

**CIVIL SERVICES COOPERATIVE
HOUSING SOCIETY LIMITED
AUDIT REPORT
FOR THE YEAR ENDED
JUNE 30, 2022**

INDEPENDENT AUDITOR'S REPORT**To the Management Committee of CIVIL SERVICES COOPERATIVE HOUSING SOCIETY
LIMITED****Report on the Audit of the Financial Statements****Opinion**

We have audited the annexed financial statement of **CIVIL SERVICES COOPERATIVE HOUSING SOCIETY LIMITED**, which comprises the Statement of Financial Position as at **June 30, 2022**, income and expenditure account, statement of changes in equity and the statement of cash flows for the year then ended, 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 explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at June 30, 2022, its income and expenditure account, statements of changes in equity and its cash flows for the year then ended in accordance with Applicable Financial Reporting Standards Framework as applicable in Pakistan, in the manner so required and respectively give a true and fair view of the state of the society's affairs as at June 30, 2022 and of the surplus for the year then ended, and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan 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 Management Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Applicable Financial Reporting Standards Framework as applicable in Pakistan and for such internal control as management determines is necessary to enables the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management 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 operation, or has no realistic alternative but to do so.

Management Committee 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, 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 the Management Committee 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.

Other Matter

The financial statements of Civil Services Co-Operative Housing Society Limited for the year ended June 30, 2021, were audited by another auditor who expressed a qualified opinion on those statements on November 10, 2021.

The engagement partner on the audit resulting in this independent auditor's report is **Arslan Ahmed**.

Uly Hassan Naeem FC

KARACHI

DATE: 16 December 2022

UDIN: AR202210311E6yCYzNg2

CIVIL SERVICES CO-OPERATIVE HOUSING SOCIETY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	2022 Rupees	Restated 2021 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3	2,072,716	2,116,789
Advance against acquisition of land	4	1,147,674,880	787,809,894
		1,149,747,596	789,926,683
CURRENT ASSETS			
Short term investments	5	400,000,000	150,000,000
Prepaid and other receivables	6	15,600,152	4,391,083
Cash and bank balances	7	89,285,814	123,319,486
		504,885,966	277,710,569
		1,654,633,561	1,067,637,252
EQUITY AND LIABILITIES			
AUTHORIZED CAPITAL			
1,500 shares of Rs.100 each (2021: 1,000 shares of Rs. 100)		150,000	100,000
ISSUED, SUBSCRIBED & PAID-UP CAPITAL			
1,123 (2021: 1,000) shares of Rs.100 each fully paid in cash	8	112,300	100,000
Reserves and funds	9	201,762,178	183,863,586
Accumulated surplus		2,426,762	2,426,762
		204,301,240	186,390,348
NON-CURRENT LIABILITIES			
Advances from members against cost of land	10	1,340,583,929	788,298,529
CURRENT LIABILITIES			
Accrued expenses		628,372	588,951
Income Tax Payable - Net		17,654,890	15,675,146
Retention money		13,885,127	22,811,691
Sales tax payable		30,937,620	23,056,471
Withholding tax		46,642,383	30,816,117
		109,748,392	92,948,376
		1,654,633,561	1,067,637,252

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

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Chairperson

Secretary



Committee Member

CIVIL SERVICES CO-OPERATIVE HOUSING SOCIETY LIMITED
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees Restated
INCOME			
Profit on term deposits	12	26,205,411	28,755,814
Profit on bank deposits	13	5,750,089	8,783,581
Other Income		181,727	-
		32,137,227	37,539,395
EXPENDITURE			
Salaries and benefits		3,697,904	2,290,244
Printing and stationery		118,960	22,580
Bank charges		1,312	1,545
Postage		71,583	119,956
Web Expense		241,700	146,900
Internet Charges		4,749	6,210
Telephone		55,928	52,840
Legal and Professional		135,000	118,800
Audit Fee		121,000	108,000
Fuel Expenses		-	20,100
Office Expenses		-	61,160
Electric charges		146,002	102,301
Repair & Maintenance		19,619	25,030
Entertainment		40,402	30,700
Office rent		1,129,687	955,700
AGM Expense		766,418	624,500
Conveyance		24,940	3,000
Testing Charges		-	699,531
Office Maintenance		35,072	704,000
Depreciation		365,773	373,551
Miscellaneous		16,476	259,467
Advertisement		-	178,156
		6,992,525	6,904,270
TAXATION			
Current Year		7,246,110	8,878,114
Correction of error		-	28,778,910
		7,246,110	37,657,024
Surplus/(Deficit) for the year		17,898,592	(7,021,900)
Accumulated surplus brought forward		2,426,762	2,426,762
Surplus available for appropriation		20,325,354	(4,595,138)
Appropriations			
General reserve fund		1,789,858	(702,190)
Building fund		5,369,578	(2,106,570)
Amenity fund		5,369,578	(2,106,570)
Development fund special		5,369,578	(2,106,570)
		17,898,592	(7,021,900)
Accumulated surplus carried over		2,426,762	2,426,762

