



Tahir Siddiqi & Co.  
Chartered Accountants



Ref: TSC/JECHS-A.Audit/ 149 -20

Date:06-10-2020

The Chief Auditor,  
Cooperative Societies Punjab,  
Lahore.

RE: JUDICIAL EMPLOYEES COOPERATIVE HOUSING SOCIETY, LAHORE  
ANNUAL AUDIT OF ACCOUNTS FOR YEAR ENDED JUNE 30, 2019

Dear Sir,

In compliance with your letter referenced as No.RCS/AUDIT/ALLO/4088 dated 18-11-2019 we have completed the audit of the annexed Balance Sheet as at June 30, 2019 and Income and Expenditure account for the year then ended. Before our comments we enclose all the annexures obtained from the society for the year ended June 30, 2019 for your perusal which are detailed below;

1. Auditor's Report
2. Financial statements
3. Certificate of communication with regulatory authorities for LOP
4. Detail of Residential Plots
5. Detail of Commercial Plots
6. Fixed asset schedule
7. List of members of Managing Committee
8. List of meetings of Managing committee and AGM
9. List of employees
10. List of litigation cases.
11. List of members
12. Copy of registration certificate
13. Copy of By-Laws of society
14. Detail of Land
15. Detail of Plots transferred during the year
16. Certificate of development work
17. Map of society
18. Certificate of amendment in Bye laws
19. Detail of electricity

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CC: Secretary, Judicial Employees Cooperative Housing society, Lahore





**ANNEXURE-A**

The Circle Registrar,  
Cooperative housing societies, Punjab  
Lahore

Dear Sir,

**AUDIT OF JUDICIAL EMPLOYEES COOPERATIVE HOUSING SOCIETY LTD, LAHORE FOR THE YEAR ENDED JUNE 30, 2019.**

In compliance with your letter, reference No.RCS/Audit/Allo/4088 dated 18-11-2019 we have completed the audit of the financial statements of **JUDICIAL EMPLOYEES COOPERATIVE HOUSING SOCIETY LTD, LAHORE** for the year Ended June 30, 2019. The responsibility for the preparation of financial statements is of the management of the Society. Our responsibility is to express an opinion on these financial statements.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain the reasonable assurance about whether the financial statements are free of any material misstatement.

As an important secondary audit objective to provide constructive assistance to the management in the form of systems recommendations and advice on matters of financial management, by means of this report, we draw attention of the management, towards certain weaknesses in accounting procedures and practices, alongside suggesting remedial action for modification / improvement and necessary compliance.

As part of our examination of the financial statements, we have made a study and evaluation of the Society's system of internal accounting control to the extent we considered necessary to evaluate the system as required by International Auditing Guidelines. The purpose of such evaluation is to establish a basis for reliance on the system of internal accounting control in determining the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the financial statements and to assist us in planning and performing our examination of the financial statements. Our study and evaluation made for the limited purpose described above disclosed the following matters, which we now bring to your attention:-



1. **BACKGROUND AND LEGAL STATUS:**

**JUDICIAL EMPLOYEES COOPERATIVE HOUSING SOCIETY LTD, LAHORE** is registered under the Co-operative Societies Act, 1925 vide registration No.948 dated: **November 24, 1979** with registrar of Co-operative Societies Punjab.

The object of the society is to develop housing colonies on modern lines to the best advantage of the judicial officers and its employees in particulars and other members of the society. To establish and carry out social, recreative and educational work in different districts of the Punjab or area in Jurisdiction of Lahore High court. The society shall lay out, establish and maintain the residential colonies for its members and to sell, mortgage or lease land, houses, sites and all other properties movable or immovable as may be necessary.

The registered office of the Society is located at 1-Mozang Road, Umar Plaza Lahore.

2. **LOCATION AND AREA OF LAND OF THE PROJECT:**

The society has acquired land measuring **2,907 Kanal & 108 Marlas** directly from owners/ land suppliers for the housing project at a total cost of **Rs.160,494,495/-**. Upto June 30, 2019 in Lahore, Gujranwala, Faisalabad and Rawalpindi.

