taxable income at the current rate of taxation after taking into account tax rebates and credits, if any.

3.3 TANGIBLE FIXED ASSETS AND DEPRECIATION

These are stated at cost less accumulated depreciation except freehold land, which is stated at cost. Depreciation on fixed assets is charged to income on reducing balance basis over their expected useful life.

Minor renewals, replacements, maintenance, repairs and gains or losses on disposal of fixed assets are charged in current year income whereas major renewals and improvements are capitalized.

3.4 REVENUE RECOGNITION

All type of revenue is recognized on receipt basis except water and sewerage charges and profit on deposits with banks which are recognized on accrual basis.

3.5 CASH AND CASH EQUIVALENTS

Cash and Cash equivalents are carried in the balance sheet at cost which is the fair value of the consideration to be paid in future for goods and services.

3.6 TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognized at fair value of consideration receivable. Receivables consideration irrecoverable are written off and those considered doubtful of recovery are provided for.

3.7 CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors, accrued, and other liabilities are carried at cost which is the fair value of the consideration to be paid in future for goods and services.



4

CANAL VIEW CO-OPERATIVE HOUSING SOCIETY LIMITED
 NOTES TO THE ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2021

4 OPERATING FIXED ASSETS

PARTICULARS	COST				Rate %	DEPRECIATION				WDV
	As at July 01, 2020	Additions	Deletions / Transfer / Adjustment	As at June 30, 2021		As at July 01, 2020	Charge for the year	On deletion / transfer / Adjustment	As at June 30, 2021	
	----- Rupees -----					----- Rupees -----				
Land	1,251,725	-	-	1,251,725	0%	-	-	-	-	1,251,725
Building	456,490	-	-	456,490	5%	164,681	14,590	-	179,271	277,219
Electrification	3,404,396	-	-	3,404,396	10%	1,813,706	159,069	-	1,972,775	1,431,621
Vehicles	1,473,109	-	-	1,473,109	20%	1,236,763	47,269	-	1,284,032	189,077
Furniture and fixtures	712,092	42,500	-	754,592	10%	362,912	35,093	-	398,005	356,587
Office and electric equipment	1,908,512	-	(8,000)	1,900,512	15%	1,351,816	83,504	(8,000)	1,427,320	473,192
Computer and allied items	57,000	-	-	57,000	20%	30,491	5,302	-	35,793	21,207
Field equipment	14,325,738	60,600	(3,600,000)	10,786,338	20%	10,208,095	1,090,929	(2,516,198)	8,782,826	2,003,512
Sui gas installations	40,696	-	-	40,696	10%	38,780	192	-	38,972	1,724
Disposal pumps	537,462	-	-	537,462	10%	455,177	8,229	-	463,406	74,056
Landscaping and fencing	852,594	-	-	852,594	20%	850,944	330	-	851,274	1,320
Road and water supply	85,012	-	-	85,012	15%	84,249	114	-	84,363	649
Arms and ammunition	94,734	-	-	94,734	10%	80,068	1,467	-	81,535	13,199
	25,199,560	103,100	(3,608,000)	21,694,660		16,677,682	1,446,088	(2,524,198)	15,599,572	6,095,088
As on June 30, 2019	25,199,560	-	-	25,199,560		15,241,884	1,435,798	-	16,677,682	8,521,878

CANAL VIEW CO-OPERATIVE HOUSING SOCIETY LIMITED
 NOTES TO THE ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2021

5

5 INTANGIBLE

Particulars	Cost			Amortisation				WDV As At June 30, 2021
	As at July 01, 2020	Additions/ (Deletions)	As at June 30, 2021	Rate %	As at July 01, 2020	Charge for the year	As at June 30, 2021	
	----- Rupees -----				----- Rupees -----			
Computer software	25,000	-	25,000	20	20,806	839	21,645	3,355
Bio matric system	200,000	-	200,000	20	149,937	10,013	159,950	40,050
	225,000	-	225,000		170,743	10,852	181,595	43,405
As on June 30, 2019	225,000	-	225,000		157,178	13,565	170,743	54,257



