

Ref. No. CRC/M&Co/680

Dated: 6th September 2021

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

**Subject: SPECIAL AUDIT REPORT FOR THE PERIOD FROM 01ST JULY 2017 TO 30TH JUNE 2020
WAPDA EMPLOYEES COOPERATIVE HOUSING SOCIETY – ISLAMABAD**

Dear Sir,

In pursuance to our appointment as auditors of the above named society vide your letter No. 680/CR/ICT/B dated 01st February 2021, we have completed the Special Audit ("Audit") of annexed balance sheet and income and expenditure account of Wapda Employees Cooperative Housing Society, Islamabad (the "society") (WECHS) for the period 01st July 2017 to 30th June 2020. We are enclosing herewith special audit report, statements of accounts for the aforesaid period and following annexure:

Sr. No.	Description	Appendix
1.	Comparative Statement of Accounts along-with copy of annual audited accounts for the period under audit	"A"
2.	Copy - Registration Certificate	"B"
3.	Copy - Bye-laws	"C"
4.	Copies - Notifications of Present and Ex-Management Committees	"D"
5.	Certificate – List of Managing Committee Members	"E"
6.	Certificate – List of Managing Committee Meetings	"F"
7.	Certificate – AGM's held during the period along-with minutes	"G"
8.	Certificate - List of staff of the society	"H"
9.	Certificate – Litigation Cases	"I"
10.	Certificate – Cash in hand as on 30 th June 2020	"J"
11.	Certificate – List of bank accounts	"K"
12.	Certificate – Amendment in bye-laws	"L"
13.	Certificate - Land purchased during the period	"M"
14.	Certificate – Status of development work as on 30 th June 2020	"N"
15.	Certificate – Plots transferred during the period under audit	"O"
16.	Certificate – Plots allotted during the period	"P"
17.	Certificate – Honorarium to MC members	"Q"
18.	Certificate – Sub committees	"R"
19.	Certificate – List of Defaulter	"S"
20.	Certificate – List of Affectees	"T"
21.	Certificate – Total number of members	"U"
22.	Certificate – Plots cancelled/restored during the period	"V"
23.	Copies - Society map/LOP	"W"

Assuring you of our best services and cooperation.

Yours truly,

For: MUSHTAQ & CO.
CHARTERED ACCOUNTANTS
ENGAGEMENT PARTNER: MUHAMMD TAIYAB [FCA]



LAHORE

Copy to: 1. The Administrator, Wapda Employees Cooperative Housing Society, Islamabad

Ref. No. CRC/M&Co/680-01

Dated: 6th September 2021

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

**SUBJECT: SPECIAL AUDIT REPORT FOR THE PERIOD FROM 01ST JULY 2017 TO 30TH JUNE 2020
WAPDA EMPLOYEES COOPERATIVE HOUSING SOCIETY, ISLAMABAD**

Dear Sir,

In pursuance to our appointment as auditors of the above named society vide your letter No. 680/CR/ICT/B dated 01st February 2021, we have completed the Special Audit ("Audit") of annexed balance sheet and income and expenditure account together with the notes forming part thereof of **Wapda Employees Cooperative Housing Society, Islamabad** ("the Society") (WECHS) for the period 01st July 2017 to 30th June 2020. The management of the society was responsible for both the accuracy and completeness of the information supplied to us for the purposes of this special audit and is responsible for the preparation of financial statements.

SCOPE OF AUDIT

The period covered under the audit is from **01st July 2017 to 30th June 2020**. The audit sought to ascertain whether, the activities of the society were being carried out in accordance with the relevant laws that govern its operations, and that the financial statements are free of any material misstatement along-with that the internal controls and accounting systems were adequate and operating efficiently and effectively.

We examined the transactions on test basis with evidence supporting the amounts in records and applied such test and procedures as were considered necessary in the circumstances. However, our work was restricted to the information provided and available in the records which was prepared and maintained by the Society.

