

**CIVIL SERVICE CO-OPERATIVE  
HOUSING SOCIETY LIMITED  
ACCOUNTS FOR THE YEAR ENDED  
JUNE 30, 2018**

# FEROZ AZIZ & COMPANY

Chartered Accountants

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CIVIL SERVICES CO-OPERTAIVE HOUSING SOCIETY LIMITED

### Opinion

We have audited the annexed financial statements of **CIVIL SERVICES CO-OPERTAIVE HOUSING SOCIETY LIMITED (THE 'SOCIETY')**, which comprise the statement of financial position as at June 30, 2018 and the statement of comprehensive statement of comprehensive profit or loss accounts, the statement of changes in equity, the statement of cash flows for the year ended June 30, 2018 and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanation which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

Except for the matters discussed in basis for opinion paragraph, the financial statements present fairly in all material respect the financial position of the Society as at June 30, 2018 and its surplus and cash flows for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

### Basis for Opinion

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we state that:



- (a) Clauses 67 & 68 of the society's Bye-laws require annual distribution and allocation of profit in a prescribed manner. This includes annual distribution of dividends to members @ 7.5% of the Capital. The Society has neither allocated the funds as prescribed in the above rule nor distributed dividends to members as the management considers it appropriate to retain the funds within the society for expected expenditure on land acquisition and development.
- (b) As per Bye-laws Clause 3 Sub clause 2(b) authorized Share shall not at any one time exceed Rs.100,000/- from the issue of shares without the sanction of General meeting of the society, at that time Paid up Share Rs 129,600/-, which is exceed the limit of authorized share .

#### **Key Audit Matter(s)**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statement of the current period, these matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matter (s):

<b>S.NO</b>	<b>Key audit matter</b>	<b>How the matter was addressed in our audit</b>
1	Profit on term deposits.  Short term investments.  Advances from members against cost of land.	Our audit procedures to assess and verify the transaction.
		Checking of related records and other relevant documents.

#### **Information Other Than The Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.



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Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirement of companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statement that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company'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 Company or to cease operations, or has no realistic alternative but to do so.

Boards of directors are responsible for overseeing the Company's financial reporting process.



## **Auditors Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statement 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statement, 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 Company'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 Company'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 up to the date of our auditor's report. However, future events or conditions may cause Company to cease to continue as going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors, if required, 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.

We also provide the board of directors, if required, with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matter that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statement of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report On Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- The statement of financial position, the statement of comprehensive profit or loss accounts, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- Investment made, expenditure incurred and guarantees extended during the period were for the purpose of the Company's business: and
- No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Karachi 26 - 10, 2018

  
Chartered Accountants

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**CIVIL SERVICES CO-OPERATIVE HOUSING SOCIETY LIMITED**  
**BALANCE SHEET**  
**AS ON JUNE 30, 2018**

	Note	2018 Rupees	2017 Rupees
<b><u>Non-Current Assets</u></b>			
Furniture & office equipments	3	64,454	75,828
Advance against acquisition of land	4	271,705,053	271,705,053
		<b>271,769,507</b>	<b>271,780,881</b>
<b><u>Current Assets</u></b>			
Short term investments	5	250,000,000	280,000,000
Advance income tax	6	10,188,159	8,072,402
Others	7	3,303,166	3,918,180
Cash at banks	8	34,155,116	1,148,129
		<b>297,646,441</b>	<b>293,138,711</b>
		<b>569,415,949</b>	<b>564,919,592</b>
<b><u>Non-Current Liability</u></b>			
Advances from members against cost of land	9	413,369,997	421,600,597
<b><u>Current Liability</u></b>			
Accrued Expense		89,100	390,000
<b><u>Equity</u></b>			
<b><u>Authorized Capital</u></b>			
1000 shares of Rs 100 each		<b>100,000</b>	<b>100,000</b>
<b><u>Issued, subscribed &amp; paid up capital</u></b>			
1296 (2017 : 1296) shares of Rs 100 each fully paid in cash	10	129,600	129,600
Reserve and funds	11	153,400,489	140,372,633
Surplus for the year		2,426,762	2,426,762
		<b>155,956,851</b>	<b>142,928,995</b>
		<b>569,415,949</b>	<b>564,919,592</b>

Annexed notes 1 to 15 form an integral part of these financial statements.