3. **LAYOUT PLAN & DEVELOPMENT:**

LOPs have been provided for all Phases but approval letters have not been provided, so we are unable to express our opinion regarding Approval of LOPs. A certificate of Communication with relevant regulatory authorities have been provided which is attached as per **Annexure.C**

4. **DETAIL OF PLOTS AREA WISE:**

Statistics relating to plots is as under:

**Residential Plots**

Phase wise detail of residential plots is as follows

Scheme	2-K	1-K	15-M	14-M	10-M	7-M	5-M	3.5 M
Phase-I	19	187	25	-	152	30	40	-
Phase-I(Ext)	57	-	-	-	-	-	-	-
Phase-II	-	18	-	180	85	68	16	38
Phase-III	17	221	2	-	44	2	13	-
Phase-III (Ext)	3	105	2	-	62	1	8	-
Gujranwala	20	200	-	4	85	5	143	-
Faisalabad	-	260	1	-	16	18	-	-
Rawalpindi	-	221	1	-	54	-	25	-
Total	116	1,212	31	184	498	124	245	38

- 4.1 As per certificate provided by management of society all the plots have been allotted except few reserved ones. The certificate of phase wise detail of residential Plots is attached as per **Annexure.D**.

### Commercial plots

Detail of Commercial Plots have been provided by management of society and is attached as per Annexure-E.

### 5. SHARE CAPITAL

**Rs.407,500/-**

The account stood as under as on June 30, 2019:

Description	Balance as on 01-07-2018	Addition/(Refund) during year	Balance as on 30-06-2019
Share Capital	406,400	1,100	407,500
<b>Total</b>	<b>406,400</b>	<b>1,100</b>	<b>407,500</b>

- 5.1 Authorized share capital of the society consists of undetermined number of shares of Rs.1,000/- each.
- 5.2 The liability of every member is restricted to ten times of the value of the shares purchased.
- 5.3 No individual member shall hold share. The value of which exceeds Rs.20,000/- or 1/5 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 society.
- 5.4 Phase wise detail of share capital is as follows

Scheme	Rupees
Phase-I, Lahore	61,300
Phase-I(Ext), Lahore	5,000
Phase-II, Lahore	59,900
Phase-III, Lahore	54,600
Phase-III (Ext), Lahore	37,000
Gujranwala	82,500
Faisalabad	52,600
Rawalpindi	54,500
Administrative office	100
<b>Total</b>	<b>407,500</b>



## 6. ACCUMULATED SURPLUS/(DEFICIT)

Rs.(2,764,995)/-

Description	Balance as on 01-07-2018	Surplus/(Deficit) during year	Balance as on 30-06-2019
Accumulated Surplus / (Deficit)	(2,340,640)	(424,355)	(2,764,995)
<b>Total</b>	<b>(2,340,640)</b>	<b>(424,355)</b>	<b>(2,764,995)</b>

- 6.1 Income generated and expenditure incurred during the period under audit was in accordance with the rules of the society and verified.
- 6.2 The total income during the year amounted to Rs.57,180,315/- and it mostly comprises of membership fee, transfer fee, possession fee etc. The income earned during the year was checked on sample basis with supporting documents and we found the result satisfactory.
- 6.3 The total expense incurred during the year amounted to Rs.57,604,670 /- and it mostly comprises of Salaries & Wages amounting to Rs. 28,826,266/- and electricity amounting to Rs.12,168,874/-. The expenses incurred during the year were checked on sample basis with supporting documents and were found in order.

## 7. MEMBERS' DEPOSIT

Rs.589,485,771/-

7.1 During the year Breakup of this account is as follows:

Description	Ref	Balance as on 01-07-2018	Addition/(Deletion) during year	Balance as on 30-06-2019
Deposit for Land & development	7.2	537,545,030	7,917,805	545,462,835
Sui gas, Electricity & Security deposit	7.3	43,085,936	937,000	44,022,936
<b>Total</b>		<b>580,630,966</b>	<b>8,854,805</b>	<b>589,485,771</b>

7.2 Phase wise detail of addition in members deposit for land and development is as follows

Scheme	Deposit for Land	Deposit for Development	Total
Phase-I, Lahore	104,000	15,000	119,000
Phase-I(Ext), Lahore	-	-	-
Phase-II, Lahore	424,100	333,235	757,335
Phase-III, Lahore	1,529,800	914,250	2,444,050
Phase-III (Ext), Lahore	220,280	70,000	290,280
Gujranwala	1,663,200	471,000	2,134,200
Rawalpindi	-	135,000	135,000
Faisalabad	1,271,160	407,000	1,678,160
Profit Account	359,780	-	359,780
Rawat Colony	-	-	-
<b>Total</b>	<b>5,572,320</b>	<b>2,345,485</b>	<b>7,917,805</b>

Scheme	Sul Gas	Security Deposit	Total
Phase-I, Lahore	15,000	25,000	40,000
Phase-I(Ext), Lahore	-	115,000	115,000
Phase-II, Lahore	34,000	82,000	116,000
Phase-III, Lahore	-	228,900	228,900
Phase-III (Ext), Lahore	-	190,000	190,000
Gujranwala	124,000	-	124,000
Rawalpindi	-	58,100	58,100
Faisalabad	60,000	-	60,000
Profit Account	5,000	-	5,000
Rawat Colony	-	-	-
<b>Total</b>	<b>238,000</b>	<b>699,000</b>	<b>937,000</b>

Security deposits represent the amount received, when members apply for NOC for construction. In case the construction is not in accordance with the Approved plan some portion of the security deposit is deducted as penalty and the remaining amount is refunded.