We conducted our audit in accordance with the provisions of section 22 of the Cooperative Societies Act, 1925, and Cooperative Societies Rules 2018 along-with audit guidelines issued by the Registrar Cooperative Societies Department, ICT, Islamabad. Further we conducted our audit in accordance with the generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement.

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

It is further clarified that these observations have duly been discussed with the present management and staff of the society at an appropriate level.

1. Registration, History and Objects

The society is registered under the Co-operative Societies Act, 1925 with the Cooperative Societies Department, Islamabad vide registration certificate No. 157, dated 05th September 1983. The main objective of the society is to promote the economic interests of its members on the principles of cooperation, self-help and no profit & loss basis along-with to provide housing facilities to its members by developing land, constructing infrastructure and development thereof. Its area of operation is restricted to the Capital Territory of Islamabad. The registered office of the society is situated at Pind Nowsheri Road via Sangjani, Post office Chokar Tehsil Taxila District Rawalpindi.

2. Managing Committees

2.1 Present Managing Committee

Currently, the Society is under the charge of administrator appointed by the Cooperative Societies Department, ICT, Islamabad to manage the affairs of the society vide letter no. 382/CR/ICT/B dated 18th January 2021.

2.2 Ex-Managing Committee

The Ex-Managing Committee was elected and the official notification of the Managing Committee was issued on 23rd January 2018. The composition of the Ex-Managing Committee is as under:

Sr. No.	Name	Designation	Ms. No.
01.	Muhammad Yousaf Awan	President	13428
02.	Abdul Hakeem Chohan	Vice President	2892
03.	Dr. Abdul Rauf Khan	Secretary	14144
04.	Muhammad Rafique Babar	Treasurer	661
05.	Ch. Shoukat Ali	Executive Member	4577
06.	Sher Abbas	Executive Member	14219
07.	Masood Akbar Sial	Executive Member	3260
08.	Salah-Ud-Din Khan	Executive Member	14086
09.	Hamid Zeb Khan	Executive Member	AM-2640

3. Site and area of land

The society has purchased land measuring 4117 Kanals 12 Marlas 107 sq. ft. upto 30th June 2020 directly from land suppliers/owners at the total cost of Rs. 222,111,904/- (including registration fee and CVT expenditure) at Mouza Paswal, Tehsil Taxila, District Rawalpindi.

4. Plots and related matters

4.1 Statistics of plots allotted and un-allotted

The management of the society certified that total 4001 residential plots of various sizes and 7 commercial plots have been allotted to the members' upto 30th June 2020.

During the period under audit, 34 residential plots were allotted in August 2017 in the previous Managing Committee tenure from 09-10-2014 to 08-10-2017. Further, 125 residential plots were allotted in December 2020 by the Ex-Managing Committee tenure from 23-01-2018 to 22-01-2021 subsequent to period under audit. Certificate from the management is attached as per annexure to this report.

It was observed that as per clause 5(10) of bye-laws allotments of plots will not be made till the approval of master-plan of scheme from the concerned authority. Layout plan (LOP) of the society has not been approved yet. In this regard, it was explained by the management that approvals regarding allotment of plots were obtained in the Annual General Body Meetings of the society in the respective years.

4.2 Statistics of plots transferred during the period

During the period under audit, total 553 plots of various sizes were transferred to their new owners and accordingly the management transferred their membership after charging requisite transfer fee. The amount charged on account of transfer fee has been credited to transfer fee account as income of the Society. Certificate from the management is attached as per annexure to this report.

4.3 Statistics of plots cancelled and restored during the period

As per management, no plot was cancelled during the period under audit. Further, one plot was restored during period under audit. Certificate from the management is attached as per annexure to this report.

4.4 Statistics of plots auction during the period

As per management, no commercial plot was auctioned/sold/allotted during the period under audit. Certificate from the management is attached as per annexure to this report.