  
**Chairperson**

  
**Secretary**

  
**Committee Member**

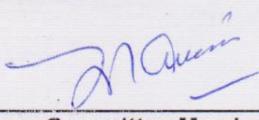
**CIVIL SERVICES CO-OPERATIVE HOUSING SOCIETY LIMITED**  
**INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2018**

INCOME	Note	2018 Rupees	2017 Rupees
Profit on term deposits	12	14,279,122	15,459,132
Members' admission fees			
Profit on bank deposits	13	479,750	26,568
		<b>14,758,872</b>	<b>15,485,700</b>
EXPENDITURE			
Salaries and benefits		605,000	650,000
Printing and stationery		12,294	8,140
Postage		130,400	4,780
Web Expense		135,600	136,500
Internet Charges		45,275	42,530
Telephone		10,750	2,200
Legal and Professional		120,000	120,000
Audit Expense		120,300	65,000
Fuel Expenses		19,900	19,200
Office Expenses		61,380	26,410
Repair & Maintenance		4,450	6,180
Entertainment		19,218	10,550
AGM Expense		435,074	-
Conveyance		-	2,810
Depreciation		11,374	13,382
		<b>1,731,015</b>	<b>1,107,682</b>
Surplus for the year		<b>13,027,857</b>	<b>14,378,018</b>
Accumulated surplus brought forward		2,426,762	2,426,762
Surplus available for appropriation		<b>15,454,619</b>	<b>16,804,780</b>
<u>Appropriations</u>			
General reserve fund		1,302,786	1,437,802
Building fund		3,908,357	4,313,405
Amenity fund		3,908,357	4,313,405
Development fund special		3,908,357	4,313,405
		<b>13,027,857</b>	<b>14,378,018</b>
Accumulated surplus carried over		<b>2,426,762</b>	<b>2,426,762</b>

Annexed notes 1 to 15 form an integral part of these financial statements.

  
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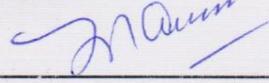
**CIVIL SERVICES CO-OPERATIVE HOUSING SOCIETY LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	2018 Rupees	2017 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Surplus for the year	13,027,857	14,378,018
<b><u>Adjustment for non cash item</u></b>		
Depreciation	11,374	13,382
Operating Surplus Working Capital Changes	<u>13,039,231</u>	<u>14,391,400</u>
<b><u>Decrease / (Increase) in assets</u></b>		
Advance against acquisition of land	-	-
Others	615,014	(3,465,820)
	<u>615,014</u>	<u>(3,465,820)</u>
<b><u>Increase / (Decrease) in Liabilities</u></b>		
Advances from members against cost of land	(8,230,600)	(7,436,700)
Accrued Expense	(300,900)	65,000
	<u>5,122,744</u>	<u>3,553,880</u>
Taxes paid	(2,115,757)	(2,101,487)
Net cash generated from operating activities	<u>3,006,988</u>	<u>1,452,393</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Short term Investment Encashed	30,000,000	(5,000,000)
Fixed assets purchased	-	-
Net cash generated/ (used) from Investing activities	30,000,000	(5,000,000)
Net increase / (decrease) in cash & cash equivalent	<u>33,006,988</u>	<u>(3,547,607)</u>
Cash & Bank at the beginning of the year	1,148,129	4,695,736
<b>Closing balance of Cash &amp; Bank</b>	<b><u>34,155,116</u></b>	<b><u>1,148,129</u></b>

Annexed notes 1 to 15 form an integral part of these financial statements.

  
**Chairperson**

  
**Secretary**

  
**Committee Member**

**CIVIL SERVICES CO-OPERATIVE HOUSING SOCIETY LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Issued, Subscribed &amp; Paid up Capital</b>	<b>Surplus</b>	<b>Total</b>
	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
<b>Balance as on June 30, 2016</b>	129,600	128,421,377	128,550,977
Surplus for the year ended June 30, 2017	-	<b>14,378,018</b>	14,378,018
<b>Balance as on June 30, 2017</b>	<hr/> 129,600	142,799,395	142,928,995
Surplus for the year ended June 30, 2018	-	13,027,857	13,027,857
<b>Balance as on June 30, 2018</b>	<hr/> <b>129,600</b>	<b>155,827,251</b>	<b>155,956,851</b>

  
**Chairperson**

  
**Secretary**

  
**Committee Member**

**CIVIL SERVICES CO-OPERATIVE HOUSING SOCIETY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**1. THE SOCIETY AND ITS LEGAL STATUS**

Civil Services Co-operative Housing Society Limited Karachi is registered under Co-operative Societies Act, 1925 vide Registration Number K-1444 of 1991 dated March 7, 1991. The main object of the Society is to carry on the trade of building, and acquiring, buying, hiring, selling, letting, and developing land in accordance with Co-operative principles.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Basis of preparation**

These financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of Accounting and Financial Reporting Standards for Small-Sized Entities issued by the Institute of Chartered Accountants of Pakistan.

**2.2 Overall valuation policy**

These financial statements have been prepared under the historical cost convention.

**2.3 Fixed assets**

These are stated at cost less accumulated depreciation.

Depreciation on assets is charged to income applying the straight line method. Full year's depreciation is charged on additions during the year whereas no depreciation is charged in the year of disposal.

Maintenance and normal repairs are charged to income as and when incurred. Gains and losses on disposals of fixed assets are included in income currently.

**2.4 Investment**

Investment recorded as per IAS 39

**2.5 Revenue recognition**

Return on bank deposits and Investments are recognized on Accrual basis

**2.6 Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash in hand, balances with banks on current and deposit accounts.