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

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Chairperson

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Secretary

M. Arif
Committee Member

CIVIL SERVICES CO-OPERATIVE HOUSING SOCIETY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	2022 Rupees	Restated 2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Accumulated surplus	25,144,702	30,635,124
<u>Adjustment for non-cash item</u>		
Depreciation	365,773	373,551
Operating Surplus before Working Capital Changes	<hr/> 25,510,475	<hr/> 31,008,675
<u>Decrease / (Increase) in Current Assets</u>		
Advance against acquisition of land	(359,864,986)	(412,837,718)
Prepaid and other receivables	(11,209,069)	(3,966,043)
	(371,074,055)	(416,803,761)
<u>Increase / (Decrease) in Current Liabilities</u>		
Advances from members against cost of land	552,285,400	194,167,734
Current liabilities	14,820,272	57,547,180
	221,542,092	(134,080,172)
Taxes paid	(5,266,366)	(4,917,408)
Net cash (used in) generated from operating activities	<hr/> 216,275,726	<hr/> (138,997,580)
CASH FLOWS FROM INVESTING ACTIVITIES		
Short term Investment	(250,000,000)	250,000,000
Fixed assets purchased	(321,700)	(520,300)
Net cash generated from (used in) Investing activities	(250,321,700)	249,479,700
CASH FLOWS FROM FINANCING ACTIVITIES		
Issued Capital	<hr/> 12,300	-
Net cash generated from (used in) Financing activities	<hr/> 12,300	-
Net increase / (decrease) in cash & cash equivalent	(34,033,674)	110,482,120
Cash and cash equivalents at the beginning of year	123,319,486	12,837,366
Cash and cash equivalents at the end of year	<hr/> 89,285,812	<hr/> 123,319,486

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

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Chairperson

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Secretary

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Committee Member

CIVIL SERVICES CO-OPERATIVE HOUSING SOCIETY LIMITED
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED JUNE 30, 2022

Issued, subscribed & paid-up capital	Accumulated Surplus	Reserves and funds					Total Rupees
		General reserve fund	Building fund	Amenity fund	Development fund special	Total	
Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
Balance as on June 30, 2020 (Restated)	100,000	2,426,762	20,329,456	57,852,010	53,852,010	58,852,010	190,885,486
Surplus for the year (Restated)	-	(7,021,900)	-	-	-	-	(7,021,900)
Appropriation for the year (Restated)		7,021,900	(702,190)	(2,106,570)	(2,106,570)	(2,106,570)	(7,021,900)
Balance as on June 30, 2021 (Restated)	100,000	2,426,762	19,627,266	55,745,440	51,745,440	56,745,440	183,863,586
Surplus for the year	-	17,898,592	-	-	-	-	17,898,592
Issued during the year	12,300	-	-	-	-	-	12,300
Appropriation for the year		(17,898,592)	1,789,858	5,369,578	5,369,578	5,369,578	17,898,592
Balance as on June 30, 2022	112,300	2,426,762	21,417,124	61,115,018	57,115,018	62,115,018	201,762,178

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

M. A.
 Chairperson

Secretary

M. A.
 Committee Member

CIVIL SERVICES CO-OPERATIVE HOUSING SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1. THE SOCIETY AND ITS LEGAL STATUS

- 1.1** 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. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- Revised Accounting and Financial Reporting Standard for the Small-sized Entities (Revised AFRS for SSEs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the Revised AFRS for SSEs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 ACCOUNTING CONVENTION

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 written down value 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 FINANCIAL INSTRUMENT

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity

The entity initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions. The entity subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments. Investments in equity instruments that are quoted in an active market shall be measured at fair value and investments in equity instruments that do not have active market shall be carried at cost less impairment, if any. Changes in fair value are recognized in net income.

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Financial assets measured at amortized cost include cash, investment, accounts receivable and term deposits.

Financial liabilities measured at amortized cost include, the bank loan, accounts payable, amounts due to directors and officers and long-term debt.

2.5 INCOME RECOGNITION

Return on bank deposits and Investments are recognized on Accrual basis

2.6 CASH AND CASH EQUIVALENTS

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.

2.7 TAXATION

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Income tax of the estimated assessable profit for the year is calculated at the enacted corporation tax rate of 29 % (2021: 29 %).

Current tax assets and liabilities are off set and the net amount is reported in the Statement of Financial Position.