5. Status of Layout plan and NOC's

5.1 Layout plan of the society has not approved yet. However, the society has obtained preliminary planning permission from TMA Taxila, District Rawalpindi vide letter dated 07-05-2013. The Society has also obtained NOC's from Civil Aviation Authority vide letter dated 22-06-2021, Ministry of Defence vide letter dated 28-12-2020 and Environmental vide letter dated 14-06-2018.

5.2 It was observed that the society's management has allotted plots to the members of the society prior to obtain approval of Master Plan from the concerned authorities. Whereas, according to bye-laws, allotment of plots will not be made till the approval of Master plan of the housing scheme from the concerned authority. When once the allotment is so made, the allotted plot or its site or its area shall not be changed without the prior consent of the affected members. If any change is otherwise inevitable, the approval of the General Body Meeting and Registrar, ICT, Islamabad will be compulsory.

It is pertinent to mention that the society filed writ petition in Lahore High Court Rawalpindi Branch in 2010 and High Court decided the case in 2018 and directed concerned authorities that upon provision of NOCs (Ministry of Defence, Civil Aviation Authority, Environmental planning) process the case of in accordance with law. The society has submitted all the aforesaid requisite NOCs to RDA vide letter dated 22-03-2021 and now the case is pending.

It is recommended that the society's management may look into the matter and take necessary steps to expedite the process of obtaining approval of LOP and remaining NOC's with respect to housing scheme on top priority basis.

6. Accounting system and books of accounts

6.1 The Society has prepared books of accounts on Microsoft excel and Manual Books, such style of the books of accounts may lead to the absence of subsidiary accounting records.

6.2 Our recommendation regarding system improvement is summarized as under:

The existing accounting system on Microsoft Excel should be replaced by the computerized accounting system to record and reconcile the financial transactions and generate enough relevant data for management may opt for development of "purpose built" software, as per specific reporting requirements of management. Pre-developed accounting software are also available in the market and they can be tailored to the requirement of the society. However manual books of accounts should also be maintained regularly to support the computerized accounting system.

7. Share capital

[Rs. 5,553,000]

7.1 Movement in this account during the period is as follows:

Description	AS ON 30 TH JUNE 2020
	[Rupees]
Balance at beginning of the period	5,552,500
Add: Addition during the period	500
Less: Refund during the period	-
Balance at end of the period	5,553,000

7.2 Liability of every member is restricted to ten times of the value of the share purchased.

- 7.3 As per bye-laws of the society every members has to purchase at least one full share of Rs. 1,000/- from each member which is payable in lump sum at the time of admission.

Further it was observed that the society was not receiving share money against the issuance of new memberships; which is against the provisions of society's bye-laws. Share certificates were not issued to the members; however, membership letters have been issued to the members of the society.

It is recommended that management should take due diligence and steps to bring the share money in line with the provisions of the Cooperative Societies Act, 1925 and Bye-laws of the Society.

8. **Accumulated deficit** [(Rs. 130,494,343)]

Movement in this account during the period is as follows:

Description	AS ON 30 TH JUNE 2020	
	[Rupees]	
Balance at beginning of the period	94,842,243	
Add: Income during the period	75,520,635	
Less: Expenses during the period	(300,857,221)	
Balance at end of the period	(130,494,343)	

- 8.1 The income during the audit period mostly comprises of bank profit, transfer fee, sale of stones, miscellaneous receipts etc. We have checked the same on test basis with supporting documents and have found the same satisfactory.

- 8.2 The society's expenses during the audit period mostly comprises of salaries and wages, petrol oil and lubricants, light heat and power, advertisement, Incentive charges, depreciation, etc. We have checked the expenses on test basis with the supporting documents and found the same satisfactory.

