

## INDEPENDENT AUDITOR'S REPORT

**To the Management Committee of the Alfalah Cooperative Housing Society Limited, Lahore**

### Opinion

We have audited the financial statements of **Alfalah Cooperative Housing Society Limited, Lahore** ("the Society"), which comprise the statement of financial position as at June 30, 2020, and the income and expenditure account, receipt and payment account for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Society as at June 30, 2020, and of its financial performance and its cash flows for the year then ended in accordance with approved accounting and reporting standards as applicable in Pakistan and the requirement of the Co-operative Societies Act, 1925.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan and the Co-operative Societies Act, 1925. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management Committee is responsible for the preparation and fair presentation of the financial statements in accordance with the approved accounting and reporting standards as applicable in Pakistan, the Co-operative societies Act, 1925, and for such internal control as the Management Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management Committee is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.



## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan and the Co-operative Societies Act, 1925, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Report on Other Legal and Regulatory Requirements

As required by chief auditor cooperative housing society in their letter dated March 11, 2021. Ref no. RCS/Audit/Allo-2020/326.

### (1) Examination of overdue debt

No provision has been made against advance of Rs. 1,000,000/- to Mr. Manzoor Ahmad and Rs.1,529,599/- to Mr. Muhammad Ishaq. These advances were outstanding for more than two year and their recovery is doubtful.

### (2) Verification of cash and bank balance

#### • Cash in hand

Cash in hand as at June 30, 2020 is Rs. 102,022/- .

#### • Cash at bank

The Society have five bank accounts, all these account balances were confirmed by the bank directly to us.

<b>Bank accounts</b>	<b>Rupees</b>
Bank Alfalah Limited A/c # 0028-1003565557	98,815,377
Bank Alfalah Limited A/c # 0157-1002854538	23,561
Askari Bank Limited A/c # 0708-03890000050	21,610
Faysal Bank Limited A/c # 0331-145900226347	14,612
Dubai Islamic Bank A/c # 536705002	108,609,133
Habib Metropolitan Limited – TDR	100,000,000

### (3) Verification of asset and liabilities

As stated in statement of financial position total asset amounting to Rs. 2,404,376,036/- and total liabilities amounting to Rs. 2,328,197,897/- .

### (4) Verification of operational plan with time frame work and its implementation

The society is in the process of approval of initial layout plan by Lahore Development Authority (LDA). Master plan has not yet been approved and no specific plots have been allocated to member.

**(5) Land documents**

There was no purchase of land in the year 2020; total land as at June 30, 2020 is 5,842.07 Kanal. All documents of land are in the name of Alfalah Cooperative Housing Society Limited, Lahore.

**(6) Litigation position**

Detail of contingent losses are as stated in Note 12 to the financial statements. List of litigation cases along with name of lawyers is attached as per annexure J. The Society has engaged the following lawyers and payment made during the year:

	<b>Rupees</b>
M/s Haseeb & Co.	355,555
Mr. Intakhab Alam	445,000
Mr. Zain Ali	300,000
Mr. Khalid Ishaq	360,000
Mr. Mazhar Farooq	240,000

**(7) Verification of fixed asset**

We obtained fixed asset register containing all those items on which depreciation is work out. The society has a policy to charge depreciation on straight line method. Full year depreciation is charged in the year of addition and no depreciation charged in year of disposal.

**(8) Balance recoverable from members**

Member deposits for land are recognized on cash basis. Installments due from members as at June 30, 2020 are amounting to Rs. 88,808550.

**(9) Transfer fee**

The rates for transfer of plot applicable in the society are as follows:

	<b>Rupees</b>
4 Marla (Commercial)	24,000
5 Marla (Residential)	8,000
10 Marla (Residential)	12,000
1 Kanal (Residential)	24,000
2 Kanal (Residential)	40,000

**(10) General**

- Audit Committee as per section 22-B of the Co-operative Societies Act, 1925 stands duly nominated. However, Managing Committee has entrusted the function of internal audit to a firm of Chartered Accountants. The report of the internal auditor regularly reviewed by the Audit Committee.
- As per the requirement of Society Act, 1925, one fourth of the net profit should be to transfer at reserve fund, but no amount of the accumulated surplus has been allocated to reserve fund.
- Development work has not been started in the Society.

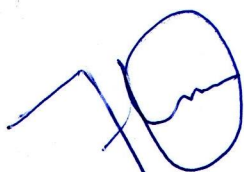
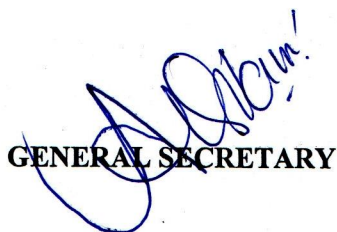
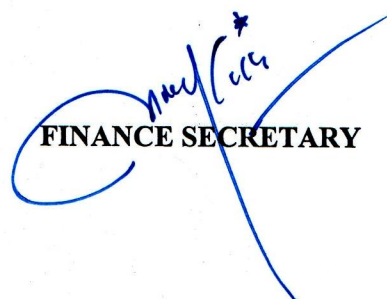
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The engagement partner on the audit resulting in this independent auditor's report is Hasnain Adam Ali.

A handwritten signature in blue ink, 'Hasnain Ali & Co.', is written over a circular purple stamp. The stamp contains the text 'HASNAIN ALI & CO.', 'Chartered Accountants', and 'LAHORE'.


