Audited Financial Statements of Federal Government Employees Housing Authority (FGEHA) for the year ended June 30, 2024

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RSM

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INDEPENDENT AUDITOR'S REPORT

To the Members of Federal Government Employees Housing Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Federal Government Employees Housing Authority (The Authority)**, which comprise the statement of financial position as at June 30, 2024, and the statement of income and expenditure, the statement of other comprehensive income, the statement of changes in funds, the statement of cash flows 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 present fairly, in all material respects, (or give a true and fair view of) the financial position of the Authority as at June 30, 2024, and its statement of income and expenditure, statement of other comprehensive income, statement of changes in funds and the statement of cash flows for the year then ended in accordance with approved accounting and reporting standards as applicable in Pakistan.

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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Authority 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 Board of Directors for the Financial Statements

Management 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 and for such internal control as management 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 is responsible for assessing the Authority'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 Authority or to cease operations, or has no realistic alternative but to do so.

Executive Board is responsible for overseeing the Authority's financial reporting process.

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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 Authority'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 Authority'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 Authority 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 Executive Board 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.

The engagement partner on the audit resulting in this independent auditor's report is Syed Naveed Abbas.

Rsm Avais Hyder Liaquat Nauman

RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS

Place: Islamabad
Date: 09 JUN 2020
UDIN: AR202410239BJwzvqKSj

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FEDERAL GOVERNMENT EMPLOYEES HOUSING AUTHORITY
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	5	312,343,533	334,768,899
Intangible asset	6	40,998,718	40,920,018
Long-term investments	7	536,635,860	336,285,878
		889,978,111	711,974,795
CURRENT ASSETS			
Housing projects in progress	8	50,865,127,289	42,849,973,494
Advances - considered good	9	2,853,715,264	2,477,982,114
Short-term investments	10	11,043,966,851	14,101,078,419
Other receivables	11	763,397,113	756,672,613
Loan receivable from associate	12	2,747,674,667	2,303,769,687
Advance tax		2,010,233	498,316
Accrued interest	13	17,210,540	14,968,738
Cash and bank balances	14	8,864,457,278	8,996,718,819
		77,157,559,235	71,501,662,200
TOTAL ASSETS		78,047,537,346	72,213,636,995
FUND AND LIABILITIES			
FUND			
UNRESTRICTED FUND			
Accumulated fund		11,442,627,289	8,283,851,491
Unrealized gain		232,702,100	32,352,118
		11,675,329,389	8,316,203,609
RESTRICTED FUND			
Employees' welfare fund		(3,143,336)	23,349,610
Lifestyle Residency reserve	15	105,536,718	98,912,218
Advances from applicants	16	5,345,173,156	4,923,101,533
Allottees account	17	52,466,165,421	49,962,280,376
Auctioned sale proceeds	18	1,831,147,177	2,494,662,206
		59,744,879,136	57,502,305,941
		71,420,208,525	65,818,509,550
LIABILITIES			
NON-CURRENT LIABILITIES			
Retention money		854,200,311	1,070,976,390
		854,200,311	1,070,976,390
CURRENT LIABILITIES			
Security deposits	19	46,795,495	43,695,494
Accrued and other liabilities	20	5,726,333,015	5,280,455,561
		5,773,128,510	5,324,151,055
TOTAL FUND AND LIABILITIES		78,047,537,346	72,213,636,995
CONTINGENCIES AND COMMITMENTS	21		

The annexed notes from 1 to 34 form an integral part of these financial statements.

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FEDERAL GOVERNMENT EMPLOYEES HOUSING AUTHORITY
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees			2023 Rupees		
INCOME		Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Operational income	22	166,907,602	-	166,907,602	300,893,230	-	300,893,230
Interest income	23	4,921,317,117	-	4,921,317,117	4,225,926,239	-	4,225,926,239
Other income	24	2,683,983	-	2,683,983	1,032,600	-	1,032,600
Income against the plots handed over		-	-	-	-	95,306,250	95,306,250
Receipts against maintenance services		-	296,256,828	296,256,828	-	323,283,381	323,283,381
		5,090,908,702	296,256,828	5,387,165,530	4,527,852,069	418,589,631	4,946,441,700
EXPENDITURE							
Administrative expenditure	25	1,941,831,434	-	1,941,831,434	1,798,459,899	-	1,798,459,899
Expenses against the plots handed over	26	-	-	-	-	95,306,250.00	95,306,250
Expenses against maintenance services		-	1,020,222,960	1,020,222,960	-	886,005,173	886,005,173
Finance costs	27	109,314	-	109,314	77,154	-	77,154
		1,941,940,749	1,020,222,960	2,962,163,708	1,798,537,053	981,311,423	2,779,848,476
SURPLUS BEFORE TAX FOR THE YEAR		3,148,967,954	(723,966,132)	2,425,001,822	2,729,315,016	(562,721,792)	2,166,593,224
Taxation	28	-	-	-	-	-	-
SURPLUS AFTER TAX FOR THE YEAR		3,148,967,954	(723,966,132)	2,425,001,822	2,729,315,016	(562,721,792)	2,166,593,224