- 8.3 Further, it was observed that expenses of the society are higher than the income generated and society has suffered a net (deficit) of Rs. 225,336,586/- during the period under audit. **It is recommended that management should look into the matter and implement new fund generation plan to reduce the deficit of the society.**

9. **Members' deposits** [(Rs. 1,733,782,138)]

Break up of this account during the period is as follows:

Description	30 JUNE 2018	30 JUNE 2019	30 JUNE 2020
	[Rupees]	[Rupees]	[Rupees]
Cost of Land	171,394,277	171,150,165	171,148,815
Development Charges	965,450,390	992,262,723	997,527,290
Additional Development Charges	454,194,525	517,119,808	531,802,598
Contribution for school	10,692,500	11,245,500	12,063,000
Contribution for hospital	13,651,500	14,399,500	15,530,000
Unclaimed deposits	94,600	94,600	94,600
Contribution for Mosque	4,777,800	5,158,135	5,615,835
Total	1,620,255,592	1,711,430,431	1,733,782,138

- 9.1 The additions along-with refund/adjustments during the period were checked on test basis from members' files, bank statements and other supporting documents and have found same in order. The refunds have been made against the applications for refund by members of the society.

- 9.2 It is observed that member's deposits are not classified properly into different head of accounts, contrary to the normal practice being adopted by the housing societies.

MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

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- 9.3 Further the society has maintained the list of members; however, it is not possible from the list of members being maintained to cross-tallied with ledger. It is therefore strongly recommended that management may look into the matter and steps be taken sort out the matter of reconciliation at the earliest in order to have effective internal control over members' deposits and for future planning purposes.

10. Current liabilities

[Rs. 26,406,910]

Breakup of this account is as follows:

Description	Ref. No.	30 JUNE 2018 [Rupees]	30 JUNE 2019 [Rupees]	30 JUNE 2020 [Rupees]
Bills payable/Tax payable	10.1	197,514	1,784,405	329,505
Facilitation advance	10.2	500,000	500,000	500,000
Retention money payable	10.3	20,405,422	12,375,177	18,239,537
Sundry Creditors	10.4	4,729,660	5,770,024	5,770,024
Withheld amount of asphalt	10.5	-	-	1,242,891
Security villas	10.6	100,000	100,000	208,453
Security of electricity bill	10.7	10,000	10,000	-
Security of shops/offices	10.8	66,000	62,000	-
Advance rent	10.9	63,500	59,500	116,500
Adjustable profit	10.10	-	67,771	-
Surcharge payable	10.11	16,006,009	-	-
Balance at end of the period		42,078,105	20,728,877	26,406,910

10.1 Bills Payables / Tax Payables

[Rs. 329,505]

This represents the amount payable by the society against miscellaneous expenses as on 30th June 2020.

10.2 Facilitation advance

[Rs. 500,000]

This represents the cost of facilities received from Mr. Younas Latif who own land across Sector B of the society.

10.3 Retention Money

[Rs. 18,239,537]

The balance represents the securities deducted from the running bills of the contractors against the work done and payable by the society at the time of completion of the contract in accordance with terms and conditions of the contract executed.

10.4 Sundry Creditors

[Rs. 5,770,024]

This represents the amount payable to the members on account of refund for which the cheques were not presented into bank accounts and become time barred.

10.5 Withheld amount of Asphalt

[Rs. 1,242,891]

This represents the amount withheld in respect of contractor (M/s. ZCC) against the Asphalt project.

10.6 Security of Villas

[Rs. 208,453]

This represents the amount withheld as a security on account of rent of villas as on 30th June 2020.

10.7 Security of electricity bill

[Rs. Nil]

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This represents the amount received from members against electricity connection.

10.8 Security of shops/offices [Rs. Nil]

This represents the amount received as security of shops/offices rented by the society.

10.9 Advance rent [Rs. 116,500]

This represents the advance rent received against rental of shops/offices as on 30th June 2020.

10.10 Adjustable profit [Rs. Nil]

This represents the amount credited by the society's bank on account of bank profit which was reversed.

10.11 Surcharge payable [Rs. Nil]

This represents the surcharge received from members on late payments against development charges.