#### 8. FUNDS

**Rs.15,653,761/-**

The account stood as under as on June 30, 2019

Description	Balance as on 01-07-2018	Addition/(Deletion) during year	Balance as on 30-06-2019
Masjid fund	7,343,474	1,282,000	8,625,474
Water Fund	6,928,287	100,000	7,028,287
<b>Total</b>	<b>14,271,761</b>	<b>1,382,000</b>	<b>15,653,761</b>

- Deposits against Masjid fund are collected from members at the time of transfer of Plot.
- Water fund is collected when the member "Starts construction".
- On demand from phases and after approval of management committee the funds are then transferred to respective phases.
- Addition during the year was checked on sample basis with supporting documents and found correct.
- Society is running a profit account in admin office for recording transactions in masjid and water fund.

Phase wise detail of addition in Masjid and water fund is as follows



Scheme	Masjid Fund	Water Fund
Phase-I, Lahore	5,000	37,000
Phase-I(Ext), Lahore	-	4,000
Phase-II, Lahore	12,000	-
Phase-III, Lahore	-	36,000
Phase-III (Ext), Lahore	20,000	18,000
Gujranwala	-	-
Rawalpindi	-	-
Faisalabad	-	-
Profit Account	1,245,000	5,000
Rawat Colony	-	-
<b>Total</b>	<b>1,282,000</b>	<b>100,000</b>

#### 9. CURRENT LIABILITIES

**Rs.650,183/-**

As per management of society, current liabilities include audit fee payable for year ended June 30, 2018 and provision for taxation. No, Provision for audit fee for current year has been included in accounts. Further, management of society has included the income tax withheld by bank on bank profits under the Caption " Provision for taxation" which is a violation of the applicable reporting standards as it does not meet the definition criteria of liability which is a present obligation as a result of a past event and the settlement of which is expected to result in an outflow of resources.

#### 10. FIXED ASSETS

**Rs.21,019,407/-**

Description	Balance as on 01-07-2018	Addition/(Deletion)	Depreciation/Amortization	Balance as on 30-06-2019
Fixed assets-Tangible	16,789,644	6,784,114	2,591,047	20,982,711
Intangible	45,875	-	9,175	36,700
<b>Total</b>	<b>16,835,519</b>	<b>6,784,114</b>	<b>2,600,222</b>	<b>21,019,411</b>

- 10.1** The detailed movement in Operating Fixed Assets is provided in the Financial Statements of the "Judicial Employees Cooperative Housing Society" for the Year Ended June 30, 2019. Fixed asset schedule is attached as per Annexure.F.
- 10.2** Fixed Assets are valued at Cost less accumulated depreciation and depreciation is calculated on reducing balance method.
- 10.3** We have verified the addition in fixed assets during the year with supporting documents and found correct.

**11. LAND****Rs.160,494,495/-**

- 11.1 The society has acquired land measuring **2,907 Kanal & 108 Marla** directly from owners/ land suppliers for the housing project at Lahore, Gujranwala, Faisalabad and Rawalpindi at a total cost of **Rs.160,494,495/-**.

The account stood as under as on June 30, 2019:

Description	Ref	Balance as on 01-07-2018	Addition/(Deletion) during year	Balance as on 30-06-2019
Land		159,928,807	565,688	160,494,495
<b>Total</b>		<b>159,928,807</b>	<b>565,688</b>	<b>160,494,495</b>

Amount of **Rs.565,688/-** has been paid as stamp duty, Corporation fee, Tax U/s 236-W and 236-K, and local commission fee, in respect of land comprising Khasra **No.11311/2** situated in Mauza Niazbeg, Lahore in favour of the society.