The annexed notes from 1 to 34 form an integral part of these financial statements.

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FEDERAL GOVERNMENT EMPLOYEES HOUSING AUTHORITY
STATEMENT OF OTHER COMPREHENSIVE INCOME (OCI)
FOR THE YEAR ENDED JUNE 30, 2024

	2024 Rupees			2023 Rupees		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Surplus after taxation for the year	3,148,967,954	(723,966,132)	2,425,001,822	2,729,315,016	(562,721,792)	2,166,593,224
OTHER COMPREHENSIVE INCOME						
Items that may be reclassified subsequently to Income and expenditure:						
Gain/(Loss) on remeasurement of investments through OCI	186,519,231	-	186,519,231	(69,489,939)	-	(69,489,939)
Items that will not be reclassified subsequently to income and expenditure	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	3,335,487,185	(723,966,132)	2,611,521,053	2,659,825,077	(562,721,792)	2,097,103,285

The annexed notes from 1 to 34 form an integral part of these financial statements.

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FEDERAL GOVERNMENT EMPLOYEES HOUSING AUTHORITY
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Unrestricted Fund		Restricted Fund					
	Accumulated Fund	Unrealized Gain on revaluation of investments through OCI	Employees' Welfare Fund	Lifestyle Residency Reserve	Auctioned Sale Proceeds	Advances From Applicants	Allottees Account	Total
	----------Rupees----------							
Balance as at June 30, 2023	8,283,851,491	32,352,118	23,349,610	98,912,218	2,494,662,206	4,923,101,533	49,962,280,376	65,818,509,552
Total comprehensive income for the year								
Surplus/(Deficit) for the year	3,175,460,897	-	(26,492,944)	-	(723,966,132)	-	-	2,425,001,821
Other comprehensive income for the year	-	200,349,982	-	-	-	-	-	200,349,982
	3,175,460,897	200,349,982	(26,492,944)	-	(723,966,132)	-	-	2,625,351,803
Funds received/(refunded back)	-	-	-	-	60,451,103	422,071,623	2,503,885,045	2,986,407,772
Net amount (paid) / receipt to contractors and allottees	(16,685,099)							(16,685,099)
Transfer fee for the year	-	-	-	6,624,500	-	-	-	6,624,500
Balance as at June 30, 2024	11,442,627,289	232,702,100	(3,143,336)	105,536,718	1,831,147,177	5,345,173,156	52,466,165,421	71,420,208,525

The annexed notes from 1 to 34 form an integral part of these financial statements.

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FEDERAL GOVERNMENT EMPLOYEES HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus before taxation for the year		2,425,001,822	2,166,593,224
Adjustments for non-cash items:			
Depreciation	5.1	22,603,104	27,302,021
Unrealized (gain)/loss		-	69,489,939
Bad debt expense		2,310,924	387,966
Accrued interest on long-term investments		(17,210,540)	(10,218,758)
Accrued interest on short-term investments		(275,161,305)	(452,256,613)
Accrued interest on loan given to associate		(443,904,980)	(312,363,207)
Operating surplus before working capital changes		1,713,639,024	1,488,934,572
Working capital changes:			
(Increase)/decrease in current assets:			
Housing projects in progress		(8,015,153,795)	(9,089,680,036)
Advances - considered good		(375,733,150)	939,076,895
Other receivables		(6,724,501)	(47,805,122)
Increase/(decrease) in current liabilities:			
Advances from applicants		422,071,624	(4,019,275)
Allottees account		2,503,885,045	3,712,897,686
Lifestyle Residency reserve		6,624,500	-
Auctioned sale proceeds		60,451,103	102,890,160
Security deposits		3,100,001	9,725,310
Accrued and other liabilities		445,877,454	2,011,959,985
Retention money		(216,776,078)	141,398,762
Total changes in working capital		(5,172,377,798)	(2,279,855,634)
Tax paid		(1,511,917)	(263,573)
Net cash flows from operating activities		(3,460,250,691)	(791,184,635)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure	5	(177,738)	(130,066,411)
Capital work in process		-	(28,149,974)
Intangible asset acquired		(78,700)	(40,920,018)
Short-term investments		3,332,272,873	293,618,449
Interest received from NIT		12,657,814	-
Net cash flows from investing activities		3,344,674,249	94,482,046
CASH FLOWS FROM FINANCING ACTIVITIES			
Amount paid to contractor of phase V set off lst year		(16,685,099)	-
Net cash flows from financing activities		(16,685,099)	-
Net increase/(decrease) in cash and cash equivalents		(132,261,540)	(696,702,589)
Cash and cash equivalents at the beginning of the year		8,996,718,819	9,693,421,408
Cash and cash equivalents at the end of the year		8,864,457,278	8,996,718,819