11. Operating Fixed Assets [Rs. 954,164,103]

Movement in this account during the period is as follows:

AS ON 30 th JUNE 2020	
Description	[Rupees]
Balance at beginning of the period	729,160,845
Addition during the period	418,868,306
(Deletion) during the period	-
Closing balance cost	1,041,584,612
(Depreciation) for the period	(193,865,048)
Written down value	954,164,103

11.1 The additions during the period mostly comprises of transfer of an amount of development works completed to fixed asset account upon completion of various stages of development which were checked and found same in order.

11.2 Further, fixed assets register of the society was not maintained properly. It is suggested to maintain an adequate record of fixed assets which at minimum must indicate following particulars:

- (a) Detailed description of each item
- (b) Original cost of the item
- (c) Date of its acquisition
- (d) Classification of the item
- (e) The location and/or the custodian of the item
- (f) The rate of depreciation
- (g) Accumulated depreciation and Depreciation charge for the period
- (h) The department / cost center / product to which the depreciation is charged
- (i) Date of revaluation (if any)
- (j) Revalued amount (if any) of the items
- (k) Depreciation on revalued amount
- (l) Accumulated depreciation on the revalued amount

The implementation of register will lead to improve accuracy of accounting records for fixed assets and for the efficiency of operation.

12. Land cost [Rs. 222,111,904]

Movement in this account during the period is as follows:

AS ON 30TH JUNE 2020

Description	[Rupees]
Balance at beginning of the period	212,017,104
Land purchased during the period	9,450,000
Commission paid	283,500
Mutation fee and taxes	361,300
Balance at end of the period	222,111,904

12.1 The society has purchased total land measuring 4117 Kanals 12 Marlas 107 Sq. ft. upto 30th June 2020 directly from land suppliers/owners at the total cost of Rs. 222,111,904/- (including registration fee, commission and CVT expenditure) at Mouza Paswal, Tehsil Taxila, District Rawalpindi.

12.2 During the period under audit, the society has purchased land measuring 06 Kanals at a rate of Rs. 1,575,000 per kanal from Malik Mahboob and Muhammad Ayub against agreement dated August 2017. Certificate regarding land purchased is attached as annexure to this report.

13. **Work in Progress** [Rs. 211,592,648]

13.1 The movement in this account during the period is as follows:

AS ON 30TH JUNE 2020

Description	[Rupees]
Balance at beginning of the period	387,604,741
Add: Additions during the period	237,953,521
Less: Adjusted/Transfer during the period	(413,965,614)
Balance at end of the period	211,592,648

13.2 Party-wise breakup of additions during the period is as follows:

Description	Ref. No.	[Rupees]
Margalla Engineering Services	13.3	2,804,702
Mian Abdul Jabbar & Co.	13.4	39,510,158
Sangjani Interchange Joint Venture	13.5	44,916,000
Muhammad Siddique and brothers	13.6	6,869,566
Shahid & Co.	13.7	1,849,552
M/s. Sarfaraz Khan Khattak & Brothers	13.8	57,308,841
AST (Pvt) Ltd	13.9	2,092,000
Zarak Construction Company JV M/s JK & Co.	13.10	65,220,632
Mastikhal Construction Company	13.11	7,963,157
Badakhel Engineers	13.12	2,621,397
Others	13.13	6,797,516
Balance at end of the period		237,953,521

13.3 During the period under audit, the society has entered into an agreement with M/s. Margalla Engineering services for street light electrification in sector A & D. We have verified the payments during the period on test basis with the supporting documents and found the same in order.

13.4 Additions during the period represents the running bills raised by Mian Abdul Jabbar & Co. against development work in sector D&E and construction of main gate of sector D. We have verified the payments during the period on test basis with the supporting documents and found the same in order.

- 13.5** This represents the amount contributed by the WAPDA Employees Cooperative Housing Society towards a Joint Venture for construction of Sangjani Interchange.