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CANAL VIEW CO-OPERATIVE HOUSING SOCIETY LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
	Rupees	Rupees
6 LONG TERM DEPOSITS	Note	
Others - long term security deposit	151,251	151,251
	<u>151,251</u>	<u>151,251</u>
7 ADVANCES, DEPOSITS, PREPAYMENTS		
Advances to employees	1,937,269	1,564,992
Advance to suppliers	175,000	178,000
Income tax refund due	2,957,480	2,957,480
Tax deducted at source	9,297,303	8,162,106
Water charges receivable	2,694,134	3,585,388
Rental income receivable	83,128	1,812,437
Suspense account	1,490,584	1,490,584
	<u>18,634,898</u>	<u>19,750,987</u>
8 CASH AND BANK BALANCES		
Cash in hand	238,439	994,136
Cash at bank		
Allied Bank Limited	146,562	76,670
United Bank Limited	31,078	31,078
Dubai Islamic Bank Limited	-	-
MCB Bank Limited	-	-
United Bank Limited	5,296	13,401
Allied Bank Limited	12,258	12,258
	<u>195,194</u>	<u>133,407</u>
	<u>433,633</u>	<u>1,127,543</u>
9 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL		
Balance as on July 01, 2020	1,499,550	1,499,550
Add: Shares issued during the year	321,000	-
Less: Shares refunded during the year	-	-
Balance as on June 30, 2021	<u>1,820,550</u>	<u>1,499,550</u>
10 RESERVE FUND		
Balance as on July 01	8,197,837	8,197,837
Add: 25% of surplus for the year	-	-
	<u>8,197,837</u>	<u>8,197,837</u>



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CANAL VIEW CO-OPERATIVE HOUSING SOCIETY LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2021

11 ACCUMULATED SURPLUS/(DEFICIT)		
Opening balance	(6,361,978)	(1,416,814)
Surplus/(deficit) during the year	(6,916,639)	(4,945,164)
Transferred to reserve funds	-	-
Closing balance	<u>(13,278,617)</u>	<u>(6,361,978)</u>
12 DEPOSIT FOR LAND AND DEVELOPMENT CHARGES		
Deposit for land - Phase-I	5,207,666	3,332,666
Deposit for land - Phase-III	3,472,624	3,472,624
Development charges	975,728	975,728
	<u>9,656,018</u>	<u>7,781,018</u>
13 BANK OVERDRAFT		
Dubai Islamic Bank Limited	984,629	301,520
MCB Bank Limited	389,405	293,933
	<u>1,374,034</u>	<u>595,453</u>
14 SECURITY DEPOSITS		
House construction security	2,238,333	2,113,333
Security deposited by security guards	121,250	126,250
Against cleaning services	320,000	320,000
Wateen telecom	50,000	50,000
	<u>2,729,583</u>	<u>2,609,583</u>
15 ACCRUED AND OTHER LIABILITIES		
Accrued expenses	1,778,053	4,464,068
Trade creditors	3,697,216	1,611,100
Income tax deducted at source payable	905,626	759,066
Payables against Juliana land	5,504,956	5,504,956
Rent received in advance	414,544	386,787
	<u>12,300,395</u>	<u>12,725,977</u>
16 PROVISION FOR TAXATION	Note	2021 Rupees
Provision for taxation		<u>2,558,476</u>
17 CONTINGENCIES AND COMMITMENTS		2020 Rupees
17.1 Contingencies		
There are number of litigation cases pending during the year. The outcome of such litigations is not ascertainable.		



CANAL VIEW CO-OPERATIVE HOUSING SOCIETY LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2021

17.2 Commitments

There were no capital commitments as at statement of financial position date.

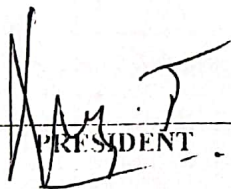
18 DATE OF AUTHORIZATION

These financial statements have been authorized for issue on March 14, 2023 by the governing body of the society



19 GENERAL

Figures have been rounded off to the nearest Rupee.