3 PROPERTY, PLANT AND EQUIPMENT

Description	C O S T			Rate %	D E P R E C I A T I O N			Written Down Value as at June 30, 2022
	As at July 1, 2021	Addition during the year	As at June 30, 2022		As at July 1, 2021	For the year	As at June 30, 2022	

	Rupees-----			Rupees-----				
Furniture & Fittings	564,480	-	564,480	15%	186,060	56,763	242,823	321,657
Office Equipment	540,300	-	540,300	15%	279,863	39,066	318,929	221,371
Vehicles	1,745,000	-	1,745,000	15%	484,238	189,114	673,352	1,071,648
Computer Equipment	-	321,700	321,700	15%	-	48,255	48,255	273,445
Software	300,580	-	300,580	15%	83,411	32,575	115,986	184,594
As at June 30, 2022	3,150,360	321,700	3,472,060		1,033,572	365,773	1,399,345	2,072,716
As at June 30, 2021	2,630,060	520,300	3,150,360		660,020	373,551	1,033,571	2,116,789

	Restated 2022 Rupees	2021 Rupees	
4 ADVANCE AGAINST ACQUISTION OF LAND			
Opening Balance	787,809,894	374,972,176	
Development Expenses	359,864,986	412,837,718	
	1,147,674,880	787,809,894	
5 SHORT TERM INVESTMENTS			
National Bank of Pakistan Term Deposit Receipts	400,000,000	150,000,000	
	400,000,000	150,000,000	
6 PREPAID AND OTHER RECEIVABLES			
Prepaid rent	432,855	429,250	
Other receivables	5,820,379	70,290	
Profit on Bank Deposit	-	2,995,550	
Profit on TDR	9,346,918	895,993	
	15,600,152	4,391,083	
7 CASH AND BANK BALANCES			
Cash at Bank			
Cash in Hand	47,614	105,570	
Cash at Bank - Currenet account	89,064,193	123,035,467	
- Saving account	174,007	178,449	
	89,285,814	123,319,486	
8 ISSUED, SUBSCRIBED & PAID-UP CAPITAL			
1,123 shares of 100 each fully paid in cash (2021: 1,000 shares)	112,300	100,000	
	112,300	100,000	
9 RESERVES AND FUNDS	Restated		
	Balance as at June 30, 2021	Appropriation for the year	Balance as at June 30, 2022
	(----- Rupees-----)		
General reserve fund	19,627,266	1,789,858	21,417,124
Building fund	55,745,440	5,369,578	61,115,018
Amenity fund	51,745,440	5,369,578	57,115,018
Development fund special	56,745,440	5,369,578	62,115,018
Total	183,863,586	17,898,592	201,762,178
10 ADVANCES FROM MEMBERS AGAINST COST OF LAND	Restated 2022 Rupees	2021 Rupees	
Opening Balance	788,298,529	594,130,797	
Received During the Year	556,209,400	195,717,732	
Refund During the Year	(3,924,000)	(1,550,000)	
<i>My</i>	1,340,583,929	788,298,529	

11 PROFIT ON TERM DEPOSITS

National Bank of Pakistan - Term Deposits	<u>26,205,411</u>	<u>28,755,814</u>
	<u>26,205,411</u>	<u>28,755,814</u>

12 PROFIT ON BANK DEPOSITS

National Bank Limited - PLS Account	<u>5,750,089</u>	<u>8,783,581</u>
	<u>5,750,089</u>	<u>8,783,581</u>

13 Correction of prior period error

During year ended June 30, 2022, the Company discovered the error in relation to the followings:

- the amount of issued, subscribed and paid up capital is more than its authorized share capital
- Reserve and Funds are understated by the same amounts stated above.
- Over recording of short terms investments in the year ended 30 June 2020.
- Profit on Terms Deposit Receipts, Saving and expenditures such as salaries, legal and professional, web-base expenses etc on receipts and payments basis instead of accrual basis.

The result of the exercise had impact on previous financials and hence these were restated in accordance with the requirement of LAS 8.

The correction of the error is accounted for retrospectively, and the comparative information for June 30, 2021 has been restated. The error has been corrected by restating each of the affected financial statement line items for the prior periods, as follows:

Statement of financial position

Retrospective impact of corrections of error

	As at 01 July 2020			As at 30 June 2021		
	30-Jun-20	Increase/ (Decrease)	1-Jul-20	1-Jul-20	Increase/ (Decrease)	30-Jun-21
			(Restated)			(Restated)
-----Rupees-----						
Issued, subscribed and paid up capital	129,600	(29,600)	100,000	100,000	-	100,000
Short term investments	411,898,630	(11,898,630)	400,000,000	400,000,000	-	150,000,000
Prepaid and other receivables	425,040	-	499,540	499,540	3,891,543	4,391,083
Accrued expenses	98,010	-	98,010	98,010	490,941	588,951
Reserves and funds	202,754,516	(11,869,030)	190,885,486	190,885,486	3,400,602	183,863,586
Net Impact on equity	205,310,877	(11,898,630)	193,412,248	193,412,248	3,400,602	224,047,370

Statement of profit or loss

For the year ended 2021

Impact of corrections of errors

	Profit		
	As Previously Reported	Increase/ (Decrease)	30-Jun-21 (Restated)
-----Rupees-----			
Income	33,489,734	4,049,661	37,539,395
Expenditure	6,255,212	649,059	6,904,271
Surplus for the year	27,234,522	3,400,602	30,635,124

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14 NUMBER OF EMPLOYEES

The total number of employees at the reporting date were 7 (2021: 5).

15 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on 13 DEC 2022 by the Society's Council.

16 GENERAL

16.1 Figures have been rounded off to nearest rupee

16.2 Prior year's figures have been re-grouped for the purpose of comparison, if required.
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Chairperson



Secretary



Committee Member