The society has entered into Joint Venture (The Sangjani Interchange Joint Venture) with Army Welfare Trust Housing scheme and Engineers Cooperative Housing society dated 16th November 2012, for the purpose of jointly providing direct road access from motorway M-1 to their respective housing societies which includes Financing, Designing, Land acquisition, Contracting and construction till final commissioning and handing over to National Highway Authority. The other parties to this Joint Venture agreement are Army Welfare Trust and Engineers Cooperative Housing Society. The total cost of the project is Rs. 213.74 million. The share of respective societies is as follows;

- a) Army Welfare Trust contributes 63.04% of the total cost of the project.
- b) Engineers Cooperative Housing Society contributes 19.40% of the total cost of the project.
- c) Wapda Employees Cooperative Housing Society contributes 17.56% of the total cost of the society.

Later, the society has entered into another agreement Army Welfare Trust Real Estate Scheme for construction of Sungjani Interchange. Main terms of the agreement are as follows;

- a) Wapda Employees Cooperative Housing Society contributes 45% of the total expenses for construction of road from roundabout to gate of the society. It includes service road and laying of allied services.
- b) The design expenses of the road project will be borne by WECHS which includes service road and other allied services.
- c) The access provided through construction of road is affecting 16 plots of AWT RES of 250 Sqyds. WECHS will bear the cost of 8 plots at a rate of Rs.3million each. WECHS will pay an amount of Rs.18 million through cheque and will transfer 1 kanal 13 marla land at Block D and bears Khasra No.473.
- d) After construction of road, the administrative control with reference to security, cleanliness and management of road shall remain the responsibility of AWT RES, However, future repair/maintenance expenses of said road will be jointly shared 50% each.

- 13.6** This represents the running bills raised by Muhammad Siddique & Brothers against construction of small plaza of size 30*45 in sector B. The total cost of project as per agreement is Rs. 17,549,545/-. We have verified the payments during the period on test basis with the supporting documents and found the same in order.
- 13.7** This represents the running bills raised by M/s. Shahid & Co. against construction of boundary wall and store room and service Desk.
- 13.8** This represents the bills raised by M/s. Sarfaraz Khan Khattak & Brothers against construction of retaining wall in Sector D of the society. In addition to this, Society has paid to M/s. Sarfaraz Khan Khattak & Brothers against Development of park in Sector A, Installation of street indicators, designing, providing and installation of gate at lake of the society.
- 13.9** This represents the payment to M/s. Awami Systems Technologies (Pvt) Ltd. against automation of society functions. Expenditure incurred on automation should be reclassified as intangible asset of the society as it is not development related expenditure.
- 13.10** This represents the bills raised by M/s. Zark Construction Company JV M/s JK 7 Co. against development work in Sector D&E during the period under audit.

The society has entered into an agreement with M/s. Zark Construction Company JV M/s JK & Co. dated 23rd April 2019 for development of Infrastructure in Sector D&E. Total cost of the contract is Rs.175,008,509/- with a time period for completion of work is 600 days.

- 13.11 This represents the amount paid to M/s Mastikhel Construction Company dated 25th June 2019 for development of park and landscaping around lake area.

The society entered into an agreement with M/s. Mastikhel Construction Company dated 25th June 2019 for development of Lake Park in Block D. Total cost of the contract is Rs. 17,541,888 with a time period for completion of work is 250 days.

- 13.12 This represents the amount paid to M/s. Badakhel Engineers against Construction of filtration plant, Installation of filtration plant, steel ledders on filtration plant and street light electrification in Sector A&D of the society.

- 13.13 This represents the miscellaneous development work done by various parties during the period under audit. We have verified the payments during the period on test basis with the supporting documents and found the same in order.

- 13.14 Moreover, the adjustments made during the period represent the amount transferred to fixed assets upon completion of various stages of development of the society. We have not been provided by the project completion certificate and approval from management regarding transfer of development to fixed assets.

14. **Pre-Development Expenses** **[Rs. 314,171]**

This is a brought forward balance without any movement during the period under audit and the balance represents the expenditure incurred during pre-development phase of the society. It is suggested that this should be charged to development cost.