The annexed notes from 1 to 34 form an integral part of these financial statements.

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FEDERAL GOVERNMENT EMPLOYEES HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

1 LEGAL STATUS AND OPERATIONS

The Federal Government Employees Housing Authority (the Authority) was incorporated on March 26, 1990 as non for profit organization, limited by guarantee and not having share capital' under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). However, subsequent to its incorporation, the Authority underwent a transformation and was converted into an autonomous body under Act No. IV of 2020 dated 14 January 2020, known as the Federal Government Employee Housing Act 2020 (the Act). It was established for the purposes of planning and development of housing schemes for serving and retired Federal Government employees and other specified groups and matters connected therewith and ancillary thereto.

Various locations pertaining to Authority are as follows:

Registered office	Plot # 10, Mauve Area, G-10/4, Islamabad.
Karachi office	Working women hostel PWD, 3rd floor, garden road, opposite to police headquarter Karachi.
Site office Islamabad	(Inquiry office) Plot # 4, street # 53, G13/2 Islamabad.
Site office Islamabad	(Complain office) near water tank, street # 24, G13/2 Islamabad
Site office Islamabad	Plot # 42B, street # 32, I8/2 Islamabad.

2 BASIS OF PREPERATION

2.1 Statement Of Compliance

These financial statements have been prepared in accordance with the approved accounting standard as applicable in Pakistan. Approved accounting standards comprise of International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB) and accounting standards for Not for Profit Organizations (NPOs) issued by the Institute of Chartered Accountants of Pakistan.

2.2 Basis Of measurement

These financial statements have been prepared under the historical cost convention except when specifically stated otherwise in policy & notes.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Authority's functional currency. All amounts have been rounded off to the nearest thousand, unless otherwise indicated.

2.4 Accounting estimates and judgements

The preparation of financial statements in conformity with the Accounting Standards require management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

a) Property and equipment
b) Advances and receivables
c) Contingencies
d) Impairment & provisions
e) Taxation

3 NEW AND REVISED STANDARDS, INTERPETATIONS AND LAWS

a) Standards and amendments to approved accounting standards that are effective

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Authority's annual accounting period which began on July 01, 2021. However, these do not have any significant impact on the Authority's financial reporting.

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b) Standards and amendments to approved accounting standards that are not yet effective

There is a standard and certain other amendments to the accounting and reporting standards that will be mandatory for the Authority's annual accounting periods beginning on or after July 01, 2022. However, these are considered either not to be relevant or to have any significant impact on the Authority's financial statements and operations and, therefore, have not been disclosed in these financial statements.

c) Laws and regulations that are not yet effective

State Owned Enterprises Act, 2023 will be applicable on the Authority's annual accounting periods beginning on or after July 01, 2022. However, it does not have any significant impact on the Authority's financial statements in the current year.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Property and equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any except freehold land and capital work in progress which are stated at cost less accumulated impairment, if any. Depreciation is charged to the statement of income & expenditure on reducing balance method so as to depreciate the cost of assets over their estimated useful lives at the rates specified in relevant note. Depreciation on additions is charged on monthly basis from the month the asset is put to use while depreciation on assets disposed off during the year is charged up to the month the asset remain in use.

Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. Carrying amount of the replaced part is recognized. All other repair and maintenance are charged to the statement of income and expenditure during the year. Gains and losses on disposal of fixed assets are included in the statement of income and expenditure.

4.2 Intangible assets

Intangible assets acquired separately are initially recognized at cost. After initial recognition, these are measured at cost less accumulated amortization and accumulated impairment losses. Costs associated with routine maintenance of intangible assets are recognized as an expense when incurred. However, costs that are directly attributable to identifiable intangible assets and which enhance or extend the performance of intangible assets beyond the original specification and useful life is recognized as capital improvement and added to the original cost of the asset.

