

Chief Auditor
Cooperatives Societies,
Punjab, Lahore.

The 4th august, 2023

Subject: AUDIT REPORT OF JUDICIAL EMPLOYEES COOPERATIVE
HOUSING SOCIETY FOR THE YEAR ENDED JUNE 30, 2022

Dear Sir,

In accordance with the instructions contained in your letter No. RCS/AUDIT/ALLO-22/246 dated 09/05/2023, we have completed the audit of the accounts of the above mentioned society for the year ended on June 30, 2022.

The financial statements comprises Statement of financial position, Statement of Income and Expenditure Account along with notes to the financial statements.

The audit work involves evaluation on test basis evidence supporting the amounts in the record and such tests 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.

The responsibility for maintaining of an adequate system of internal control as well as for prevention and detection of fraud or errors rest with the management. We are not required to search specially for the fraud and therefore our audit cannot be relied upon to disclose all such matters, however our audit was planned so that we would have a reasonable expectation of detection of material misstatement in the accounts from irregularities or fraud.

We conducted audit in accordance with the provisions of section 22 of the Cooperative Act 1925 and Cooperative Rules 1927. Further we conducted audit in accordance with the generally accepted auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

It is further clarified that the financial statements along with audit report has been discussed with the management of the society at appropriate level.

It is further clarified that the matter, which are being reported, come to our attention during the course of normal audit procedures, which is based on test check and therefore, should be relied upon to the extent only as stated.



1) INTRODUCTION AND LEGAL STATUS:

The Society was registered on November 24, 1979 as "JUDICIAL EMPLOYEES CO-OPERATIVE HOUSING SOCIETY" vide certificate no. 948 under Cooperative Societies Act, 1925. Its registered office is located at Umar Plaza, 1-Mozang Road, Lahore. The area of the operation of the society shall extend to whole of the Province of Punjab. The Certificate of registration is enclosed for your kind reference.

Society has adopted Model Bye Laws on 20.05.2015 on the direction of Cooperative Department, Lahore and with the approval of the General Body.

2) OBJECTS OF THE SOCIETY:

As per section (6) of the Bye laws of the society, the objects of the society are to develop housing colonies on modern lines to the best advantage of Judicial Officers and its employees in particular and other members of the society. To establish and carry out social creative and educational work in different districts of the Punjab or area in the jurisdiction of Lahore High court Lahore. It shall have power to do all things it deems necessary or expedient for the accomplishment of all objects specified in the bye laws, including the powers to purchase, hold, sell (with full proprietary rights) exchange mortgage, rent, surrender, accept surrender of lands and to erect, pull down, repair, alter, or otherwise deal with any building or land in the society or its phases.

3) ACCOUNTING SYSTEM:

Book keeping system of the society is on ERP and Books of accounts comprises of Bank Book and General Ledger.

4) FINANCIAL REPORTING ENVIRONMENT:

We have observed that following accounting policies are being followed for the financial reporting.

- Financial Statements are prepared on historical cost basis.



- **Fixed assets** are stated at **cost less accumulated depreciation** except free hold **land** which is stated at **cost**. Depreciation is charged at **written down value** method. Depreciation on addition is charged for full year in the year of purchase and no depreciation is charged in the year of sale.
- **Revenue recognition** is recognized on **receipt basis**. **Expenses** are recognized on **payment basis** i.e. when actual payment is made.
- Figures in this financial statement have been rounded off to nearest rupee.

5) BYE LAWS:

- **Bye Laws** signed by the secretary being provided to us. It was confirmed by the management that there is neither any amendment made nor any amendment forwarded to the registrar for the approval during the current year.
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6) LAYOUT PLAN AND DEVELOPMENT

Layout plan have been provided for all Phases. It is observed that layout plan of Gujranwala has yet not been approved by Gujranwala Development Authority (GDA). GDA raised objection for which the society got the decision in society's favour. GDA has filed civil revision against the judgment and decree in Lahore High Court which is sub-judice. Management of the society expects that decision will be in favour of the society. Rest of the layout plans of all the phases are duly approved by the competent authority.

7) STATUS OF DEVELOPMENT WORKS:

Development work in all phases has been completed. A certificate in this regard is provided by the society which is placed as annexure.

8) FIXED ASSETS

Society has maintained fixed assets register. Management has informed us that society has started maintaining the fixed assets register on ERP software which will be available in next year.



9) DETAIL OF PLOT AREA WISE

Society has provided a certificate showing category / phase wise detail of only residential plots which is as under :-

SCHEME	2-K	1-K	15-M	14-M	10-M	7-M	5-M	3.5-M
PHASE-I LAHORE	19	187	25	-	152	30	40	-
PHASE-I EXT LAHORE	57	-	-	-	-	-	-	-
PHASE-II LAHORE	-	18	-	180	85	68	16	38
PHASE-III LAHORE	17	221	2	-	44	2	13	-
PHASE-III EXT LAHORE	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

A certificate has been provided which shows that all residential plots have been allotted.