Corresponding figures have been reclassified/rearranged where necessary for the purpose of the comparison


PRESIDENT


GENERAL SECRETARY



AUDIT MEMO

Audit for the year ended June 30, 2021

Name of Society **CANAL VIEW CO-OPERATIVE HOUSING SOCIETY LIMITED,
LAHORE**

Date of Registration: **24th June 1975**

Address: **Canal View Co-operative Housing Society , Multan Road, Thokar Niaz Baig,
Lahore**

Fel: **0323-4186320**

E-mail: **canalview_coop@yahoo.com**

Contact Person: **Mr. Shujat Ali**

Classification, with authority: **Co-operative Housing Society**

A) Share Capital

	Current year Rupees	Previous year Rupees
- Opening Balance	1,499,550	1,313,550
- Addition during the year	321,000	186,000
- Deletion / refund during the year	-	-
- Closing balance	1,820,550	1,499,550

- Notes / Auditor's comments	Share money has been classified as share capital by the society. Refer to our Audit Report (Point No. 3)
------------------------------	--

B) Members

- Number of members	1,343	1,343
- Regular members having all rights	1,343	1,343
Associate / nominal members having no right of vote	Nil	Nil
- List of Members as per proforma	Not Provided	Attached
- Whether members register is maintained?	Yes	Yes
Whether share money as per general ledger is in reconciliation with the member's register?	No	No
Whether share certificate have been issued to the members or not?	No	No

- Notes / Auditor's comments	Refer to our Audit Report (Point No. 3.5)
------------------------------	---

C) Deposit for land

		Current year Rupees	Previous year Rupees
-	Opening Balance	6,805,290	6,805,290
-	Addition during the year	1,875,000	-
-	Deletion / refund during the year	-	-
-	Closing balance	8,680,290	6,805,290

	Whether deposits for land have been diverted towards development cost? * Yes / No. * If yes then financial implications	No	No
	Reasons for additional calls towards:- * Deposit for land	Not Provided	Not Provided

-	Notes / Auditor's comments	Refer to our Audit Report (Point No. 6)	
---	----------------------------	--	--

D) Deposits for development

		Current year Rupees	Previous year Rupees
-	Opening Balance	975,728	975,728
-	Addition during the year	-	-
-	Deletion / refund during the year	-	-
-	Closing balance	975,728	975,728

	Whether deposits for development have been utilized towards purchase of land?	No	No
	Reasons for additional calls towards:- * Deposit for development	N/A	N/A

-	Notes / Auditor's comments	Refer to our Audit Report (Point No. 6)	
---	----------------------------	--	--

E) Other Deposits

		Current Years Rupees	Previous Years Rupees
-	Opening Balance	-	-
-	Add: Received during the year	-	-
	Add: Donation Received	-	-
-	Deletion / refund during the year	-	-
-	Closing balance	-	-

-	Notes / Auditor's comments		
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F) ASSETS
Cost of Land

	Current year Rupees	Previous year Rupees
- Opening Balance	-	-
- Addition during the year	-	-
- Deletion / refund during the year	-	-
- Closing balance	-	-

Total area of land purchased with cost.	2037 Kanal - 13 Marlas	2037 Kanal - 13 Marlas
Total No. of residential plots planned.	1261	1261

No. of plots allotted to members with their size	Residential Plots: 2 Kanal = 161, 1 Kanal = 828, 10 Marla = 164, 5 Marla = 108, Total = 1,261	Residential Plots: 2 Kanal = 161, 1 Kanal = 828, 10 Marla = 164, 5 Marla = 108, Total = 1,261
No. of plots left to be allotted with their size	Nil	Nil
No. of plots under dispute	Information not provided	Information not provided
No. of plots cancelled	Nil	Nil
No. of plots re-allotted after cancellation	Nil	Nil
Average cost of land per Kanal : * with development charges * without development charges	30,142	30,142
No. of houses constructed by the members.	Information not Provided	Information not Provided
Indicate problems faced or being faced by the society in the provision of residential colony.	N/A	N/A
Clear title Deeds of land (in kanals)	2037 Kanal - 13 Marla	2037 Kanal - 13 Marla
Disputed Land * in kanals * present status	Information not provided	Information not provided
Detail of plots / land mortgaged with the development agency	N/A	N/A
Plots / land not redeemed from the development agency yet?	N/A	N/A
Whether transfer of plots is being made through computerized biometric system or otherwise.	Compurized Biometric System	Compurized Biometric System