Amortization is charged using the reducing balance method. Amortization on additions is charged from the month in which an intangible asset is available for use till the date of disposal.

4.3 Financial instruments

All financial assets and financial liabilities are recognized at the time when the Authority becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Authority losses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to the statement of comprehensive income.

Classification of financial instruments

Financial assets

The Authority classifies its financial assets in the following measurement categories:

a) Amortized cost where the effective interest rate method will apply;

b) fair value through profit or loss;

c) fair value through other comprehensive income.

The classification depends on the Authority's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in statement of comprehensive income. For investments in equity instruments that are not held for trading, this depends on whether the Authority has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVTOCI). The Authority reclassifies debt investments when and only when its business model for managing those assets changes.

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Recognition and measurement

Financial assets

Regular way purchases and sales of financial assets are recognized on trade-date at fair value, the date on which the Authority commits to purchase or sell the asset. Further, financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Authority has transferred substantially all the risks and rewards of ownership. After initial recognition, financial assets are carried at amortized cost.

Financial liabilities

Financial liabilities are recognized at the time when the Authority becomes a party to the contractual provisions of the instrument. All financial liabilities are recognized initially at fair value less directly attributable transactions costs, if any, and subsequently measured at amortized.

De-recognition

Financial assets

The Authority derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity.

On de-recognition of financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of consideration received and receivable is recognized in statement of income and expenditure.

Financial liabilities

The Authority derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in statement of income and expenditure.

Impairment of financial assets

The Authority assesses at each year end whether there is an objective evidence that the financial assets are impaired. A financial asset is impaired if an objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Authority assesses on a historical as well as on a forward looking basis the expected credit losses (ECL) as associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade debts, the Authority applies IFRS 9 simplified approach to measure the expected credit losses (loss allowance) which uses a life time expected loss allowance to be recognized from initial recognition of the receivables while general 3-stage approach for other financial assets i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. Losses are recognized either in statement of income and expenditure or other comprehensive income depending on the model of financil asset. Subsequent reversal of impairment is recognized in statement of income and expenditure or other comprehensive income depending on the model of financial asset.

Impairment of non-financial assets

The carrying amounts of the Authority's assets are reviewed at each year end to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Impairment losses are charged to statement of income and expenditure.

Off-setting financial assets and financial liabilities

A financial asset and a financial liability is set off and the net amount is reported in the statement of financial position if the Authority has a legally enforceable right to set off the recognized amounts and also intends either to settle these on a net basis or to realize the asset and settle the liability simultaneously.

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4.4 Housing projects in progress

The housing project in progress include, including land acquisition, development, and direct incremental costs associated with land acquisition and land development. These costs are recognized in the statement of financial position at the lower of cost and net realizable value (NRV).

Upon the physical possession of a plot being granted to an allottee, the housing project costs are recognized in the statement of income and expenditure. This recognition is based on specific costs incurred for the respective plot, determined by factors such as the plot's size and the initially agreed price at the time of plot allotment.

4.5 Advances and other receivables

These are classified at amortised cost and are initially recognized when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

4.6 Related party transactions

Transactions with related parties are carried out on commercial terms and condition unless specifically mentioned in relevant note.

4.7 Investment in joint venture

Investment in joint venture is initially stated at cost less impairment, if any, for any diminution in its value. Subsequently, it is measured through the equity method.

4.8 Investments held to maturity

Investments with fixed or determinable payments and fixed maturity and where the Authority has positive intent and ability to hold to maturity are classified as held to maturity. These are initially recognized at cost inclusive of transaction costs and are subsequently carried at amortized cost using the effective interest rate method.

4.9 Cash and cash equivalents

Cash and cash equivalents for the purpose of statement of cash flows comprise cash in hand and cash at bank that are readily convertible to known amounts of cash which are subject to an insignificant risk of change in value. Cash and cash equivalents are carried in the statement of financial position at cost.

4.10 Welfare fund

The Authority maintains a separate Fund under the name and style of Federal Government Employees Housing Authority Welfare Fund and transfers 75% urgent transfer fees to this Fund for the welfare of the employees of the Authority.

4.11 Accrued expenses and other liabilities

These amounts represent liabilities for goods and services provided to the Authority prior to the end of financial year which are unpaid. Accrued expenses and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortised cost using the effective interest method.