**ALFALAH COOPREATIVE HOUSING SOCIETY LIMITED, LAHORE****STATEMENT OF FINANCIAL POSITION****AS AT JUNE 30, 2020**

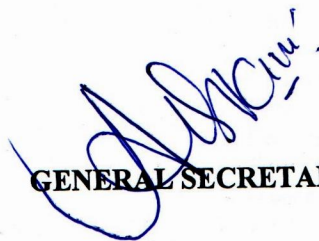
	<b>Note</b>	<b>2020 Rupees</b>	<b>2019 Rupees</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Operating fixed assets	3	531,604	507,086
Cost of land	4	2,019,308,861	2,018,086,861
W.I.P land development	5	55,376,262	49,383,362
		<u>2,075,216,727</u>	<u>2,067,977,309</u>
<b>CURRENT ASSETS</b>			
Cash and bank balances	6	307,586,315	305,217,090
Advances and other receivables	7	20,866,162	16,699,717
Accrued income-bank profit		706,832	2,107,559
		<u>329,159,309</u>	<u>324,024,366</u>
<b>TOTAL ASSET</b>		<b><u>2,404,376,036</u></b>	<b><u>2,392,001,675</u></b>
<b>CAPITAL AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	8	4,599,000	4,549,000
Accumulated surplus	9	71,565,707	65,258,921
		<u>76,164,707</u>	<u>69,807,921</u>
<b>NON CURRENT LIABILITIES</b>			
Member deposit for land	10	2,323,861,333	2,321,649,333
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	4,349,996	544,421
Contingencies and commitments	12	-	-
<b>TOTAL CAPITAL LIABILITIES</b>		<b><u>2,404,376,036</u></b>	<b><u>2,392,001,675</u></b>

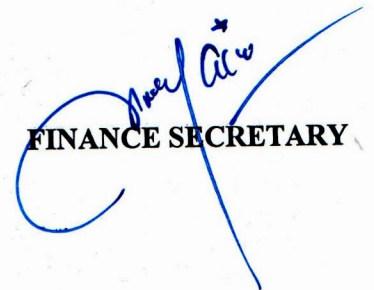
**PRESIDENT****GENERAL SECRETARY****FINANCE SECRETARY**

**ALFALAH COOPREATIVE HOUSING SOCIETY LIMITED, LAHORE**  
**INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Note	2020 Rupees	2019 Rupees
<b>Income</b>	13	36,840,746	30,536,871
<b>Expenditure</b>			
Administrative expense	14	27,175,293	31,197,448
Financial charges		5,937	15,911
		27,181,230	31,213,359
<b>Other income</b>	15	-	255,000
Profit / (Loss) before taxation		9,659,516	(421,488)
Taxation		(3,352,730)	(84,446)
Profit / (Loss) after taxation		6,306,786	(505,934)

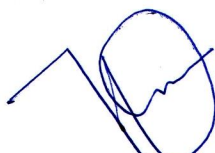
  
**PRESIDENT**

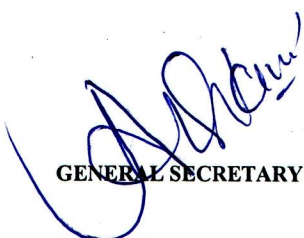
  
**GENERAL SECRETARY**

  
**FINANCE SECRETARY**

ALFALAH COOPREATIVE HOUSING SOCIETY LIMITED, LAHORE  
RECEIPT AND PAYMENT ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2020

RECEIPTS	2020 Rupees	2019 Rupees	PAYMENTS	2020 Rupees	2019 Rupees
<b>Opening balances</b>					
Cash in hand	8,766	2,338			
Cash in banks	305,208,324	298,726,244			
	305,217,090	298,728,582			
<b>Capital receipts</b>			<b>Capital payments</b>		
Deposit from members	2,212,000	21,025,077	Payment against purchase of asset	180,100	-
Share Money	50,000	783,000	Payment against WIP land development	5,992,900	3,095,250
	2,262,000	21,808,077	Payment against purchase of land	1,222,000	7,573,155
				7,395,000	10,668,405
<b>Revenue receipts</b>			<b>Revenue payments</b>		
Income from admission fee	603,000	4,253,000	Salaries, allowances and benefits	18,446,725	18,673,263
Transfer Fee	1,208,000	2,349,000	Uniforms	76,560	60,300
Other Receipts	52,100	153,700	Legal and professional	1,889,055	4,643,048
Bank Profit	34,977,646	21,673,612	Office rent	2,570,000	2,420,000
Advances and other receivables	1,216,650	-	Fees, Cess & Taxes	564,417	24,520
Accrued income-bank profit	1,400,727	-	Vehicle running and maintenance	551,131	576,631
Trade and other payables	435,329	-	Postage and telephone	149,564	288,454
	39,893,452	28,429,312	Utilities	515,146	677,710
			Printing and stationery	144,813	243,268
			Advertisement	338,135	32,000
			Insurance	-	3,135
			Bank charges	5,937	15,911
			Entertainment	317,311	399,796
			Repair and maintenance	278,740	296,464
			Arms and Ammunitions	5,700	7,500
			Auditors Remuneration	115,000	90,000
			Generator running and maintenance	80,670	36,500
			Software & web maintenance charges	218,250	324,250
			Newspaper and periodicals	7,690	6,630
			Travelling and conveyance	176,848.00	161,392
			Office expenses	-	1,336,925
			Miscellaneous expenses	22,500.00	47,820
			Site Expenses	449,494	378,550
			Taxation	5,467,541	-
			Trade and other payable	-	832,729
			Advances and prepayment	-	1,503,680
				32,391,227	33,080,476
			<b>Closing Balances</b>		
			Cash in hand	102,022	8,766
			Cash at banks	307,484,293	305,208,324
				307,586,315	305,217,090
				347,372,542	348,965,971
	<u>347,372,542</u>	<u>348,965,971</u>			

  
PRESIDENT

  
GENERAL SECRETARY

  
FINANCE SECRETARY