Phase wise detail of land of society is as follows

Scheme	Kanal	Marla	Total Cost
Phase-I Lahore	447	21	2,774,520
Phase-I, Extension Lahore	107	17	286,033
Phase-II, Lahore	350	-	16,276,964
Phase-III, Lahore	501	15	53,587,249
Phase-III Extension, Lahore	398	7	15,310,904
Gujranwala	439	17	11,724,801
Rawalpindi	281	19	23,986,704
Faisalabad	384	12	36,547,320
Phase-IV Lahore	-	-	-
Admin office	-	-	-
<b>Total</b>	<b>2,907</b>	<b>108</b>	<b>160,494,495</b>

**12. DEVELOPMENT****Rs.331,138,333/-**

The account stood as under as on June 30, 2019:

Description	Balance as on 01-07-2018	Addition/(Deletion) during year	Balance as on 30-06-2019
Development	324,997,779	6,140,554	331,138,333
<b>Total</b>	<b>324,997,779</b>	<b>6,140,554</b>	<b>331,138,333</b>

Phase wise Detail of addition in development work is as follows



Scheme	Capital work In progress	Masjid works	Sui Gas Installation	Electricity Installation	Total
Phase-I, Lahore	20,000	-	-	-	20,000
Phase-I(Ext), Lahore	53,100	-	-	-	53,100
Phase-II, Lahore	463,360	36,000	-	-	499,360
Phase-III, Lahore	865,685	-	-	-	865,685
Phase-III (Ext), Lahore	5,000	-	55,360	-	60,360
Gujranwala	1,041,633	-	-	-	1,041,633
Rawalpindi	99,468	40,898	-	-	140,366
Faisalabad	-	-	-	-	-
Profit Account	443,300	-	-	-	443,300
Rawat Colony	16,750	3,000,000	-	-	3,016,750
<b>Total</b>	<b>3,008,296</b>	<b>3,076,898</b>	<b>55,360</b>	<b>-</b>	<b>6,140,554</b>

- Addition during the year was verified with supporting documents and found correct. Sui gas Installation represents the connection of Sui gas acquired for Masjid. The amount, was verified with supporting documents and found correct. However, the liability standing as deposits from members against masjid works was not reduced by the same amount resulting in overstatement of liabilities by the same amount.
- Amount of Rs.3,076,898/- was transferred for masjid works but deposits received from members against Masjid works were not reduced resulting in overstatement of liabilities by same amount.
- Capital work in progress represents roads of society.

### 13. CURRENT ASSETS

**Rs.30,779,985/-**

The detail and operation of the accounts as on June 30, 2019 is as under:

Description	Ref	Balance as on 01-07-2018	Addition/(Deletion) during year	Balance as on 30-06-2019
Advances, deposits and receivables	13.1	781,500	660,183	1,441,683
Advance Income Tax	13.2	1,557,339	614,483	2,171,822
Bank Balnces	13.3	88,957,543	(61,791,063)	27,166,480
<b>Total</b>		<b>91,296,382</b>	<b>(60,516,397)</b>	<b>30,779,985</b>

- 13.1** Advances represent advance given to **Phase-III Lahore** to meet day to day expenses. This was checked on sample basis and found correct.
- 13.2** Advance Income tax represents income tax on Electricity, telephone bills and tax deducted by banks. This was tested on sample basis with supporting documents and found correct.
- 13.3** Bank balances were verified from bank statements and bank confirmations.

14. **BANK BALANCES**

**Rs 27,166,480/-**

The account stood as under as on June 30, 2019

Head Of Account	Ref	2018	2019
Cash In Hand		-	-
Cash at Bank			
MCB Ltd A/C-488 (Dormant)		100,773	-
MCB Ltd A/C-16		9,410,703	2,989,919
MCB Ltd A/C-17		4,815,675	137,155
MCB Ltd A/C-18		801,313	1,333,786
MCB Ltd A/C-19		73,231	78,707
MCB Ltd A/C-20		8,708,396	3,002,423
MCB Ltd A/C-21		20,610,646	1,708,797
MCB Ltd A/C-83		399,049	708,774
MCB Ltd A/C-3634		31,178,870	2,715,033
MCB Ltd A/C-566		914,179	999,575
NBP Rawalpind-(Dormant)		68,669	-
Habib Bank -(Dormant)		55,983	-
Soneri bank Limited- A/C-2978		2,441,169	4,916,112
Soneri bank Limited- A/C-4175		1,748,129	2,325,382
Allied bank(Rwp) A/c No.00010		6,464,238	7,951,297
MCB Session Court-A/c-4037		1,166,519	228,883
		<b>88,957,542</b>	<b>29,095,843</b>

Following table shows the summary as per internal record of the society and as per confirmation, received from the bank