Area reserved for public/commercial buildings as per approved plan	29 Kanal	29 Kanal
Area reserved for roads as per approved plan	479 Kanal - 17 Marla	479 Kanal - 17 Marla
Area reserved for public graveyard as per approved plan	67 Kanal - 9 Marla	67 Kanal - 9 Marla
Area reserved for public parks/open spaces as per approved plan	231 Kanal - 9 Marla	231 Kanal - 9 Marla

-	Notes / Auditor's comments:	Form Alif, Bay and Jecm is attached as annexure.
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G) Development		Current Year Rupees	Pervious Year Rupees
	Opening Balance	-	-
	Addition during the year	-	-
	Deletion / refund during the year	-	-
	Closing balance	-	-

	Approval of master plan of the society along with date.	04/05/1990	04/05/1990
	Name of concerned development agency, which approved the master plan.	Lahore Development Authority (LDA)	Lahore Development Authority (LDA)
	Approval of revised master plan of the society along with date.	See Auditor's comments	See Auditor's comments
	Violation of the approved master plan / revised plan (if any)	Nil	Nil
	Approximate % age of completion of development work.	100%	100%
		2021	
		Planned %	Actual %
		2020	
		Planned %	Actual %
a)	Sewerage	100%	100%
b)	Water Supply	100%	100%
c)	Roads	100%	100%
d)	Electrification	100%	100%
e)	Sui Gas	100%	100%

	Notes / Auditor's comments	Forensic audit report shows that society made violation of LOP. However, amount of contingency has not been disclosed by the society.
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II) Other Development Work			
	Opening Balance	Nil	Nil
	Addition during the year	Nil	Nil
	Deletion / refund during the year	Nil	Nil
	Closing balance	Nil	Nil

	Notes / Auditor's comments	
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I) Masjid			
	Opening Balance	Nil	Nil
	Addition during the year	Nil	Nil
	Deletion / refund during the year	Nil	Nil
	Closing balance	Nil	Nil

	Notes / Auditor's comments:	
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J) Dispensary

	Opening Balance	Nil	Nil
	Addition during the year	Nil	Nil
	Deletion / refund during the year	Nil	Nil
	Closing balance	Nil	Nil

	Notes / Auditor's comments:	
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K) Community Center/Marriage Hall (If any)

		Current year Rupees	Previous year Rupees
-	Opening Balance	Nil	Nil
-	Addition during the year	Nil	Nil
-	Deletion / refund during the year	Nil	Nil
-	Closing balance	Nil	Nil

-	Notes / Auditor's comments	
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L) Payable/Advances / Loans from members/staff / contractors etc.

		Current year Rupees	Previous year Rupees
	Accrued expenses	1,778,053	4,464,068
	Trade creditors	3,697,216	1,611,100
	Income tax deducted at source payable	905,626	759,066
	Payables against Juliana land	5,504,956	5,504,956
	Rent received in advance	414,544	386,787
	Security Deposits	2,729,583	2,609,583

-	Notes/Auditor's Comments	Please refer to our Audit report (Point No. 8 & 10)
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M) Receivable/Advances / Loans to members/staff/contractors etc.

		Current year Rupees	Previous year Rupees
	Advance to employees	1,937,269	1,564,992
	Advances to suppliers	175,000	178,000
	Refundable income tax	2,957,480	2,957,480
	Advance income tax	9,297,303	8,162,106
	Water charges receivable	2,694,134	3,585,388
	Rental income receivable	83,128	1,812,437
	Suspense account	1,490,584	1,490,584

-	Notes/Auditor's Comments	Please refer to our Audit report (Point No. 14)
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N) Reserve Fund

	Current year Rupees	Previous year Rupees
- Opening Balance	8,197,837	8,197,837
- Addition during the year	-	-
- Deletion / refund during the year	-	-
- Closing balance	8,197,837	8,197,837
- Notes/Auditor's Comments	Please refer to our Audit report (Point No. 4)	

O) Welfare Fund

	Current year Rupees	Previous year Rupees
- Opening Balance	Nil	Nil
- Addition during the year	Nil	Nil
- Deletion / refund during the year	Nil	Nil
- Closing balance	Nil	Nil
- Notes/Auditor's Comments		

P) Total Payment of Government Taxes by the Society through Transfer of plots etc.