4.12 Available for sale investments

These are recognized at fair value. Gain or loss from changes in fair values are taken to accumulated fund until disposal at which time these are reclassified to income & expenditure account.

4.13 Provisions

A provision is recognized in the statement of financial position when the Authority has a legal or constructive obligation 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 determined by discounting future cash flows at appropriate discount rate where ever required. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

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4.14 Contingent assets and liabilities

Contingent assets are disclosed when the Authority has a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority. Contingent assets are not recognized until their realization becomes virtually certain.

A contingent liability is disclosed when the Authority has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Authority; or the Authority has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

4.15 Unrestricted fund - (General fund)

Funds generated by the Authority through normal operations i.e. transfer fees, processing fees and NOC fees, without specific purpose are classified as unrestricted general fund. Accordingly, any other income generated and expenses incurred with respect to normal operation of the Authority which are not related to specific purpose or activity, are charged to statement of income and expenditure.

4.16 Restricted fund

Funds received directly for specific purpose or activity are classified as restricted funds. Funds provided or utilized for the capital expenditure are shown in the statement of financial position as restricted fund and a portion of the restricted fund is as income in the statement of income and expenditure to match the related expenditure recognized during the year on related capital items. Funds utilized for revenue expenditure are credited to the statement of income and expenditure to the extent of related actual expenditure.

The following items are shown as restricted fund in these financial statements as these are provided for specific purpose or activity.

a. Employees' Welfare Fund
b. Lifestyle Residency Reserve
c. Auctioned Sale Proceeds
d. Advances from Applicants
e. Allottees Account

4.17 Taxation

As per the Act of parliament, The Federal Government Employees Housing Authority is exempt from taxation for a period of five years starting from the commencement of this Act i.e., January 15, 2020.

4.18 Operational income

Operational income from different services provided to allottees is recognized when or as the Authority satisfies the performance obligation by rendering a promised service to the allottees. A good or service is transferred when the customer obtains control of that good or service. The Authority principally satisfies its performance obligation at point in time. Operational income is measured at the fair value of the consideration received or receivable in exchange of transfer of goods or services.

4.19 Interest income

Return on short term investment, bank deposit and securities are recognized on time proportion basis using effective interest rate method in the period in which they arise.

4.20 Employee benefits

The Authority operates temporary pension scheme and general provident & benevolent fund for employees on deputation which is transferred at the time of transfer of employee on deputation. The Authority also operates welfare fund for its other officers and employees. This welfare fund is being financed through share of urgent transfer fee.

4.21 Revenue recognition

Operational income on account of transfer fee, surcharge, possession fee, legal fee, processing fee, NOC fee and other miscellaneous fees are recognized on actual receipt basis.

Interest on bank deposits is recognized on time proportion accrual basis by reference to the principal outstanding and the applicable rate of return. Income on investments is recognized on time proportion accrual basis taking into account the effective yield of such securities.

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4.22 Borrowing costs

Borrowing and other related costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

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	Note	2024 Rupees	2023 Rupees
5 PROPERTY AND EQUIPMENT			
Operating fixed assets	5.1	251,166,543	273,591,909
Capital work in process	5.2	61,176,990	61,176,990
		312,343,533	334,768,899

5.1 Operating fixed assets

	Freehold land	Building on free hold land	Computer & equipment	Furniture & fixture	Vehicles	Total
	----------Rupees----------					
Cost						
Balance as at July 01, 2022	3,168,212	113,035,223	103,380,825	30,595,350	108,455,913	358,635,523
Additions during the year	129,339,233	-	-	479,600	247,578	130,066,411
Disposals during the year	-	-	-	-	-	-
Balance as at June 30, 2023	132,507,445	113,035,223	103,380,825	31,074,950	108,703,491	488,701,934
Additions during the year	-	-	177,738	-	-	177,738
Disposals during the year	-	-	-	-	-	-
Balance as at June 30, 2024	132,507,445	113,035,223	103,558,563	31,074,950	108,703,491	488,879,672
Accumulated depreciation						
Balance as at July 01, 2022	-	74,881,580	50,940,428	12,649,395	49,336,601	187,808,003
Charge for the year	-	3,815,364	8,012,322	2,293,612	13,180,723	27,302,021
On the deletions	-	-	-	-	-	-
Balance as at June 30, 2023	-	78,696,944	58,952,750	14,943,006	62,517,324	215,110,025
Charge for the year	-	3,699,130	6,789,898	1,675,066	10,439,010	22,603,104
On the deletions	-	-	-	-	-	-
Balance as at June 30, 2024	-	82,396,074	65,742,648	16,618,072	72,956,333	237,713,129
Carrying value as at June 30, 2024	132,507,445	30,639,149	37,815,915	14,456,878	35,747,158	251,166,543
Carrying value as at June 30, 2023	132,507,445	34,338,279	44,428,075	16,131,944	46,186,167	273,591,909
Depreciation rate per annum %		10%	15%	10%	20%	