Bank	.....Balance as per.....	
	Internal Record of society	Bank confirmation
M.C.B PLS-17	(291,452)	137,155
M.C.B PLS-18-19	1,332,939	1,333,786
M.C.B-C.D-83-6	407,274	708,774
M.C.B-PLS-16-1	2,126,899	2,989,919
M.C.B-CD-566-8	849,085	999,575
M.C.B-PLS-20-6	2,761,922	3,002,423
M.C.B-PLS-19-8	29,207	78,707
M.C.B-PLS-21-5	1,393,023	1,708,797
M.C.B-PLS-3634-0	2,076,179	2,715,033
M.C.B-PLS-4037	228,883	228,882
Soneri Bank-C.D-2978	5,448,917	4,916,112
Soneri Bank-C.D-4175	2,626,882	2,325,381
Allied Bank-PLS-00010	7,951,297	7,951,297
Habib Bank Limited	55,983	-
Account-488-I	100,773	-
NBP-	68,669	-
<b>Total</b>	<b>27,166,480</b>	<b>29,095,841</b>

14.1 Bank balances were verified with bank statements and Bank confirmations.



14.2 Management of the society has provided Bank reconciliation statements for the differences in balances.

15. **ACCOUNTING SYSTEM & BOOKS OF ACCOUNTS**

Following deficiencies were detected in the accounting records of society

1. Management of society is preparing financial statements on accrual basis but provisions for the liabilities are excluded from accounts. Management of society must take action to cope with this issue.

16. **GENERAL**

1- **Internal Audit Committee**

As per management they have constituted an internal audit committee comprising of three members. But, we have been provided neither with list nor any notification of appointment of internal audit committee by management of society.

2- **Copy of Financial Statements for the Year Ended June 30, 2019**

Copy of the Financial Statements for the year ended June 30, 2019 is attached as per Annexure.B

3- **Fixed Asset Schedule for the Year Ended June 30, 2019**

Fixed Asset Schedule for the year ended June 30, 2019 is attached as per Annexure-F

4- **List of members of Management Committee**

The list of managing committee members for the year ended June 30, 2019 is attached as per Annexure.G

5- **List of meetings of MC & AGM for the Year 2019**

List of meetings of Managing committee and AGM is attached as per annexure.H  
As per section 15 of by laws of society, "The supreme authority shall vest in the general Body meeting of the society which shall be held at least once a year within a period of Three months after carrying out annual audit by the auditors appointed by the registrar Cooperatives Punjab. As per certificate provided by management of society, Annual General meeting was held on 25-09-2016, which is a non-compliance of Section 15 of by laws of society.

**6- List of Employees**

The list of employees is attached as per **Annexure.I**

**7- List of Litigation Cases**

Detail of litigation cases is provided and is attached as per **Annexure.J**

**8- List of Members**

The certificate of numbers of members of the society is attached as per **Annexure.K**

**9- Registration Certificate**

The copy of registration certificate is attached as per **Annexure.L**

**10- Bye laws**

The certified copy of Bye Laws is attached as per **Annexure.M**

**11- Detail of Land**

The 'Land Schedule' showing the detail of Land purchased by the Society is attached as per **Annexure.N**

**12- Detail of Plots**

The category wise detail of Plots is attached as per **Annexure.D**

**13- Defaulters List**

The number of defaulters of the society have not been provided for our verification.

**14- Plots Transferred during the year**

The Certificate of plots transferred during the year is as per **Annexure.O**

**15- Detail of Development Work**

The Certificate of development work is attached as per **Annexure.P**

**16- List of Affectee Members**

The list of affectee members have not been provided by management of society.



**17- Map of the Society**

The map of the society is attached as per **Annexure.Q**

**18- Certificate of amendment in By laws**

Certificate of amendment in by laws is attached as per **Annexure.R**

**19- Certificate of detail of electricity**

Certificate regarding sale and purchase of electricity is attached as per **Annexure. S**

**Subject to the effects of the matters and except for the effects of adjustments as stated in the preceding Paragraphs we state that:-**

- a) We have obtained all the information and explanations, which we required.
- b) In our opinion, proper books of accounts have been kept by the Society as required by Cooperative Societies Act, 1925 and the Rules of the Society;
- c) Except for the possible effects of the matter described in the Audit Report such Balance Sheet and Income & Expenditure account for the year ended June 30, 2019 exhibit a fair view of the state of the affairs of the society according to the information given to us and as shown by the books of accounts.
- d) In our opinion, the activities carried out, and expenditures incurred during the period under audit were in accordance with the bye laws of the society.

Truly Your's



**Tahir Siddiqi & Co**  
Chartered Accountants