15. **Grid cost upto 4th installment** **[Rs. 20,992,286]**

The movement in this account during the period is as under:

AS ON 30 TH JUNE 2020	
Description	Rupees]
Balance at beginning of the period	19,498,286
Add: Additions during the period	1,494,000
Less: Adjusted during the period	-
Balance at end of the period	20,992,286

This represents amount paid to contractors on account of Grid station, external electrification and mobilization advance.

16. **External Electrification** **[Rs.128,348,116]**

The movement in this account during the period is as under:

AS ON 30 TH JUNE 2020	
Description	[Rupees]
Balance at beginning of the period	116,077,269
Add: Additions during the period	12,270,847
Less: Adjusted during the period	-
Balance at end of the period	128,348,116

This head of account represents the amount paid to contractors on account of external electrification. The additions during the year were checked on test basis with the supporting documents and found the same in order.

17. Advance Tax Receivable [Rs. 16,653,384]

The movement in this account during the period is as under:

AS ON 30TH JUNE 2020

Description	[Rupees]
Balance at beginning of the period	11,980,442
Add: Additions during the period	4,672,942
Less: Adjusted during the period	-
Balance at end of the period	16,653,384

The additions during the period represent the advance tax deductions on cash withdrawals, bank profits, vehicle token tax, utility bills, etc.

18. Interest Receivable [Rs. 590,164]

This represents the accrued interest on TDRs with the bank of Punjab F-8 Markaz Branch Islamabad at as on 30th June 2020.

19. Advance to contractors [Rs. 190,246]

The movement in this account during the period is as under:

AS ON 30TH JUNE 2020

Description	[Rupees]
M/s Sarfaraz Khan Khattak & Brother	23,129
M/s Mian Abdul Jabbar & Co.	139,472
M/s Younas Latif	20,985
M/s Mastikhel	6,660
Balance at end of the period	190,246

This represents the advance paid to contractors against various development works.

20. Others Advances [Rs. 2,634,600]

The movement in this account during the period is as under:

AS ON 30TH JUNE 2020

Description	Ref. No.	[Rupees]
Advance to Staff	20.1	87,000
Advance for Land-Younas Latif	20.2	1,500,000
Advance for fuel	20.3	122,600
Advance for Scissor Lift	20.4	625,000
Advance for WASA NOC	20.5	300,000
Balance at end of the period		2,634,600

20.1 This represents the advance to staff of the society as on 30th June 2020.

20.2 This represents advance for land to the land provider (Mr. Younas Latif) which was brought forward without movement from the last many years. Management has stated that an amount of Rs.750,000/- has been recovered subsequent to period under audit.

- 20.3 This represents the security advance to PSO against fuel credit cards as on 30th June 2020.
- 20.4 This represents the 50% advance payment to Matawh Enterprises (SMC-Pvt) Ltd against purchase of Scissor Lift for maintenance of pole lights.
- 20.5 During the year under audit, the society has entered into an agreement with M/s. MIS Consultant for obtaining NOC from WASA. The balance represents the 50% advance paid to M/s. MIS Consultant upto 30th June 2020.

21. Short Term Investment TDR

[Rs. 60,000,000]

This represents the short term investments in TDRs with The Bank of Punjab. The deposit will mature on 14th August 2020.

22. Cash and Bank

[Rs. 12,587,811]

Break up of this account is given below:

Description	AS ON 30 TH JUNE 2020
	[Rupees]
Cash in hand	50,000
Cash with banks	
- Bank of Punjab A/c # 134-8	9,249,149
- Bank of Punjab A/c # 135-0	2,153,700
- Habib Bank Limited (Sangjani)	1,031,389
- Allied Bank Limited(Wapda House Lahore)	103,573
Bank Balance on 30th June 2020	12,587,811