10) LAND:- Detail of land in different phases is as under:-

SCHEME	KANAL	MARLAS	TOTAL COST
PHASE-I LAHORE	439	04	2,774,520
PHASE-I EXT LAHORE	107	17	286,033
PHASE-II LAHORE	353	14	16,276,964
PHASE-III & EXT LAHORE	714	-	68,898,153
GUJRANWALA	439	04	11,724,801
RAWALPINDI	306	02	23,986,704
FAISALABAD	381	-	36,547,320
TOTAL	2,741	01	160,494,495

11) INTERNAL AUDIT

Society has appointed an internal auditor. The report of internal auditor was provided to us.



12) LIST OF MEMBERS:

Members, Register(s) were checked and found adequately complete as to content and particulars. Respective Files, Plot wise are religiously maintained at Head Office. Transfer/Sale of plots are transacted only at Head office maintaining strict vigilance and after ensuring payment of all duties & taxes as per rapidly changing laws. Membership lists are too lengthy to be drawn for being annexed herewith. However, these are accurately drawn out on the eve of Elections.

13) LITIGATION POSITION:

List of pending cases is provided by the society which is placed as an annexure. There are 16 number of cases during the year.

14) ANNUAL GENERAL MEETING:

Annual General Meeting of the society is not being held as per the provisions of Rule 19(1) of the Cooperative Societies Rules 1925, and section 12 of the cooperative Societies Act, 1925.

However, we examined the record of the Society and found that Special General Meeting of various phases of the society were held which were presided by Mr. Justice Ijaz Nisar, Former Chief Justice, Lahore High Court Lahore and other executive members of the Society attended by members of the respective phases. In these meetings the matters of General importance pertaining to concerned phase were discussed and approved. As per record we have examined the attendance sheet and minutes of the meeting alongwith photographs which serves the purpose of the rules.

15) MANAGEMENT COMMITTEE :

The list of managing committee is provided by the society and is placed as an annexure.

As per clause 22(1) of the bye-laws, " The Managing Committee (MC) shall consist of Chairman and Secretary of each phase/ subcommittee as representative member and nine(9) founder / central members and the tenure of the committee shall be three (3) years." Meetings are regularly held and Minutes thereof duly recorded.

16) STAFF OF THE SOCIETY:

We have checked the strength of the staff of the Society. In our view staff strength is reasonable as per the requirement of the Society.



17) INCOME TAX :

Society is registered with FBR and its National Tax Number is 3051896. Society is filing Income Tax returns and withholding statements to FBR according to the provisions of Income Tax ordinance.

18) RESERVE FUND:

Particulars	2022 (Rupees)	2021 (Rupees)
Reserve Fund	668,670	329,507
Total	668,670	329,507

- As per section 39(2) of the Cooperative Act 1925 every society other than the resource and producer's society; the 1/10th of the net profits of the net profits of the society shall be carried to serve each year.

19) ANNUAL BUDGET :

Society has prepared annual budget of the society.

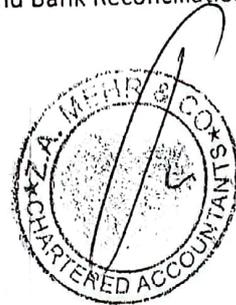
20) STAFF SALARIES:

Society not paying and deducting EOBI contribution of employee and not making compliance of Employees Old Age Benefits Act.

21) CASH AND BANK BALANCE

Sr#	Bank Name	Phase	Ac number	Closing Balance	Status
1	Muslim Commercial Bank Limited	Phase-I-Dormant	488-1	100,773	Dormant Account no confirmation and bank statement provided
2	National Bank of Pakistan (Rwp	Rawalpindi-Dormant		68,669	Dormant Account no confirmation and bank statement provided
3	Habib Bank Limited	Rawalpindi—Dormant		55,983	Dormant Account no confirmation and bank statement provided

Direct Confirmation of all other regular bank balances. FDR (Rs. 5 Crores) and Bank Reconciliation Statements could not be facilitated by the Management.



22) WATER AND SEWERAGE

Monthly bills of water, sewerage etc. are not prepared on ERP system and manual registrars are maintained by the society.

23) RECEIPTS & EXPENSES OF THE SOCIETY:-

We checked receipts and expenses of the Society on test basis and no adverse opinion found.

24) SHARE CAPITAL

- a. Every member shall have to purchase at least one full share amounting to Rs.1,000/- which shall be paid in lump sum at the time of admission.
- b. The liability of every member is restricted to ten times of the value of the share purchased.

Yours truly,

Z.A MEHR

For Z.A. MEHR & CO.
(Chartered Accountants)

Lahore,
the August 4th, 2023

CC: 1. Deputy Registrar – 168- Multan Road, Lahore.

2. Secretary of the Society.