	Current year Rupees	Previous year Rupees
Amount of CVT & Stamp paid Amount of TMA paid Withholding Tax 236 K Gain Tax 236 C Amount of tax on sale of plot Amount of Property Tax paid Other Government Taxes (if any)	Information Not Provided	Information Not Provided
- Notes/Auditor's Comments		

Q) Deposit

	Current year Rupees	Previous year Rupees
Classification of deposit	N/A	N/A
Notes / Auditor's comments		

R) Fixed investments

	Current year Rupees	Previous year Rupees
- Amount	N/A	N/A
- Rate of profit	N/A	N/A
- Period	N/A	N/A
- Notes / Auditor's comments		

S) Cash and bank balances		Current year Rupees	Previous year Rupees
-	Bank / Financial Institution	Refer to financial statements	Refer to financial statements
-	Branch & address	As above	As above
-	Account No.	As above	As above
-	Balance	195,194	133,407
-	Cash in Hand/Imprest	238,439	994,136
	Notes / Auditor's comments	Refer to our Audit report (point No. 16). Certificate of cash in Hand and Certificate of Bank Details is also attached.	

T) Accounting System

		Current year Rupees	Previous year Rupees
	Whether computerized financial accounting software is in use or not?	Yes	Yes
-	Whether financial statements are prepared on accrual basis or cash basis?	Mixed (Cash & Accrual Basis)	Mixed (Cash & Accrual Basis)
	Key financial performance for the year which ratio analysis, in comparison with preceding year performance, e.g. Current Ratio	1	1.13
	Net surplus/(Deficit) ratio	-11.87%	-10.2%
	Notes / Auditor's comments	Refer to our Audit Report	

U) Litigation

Detail of litigation cases with aging as per format:

Sr.#	particulars	Suit filed by or against the society	Date of suit filed	Present status	Financial implication
1	-	-	-	Information not Provided	Information not Provided

-	Notes / Auditor's comments	List of litigations is not provided to auditors.
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V) Approval of annual budget by AGM

		Current year Rupees	Previous year Rupees
-	Date of approval	Not Approved	Not Approved
	Comparison of budgeted expenditure with actual expenditure and reasons for variance.	Budget not provided	Budget not provided

-	Notes / Auditor's comments	Refer to our Audit report point No. 18.9
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W) Dates of MC & last AGM held

	Current year	Previous year
-		
Dates of meetings held during the year	List attached	List attached
Dates of MC Meetings held during the year	27/03/2021 3/4/2021	Society was under the control of administrator in 2019-2020.
AGM	Not held	Not held
Date of election of present MC	7/3/2021	7/3/2021

-	Notes / Auditor's comments	Certificate attached
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X) Compliance Auditor's comments

Compliance of previous year Auditors observations, made by:	2021	2020
a- The society	No	No
b- The DOC concerned	Letter Sent but no reply received	No

Notes / Auditor's comments	Please refer to our audit report (point no. 18.6)
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Y) General information

	Current year Rupees	Previous year Rupees
Whether computerized Financial Accounting Software is in Use or not?	Yes	Yes
Whether Financial Statements are prepared or not?	Prepared	Prepared
Internal audit committee constituted or not?	No	No
Model Bye-laws adopted or not?	Adopted	Adopted
Election rules and business rules adopted or not?	Yes (Election Rules Only)	Yes (Election Rules Only)
Violations of Bye-Laws of the society, if any	See our report	See our report

-	Notes / Auditor's comments	Refer to our Audit report.
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Z) Reason/Basis to recommend

Action under section 22-A read with 50-A	Nil	Nil
Action under section 43 for inquiry / inspection under section 44-A	Nil	Nil
General remarks and suggestion by the Auditor	See our Audit Report	See our Audit Report

(AUDIT MEMO)