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	Note	2024 Rupees	2023 Rupees
5.2 CAPITAL WORK IN PROCESS			
Opening balance		61,176,990	33,027,016
Construction work during the year			28,149,974
		61,176,990	61,176,990
Less: Transferred to fixed assets		-	-
Closing balance	5.2.1	61,176,990	61,176,990

5.2.1 This represents construction costs incurred on the third and fourth floor of the head office building located at G-10/4 and security office located at G-13. These are expected to be completed in 2025.

6 INTANGIBLE ASSET			
Cost			
Opening balance		40,920,018	-
Addition during the year	6.1	78,700	40,920,018
Disposal during the year		-	-
Closing balance		40,998,718	40,920,018
Accumulated Impairment			
Opening balance		-	-
Charge for the year		-	-
Closing balance		-	-
Net book value		40,998,718	40,920,018

6.1 FGEHA signed an agreement with NRTC for developing software for FGEHA. This amount represents the development cost incurred on the development of accounting software which is partially completed but not available for use till the year end.

7 LONG-TERM INVESTMENTS			
At fair value through other comprehensive income			
National Investment Trust Unit (NIT)	7.1	272,249,236	349,535,318
Gain/(loss) on remeasurement for the year		186,519,231	(77,286,082)
		458,768,467	272,249,236
Housing Authority pension fund investment through OCI			
Investment in NBP Islamic Mahana Amdani fund		6,985	5,779
Investment in NBP Islamic Money Market fund		32,175,374	24,860,129
Investment in NBP Islamic Government Securities Plan-III		28,983,161	-
Investment in NBP I.M.A fund		16,701,873	13,803,794
Investment In NBP Islamic Mustahkam Fund		-	25,366,940
	7.2	77,867,393	64,036,642
Investment in related party-through equity method			
Investment in joint venture - unquoted	7.3	100,000	100,000
Less: Impairment against investment		(100,000)	(100,000)
		536,635,860	336,285,878

7.1 This represents investment made in NIT, which is measured at a market price of Rs.85.30 (2023: Rs.50.62) per unit. The authority holds a total of 5,378,593 units, which were purchased at a cost of Rs.46.48 per unit.

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7.2 The fund is created to provide pension among retiring employees of Federal Government Employees Housing Authority. During the year, gain of Rs.13,830,751 (2023: Rs.7,796,143) was arised on the fund which has been charged to other comprehensive income.

7.3 The Authority entered into a joint venture agreement with Progressive Resorts & Motels (Private) Limited and incorporated a new company namely EHFPRO (Private) Limited on May 24, 2010. The Authority holds 50% shares in the company in accordance with IFRS-11. In the year ending June 30, 2022, the company incurred significant losses that exceed the carrying value of the investment. Consequently, impairment losses were recognized, resulting in nil investment.

	Note	2024 Rupees	2023 Rupees
8 HOUSING PROJECTS IN PROGRESS			
Cost of land acquired:			
Phase - III (G-13)		532,414,066	532,414,066
Phase - III EXT (G-14/4)		147,226,000	147,226,000
Phase - IV (G14/1,2,3)		7,945,851,089	7,264,728,864
Phase - VI (Barakahu Ge-I)		3,243,835,883	3,243,835,883
Phase - VI (Barakahu Ge-II)		70,473,264	70,473,264
Phase - VII (F-14 & 15)		12,029,286,940	10,463,836,865
Phase-X (Parkroad)		2,189,417,402	1,635,327,165
Peshawar Scheme		4,355,741	4,355,741
Lifestyle Residency Bedian Road Lhr Scheme		423,247,400	423,247,400
Skyline Apartments		445,501,000	445,501,000
Chaklala Scheme-III (Chaklala Heights)		82,116	82,116
Karachi Scheme (Ph-I, Ph-II, Ph-III)		15,183,765	15,183,765
F-12		826,728,775	
		27,873,603,441	24,246,212,129
Development expenditures:			
Phase - III (G-13)		697,813,840	697,813,840
Phase - III EXT (G14/4)		386,208,599	386,208,599
Phase - IV (G14/1,2,3)		4,620,660,143	3,603,962,106
Phase - VI (Barakahu Ge-I)		3,046,228,433	2,747,416,070
Phase - VI (S.K.G)		2,180,844,805	1,082,222,831
Phase - VII (F-14 & F-15)		27,440,041	25,391,347
Phase- IX (Thalian)		2,164,940	2,164,940
Phase - X (Park road)		219,629,482	143,205,431
Lifestyle Residency Lhr Bediyan		510,388,489	494,424,039
Skyline Apartments		1,562,507,583	1,316,570,222
Chaklala Scheme		1,913,752,553	1,505,163,296
Kashmir Avenue Apartments G-13		2,324,898,691	2,020,211,326
Mauve Area G-12		750,374,710	469,604,955.00
Mauve area G-13, G-14		416,988,481	409,802,042
Karachi Scheme (PH-I, PH-II, PH-III)		1,737,109,959	901,878,731
Karachi Scheme - Monogoth and Scheme 33		150,345,604	611,034,961
		20,547,356,353	16,417,074,736
Rehabilitation of phase-III (G-13)		2,062,594,739	1,852,756,270
Rehabilitation of phase-III EXT (G-14/4)		381,572,756	333,930,359
		50,865,127,289	42,849,973,494