**2.7 Off-setting of financial assets and financial liabilities**

A financial asset and a financial liability is set off and the net amount is reported in the balance sheet if the company has a legal right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

**2.8 Provisions**

Provisions are recognized when the Society has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

**3 FURNITURE AND OFFICE EQUIPMENTS**

Description	C O S T			Rate %	D E P R E C I A T I O N			
	As at July 1, 2017	Addition during the year	As at June 30, 2018		As at July 1, 2017	For the year	As at June 30, 2018	Written Down Value as at June 30, 2018
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Furniture & Fittings	76,800		76,800	15%	61,166	2345	63,511	13,289
Office Equipments	252,000		252,000	15%	191,806	9029	200,835	51,165
<b>Total - 2018</b>	<b>328,800</b>	-	<b>328,800</b>		<b>252,972</b>	<b>11,374</b>	<b>264,346</b>	<b>64,454</b>
<b>Total - 2017</b>	<b>328,800</b>	-	<b>328,800</b>		<b>239,590</b>	<b>13,382</b>	<b>252,972</b>	<b>75,828</b>

**4 ACQUISITION OF LAND, DUTIES AND DEVELOPMENT EXPNS.**

	2018 Rupees	2017 Rupees
Opening Balance		
Land Cost	271,705,053	227,499,999
Consultancy Cost	-	2,688,094
Development Expenses	-	876,000
Govt. Duties and Ground Rent	-	40,640,960
	<b>271,705,053</b>	<b>271,705,053</b>

**5 SHORT TERM INVESTMENT**

	2018 Rupees	2017 Rupees
National Bank of Pakistan Term Deposit Certificates	250,000,000	280,000,000
Silk Bank Term Deposit Certificates		-
	<b>250,000,000</b>	<b>280,000,000</b>

**5.1**

Rate of return ranges from 5.50% to 6% per annum with maturity dates from July 01, 2016 to June 30, 2017.

**6 ADVANCE TAX**

Tax deducted on Profit	10,175,706	8,059,949
Tax deducted on Cash Withdrawals	12,453	12,453
	<b>10,188,159</b>	<b>8,072,402</b>

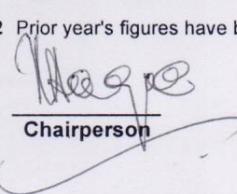
**7 OTHER RECEIVABLES**

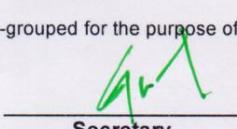
Profit Receivable	3,232,876	3,847,890
Members Cheques Return	228,300	228,300
Unrecorded Expenses	76,990	76,990
Members Cheques Received	(235,000)	(235,000)
	<b>3,303,166</b>	<b>3,918,180</b>

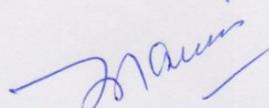
**8 CASH AND BANK BALANCES**

National Bank of Pakistan - Current Account	6,064,134	377,820
National Bank of Pakistan - PLS Account	27,989,143	707,368
Silk Bank - PLS Account	4,442	4,442
	<b>34,057,719</b>	<b>1,089,630</b>
Cash in Hand	97,397	58,499
	<b>34,155,116</b>	<b>1,148,129</b>

		2018 Rupees	2017 Rupees
<b>9 ADVANCES FROM MEMBERS AGAINST COST OF LAND</b>			
Opening Balance		421,600,597	429,037,297
Received During the Year		2,654,400	1,438,300
Refund During the Year		(10,885,000)	(8,875,000)
		<b>413,369,997</b>	<b>421,600,597</b>
<b>10 ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL</b>			
Opening Balance		129,600	129,600
		<b>129,600</b>	<b>129,600</b>
<b>11 RESERVE AND FUNDS</b>	<b>Opening balance</b>	<b>Appropriation for the year</b>	<b>2018 Rupees</b>
General reserve fund	15,278,170	1,302,786	16,580,956
Building fund	42,698,154	3,908,357	46,606,511
Amenity fund	38,698,154	3,908,357	42,606,511
Development fund special	43,698,154	3,908,357	47,606,511
	<b>140,372,633</b>	<b>13,027,857</b>	<b>153,400,489</b>
			<b>140,372,633</b>
<b>12 INVESTMENT INCOME</b>			
National Bank of Pakistan - Term Deposits		14,279,122	15,459,132
		<b>14,279,122</b>	<b>15,459,132</b>
<b>13 PROFIT FROM BANK ACCOUNT</b>			
National Bank Limited - PLS Account		479,750	26,568
		<b>479,750</b>	<b>26,568</b>
<b>14 DATE OF AUTHORISATION FOR ISSUE</b>			
These financial statements were authorized for issue on _____ by the Society's Council.			
<b>15 GENERAL</b>			
15.1 Figures have been rounded off to nearest rupee			
15.2 Prior year's figures have been re-grouped for the purpose of comparison, if required.			

  
Chairperson

  
Secretary

  
Committee Member