- 22.1 Cash in hand is reported Rs. 50,000/- as per the financial statements and books of accounts. It is clarified that we could not physically verify the cash in hand on 30th June 2020 due to our appointment subsequent to the balance sheet date.
- 22.2 Bank Balances were checked with bank balance certificates, bank statements and in case of any differences between balances and as per bank books and banks, bank reconciliation statements were obtained.
23. List of defaulters
- As per certificate provided by society, there are 09 defaulters of the society.
24. Litigation Matters
- A Certificate from the society regarding current litigation has been obtained and annexed as per annexure to this report.
25. Internal Audit Committee
- As per clause 22B of the Cooperative Societies Act 1925, every society in addition to the audit of accounts under section 22, shall also get the accounts audited by internal audit committee comprising of at least three members of the society other than the members of its managing committee as may be appointed by the general body with their consent. However, the society did not constitute any internal committee hence no internal audit was conducted in accordance with the provision of relevant section. The matter is highlighted to ensure strict compliance to governing rules of the society.

26. Compliance to audit guidelines and directions.

- 26.1 The business of the society has been conducted according to the cooperative principles and sound business practices except for the matters/observations stated in our report which may have impact on the results and state of affairs of the society.
- 26.2 As per clause 22 of bye-laws of the society, Annual General Meeting (AGM) shall be held each year. However, we were explained that two AGM's were held on during the period under audit dated 16th December 2018 and 12th January 2020. A certificate from management has been obtained and attached as per annexure to this report.
- 26.3 Management of the society has certified that several Sub-Committees are formed for the smooth running and betterment of WECHS. Certificate from the management is enclosed as per annexure to this report.
- 26.4 The Society has paid honorarium to the Secretary and Treasurer of the society.
- 26.5 The society has been circulating various notices to the members during the period under audit.
- 26.6 Compliance status to direction under section 44-D & 44-E of the Cooperative Societies Act, 1925 has been made partially with respect to launching society's website, submission of statements of accounts, returns and documents on quarterly basis.

27. Appendices to this Report

Sr. No.	Description	Appendix
1.	Comparative Statement of Accounts along-with copy of annual audited accounts for the period under audit.	"A"
2.	Copy - Registration Certificate	"B"
3.	Copy - Bye-laws	"C"
4.	Copies - Notifications of Present and Ex-Management Committees	"D"
5.	Certificate – List of Managing Committee Members	"E"
6.	Certificate – List of Managing Committee Meetings	"F"
7.	Certificate – AGM's held during the period along-with minutes	"G"
8.	Certificate - List of staff of the society	"H"
9.	Certificate – Litigation Cases	"I"
10.	Certificate – Cash in hand	"J"
11.	Certificate – List of bank accounts	"K"
12.	Certificate – Amendment in bye-laws	"L"
13.	Certificate - Land purchased during the period	"M"
14.	Certificate – Status of development work as on 30 th June 2020	"N"
15.	Certificate – Plots transferred during the period under audit	"O"
16.	Certificate – Plots allotted during the period	"P"
17.	Certificate – Honorarium to MC members	"Q"
18.	Certificate – Establishment of sub committee	"R"
19.	Certificate – List of Defaulter	"S"
20.	Certificate – List of Affectees	"T"
21.	Certificate – Total number of members	"U"
22.	Certificate – Plots cancelled/restored during the period	"V"
23.	Copies - Society map/LOP	"W"

We reiterate that before submission of this report to the office of the Registrar, the draft of these observations was duly forwarded to the management of the society for their consideration and necessary comments. The observations were thoroughly discussed with the management of the society in a meeting held at the office of the society.

Finally, we wish to place on record our appreciation for the cooperation extended to us by the management and staff of the society during the course of our audit.

Yours faithfully,



For: MUSHTAQ & CO.
CHARTERED ACCOUNTANTS

LAHORE

ENGAGEMENT PARTNER: MUHAMMD TAIYAB [FCA]

Copy to:

1. The Administrator, WAPDA Employees Cooperative Housing Society, Islamabad