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	Note	2024 Rupees	2023 Rupees
9 ADVANCES - CONSIDERED GOOD:			
Staff	9.1	41,045,553	36,292,940
Contractors	9.2	2,812,434,711	2,441,454,174
Other advances		235,000	235,000
		2,853,715,264	2,477,982,114

9.1 These comprise of short-term advances given to employees for meeting daily expenses, imprest and other personal loans against salary. These are unsecured and do not carry any mark up.

9.2 These comprise of construction, mobilization, security, cement and steel advances to different contractors. These are secured against bank guarantee and retention money.

10 SHORT-TERM INVESTMENTS			
Investment in TDRs - At amortized cost			
Investment in Bank of Punjab		-	4,042,954,624
Investment In N.B.P G-9 Branch		-	1,043,273,973
Investment In Allied Bank		-	2,137,425,434
Investment In Faysal Bank	10.1	6,123,619,152	6,877,424,388
Investment In Bank Alfalah	10.2	2,063,059,778	-
Investment In Soneri Bank	10.3	2,857,287,921	-
		11,043,966,851	14,101,078,419

10.1 This includes accrued interest of Rs.189,180,693 on TDRs with Faysal Bank @ 21.50% and 21.75% having maturities between 15-07-2024 and 20-08-2024.

10.2 This includes accrued interest of Rs.18,077,087/- on TDRs with Bank Alfalah @ 21.51% having maturity term from 15-04-2024 to 15-07-2024.

10.3 This includes accrued interest of Rs.67,903,525/- on TDRs with Soneri Bank @ 21.05% having maturities between 17-08-2024 and 20-08-2024.

11 OTHER RECEIVABLES			
Tax recoverable from FBR	11.1	625,932,141	625,932,141
Transfer fee receivable from EHFPRO		59,507,000	52,882,500
Security deposits		362,500	262,500
Other receivables	11.2	82,143,132	82,143,132
		767,944,773	761,220,273
Provision for doubtful receivables		(4,547,660)	(4,547,660)
		763,397,113	756,672,613

11.1 Tax demand of Rs. 233,009,634/- was created by ACIR by imposing tax on the Allottee's receipts. Appeal was filed before CIR (Appeals) against the said order, who decided the case in favor of FBR and recovery was made by FBR. On November 22, 2023, the Appellate Tribunal Inland Revenue (ATIR) rendered a decision in favor of the Federal Government Employees Housing Authority (FGEHA).

This also includes refund of Rs. 392,922,507/- was created as under clause (147) of Part I of the Second Schedule of the Income Tax Ordinance 2001. As per this section, any income derived by the Federal Government Employees Housing Authority (FGEHA) for the Tax Year 2020 and the following four tax years is exempt from income tax. Moreover, section 113 is also not applicable to this entity as an exemption was granted by FBR under section 159. An application is filed with FBR under section 170 to claim this refund.

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11.2 This includes an amount of Rs. 4,547,660 which was misappropriated by a staff member in 1992. The Authority has recognized a provision against the aforesaid amount. The Authority has filed a case in the Banking Court for recovery of the said amount. On the directions of the court, the Tehsildar Cantt, Rawalpindi has submitted market value of the suit property owned by that person. The court has further requisitioned from revenue department to check whether there is any lien over the properties or not and who is the owner of these properties in the revenue record. Management is of the view that the said amount will be recovered from the auction of said property.

	Note	2024 Rupees	2023 Rupees
12 LOAN RECEIVABLE FROM ASSOCIATE			
Loan receivable from EHFPRO	12.1	2,747,674,667	2,303,769,687
		2,747,674,667	2,303,769,687

12.1 This includes accrued interest of Rs. 443,904,980 (2023: Rs 547,121,566). The Authority provided interest free loan to EHFPRO for 6 months, to keep the pace of construction works and meet the approved timeline for bridge financing. Due to non-repayment of loan within 6 months, the authority charged interest at the rate of KIBOR + 2%.

13 ACCRUED INTEREST			
N.I.T Units		17,210,540	12,657,814
Investment in NBP fund		-	2,310,924
		17,210,540	14,968,738
14 CASH AND BANK BALANCES			
Cash at bank - saving accounts	14.1	8,864,411,236	8,996,668,510
Cash in hand		46,042	50,309
		8,864,457,278	8,996,718,819

14.1 These carry effective profit rate ranging from 19.50% to 20.50% per annum.

15 LIFESTYLE RESIDENCY RESERVE			
Opening balance		98,912,218	87,487,718
Transfer fee for the year	15.1	6,624,500	11,424,500
Closing balance		105,536,718	98,912,218

15.1 Lifestyle residency reserve represents transfer fee against the transfer of flats collected / received from the transferees required to be shifted to the Authority by EHFPRO (Private) Limited. The reserve will be used for the upkeep / maintenance of facilities of Lifestyle Residency apartments project and the surrounding areas.

16 ADVANCES FROM APPLICANTS		
Phase - I (I-8, G-11)	220,577	220,577
Phase - II (D-12, E-12)	26,807,076	26,807,076
Phase - III (G-13, G14/4)	100,255,687	100,255,687
Phase IV	380,684,170	380,934,170
Phase V	3,198,400	3,198,400
Peshawar Scheme	9,783,580	9,783,580
Lahore scheme	480,823	480,823
Karachi scheme (monogoth)	15,441,670	15,441,670
Karachi scheme (scheme-33)	35,000	35,000
KDA scheme (scheme-33)	4,883,000	5,153,000
Membership fee Ph-I	608,284,981	610,087,981

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	Note	2024 Rupees	2023 Rupees
16 ADVANCES FROM APPLICANTS (Continued---)			
Membership fee Ph-II		3,096,725,797	3,043,848,939
Consent Form Fee Apartments		704,429,630	726,854,630
Processing fee (F12/G12)		393,942,765	-
	16.1	5,345,173,156	4,923,101,533

16.1 This represents the membership fee received from the federal government employees. It will be transferred to the allottee account on the issuance of Provisional offer letter to the employee.

17 ALLOTTEES ACCOUNT			
Phase - II (D-12, E-12)		-	-
Phase - III (G-13, G14/4)		1,570,108,830	1,569,819,862
Q-A U allottees		151,525,300	151,525,300
Phase - IV (G14/1,2,3)		7,693,666,702	7,474,147,442
CDA allottees		129,886	129,886
Barakahu Green Enclave-I		4,568,513,906	3,857,899,893
Barakahu Green Enclave-II		3,837,572,051	3,948,864,813
Barakahu Green Enclave-II (Skygarden)		3,210,566,948	2,548,395,170
Phase-VII (F-14 & 15)		13,763,624,536	13,772,537,934
Thallian		2,047,459,910	2,097,706,910
Thallian (GP)		99,662,900	121,320,500
Park road		3,809,621,674	3,319,841,372
Allottee Lifestyle Residency Lahore Bedian Road		218,701,489	224,033,286
Allottee Skyline Apartments		2,632,973,069	2,523,302,952
Allottee Skyline Apartments (GP)		215,641,062	194,933,961
Allottee Chaklala Heights		1,972,469,800	1,817,163,874
Allottee Chaklala Heights (GP)		149,966,171	121,512,153
Allottee Account Apartments Kashmir Avenue G-13		4,783,148,543	4,656,366,634
Karachi Scheme-33 Ph-I		1,064,593,714	978,042,538
Karachi Scheme-33 Ph-II		219,466,306	223,466,666
Karachi (Monogoth and Scheme 33)		8,294,003	8,294,003
Allottee Multan Road, Lahore Scheme		21,521,947	21,521,947
Receipts from affectees of G-15		297,274,600	201,791,206
Mauve Area G-13, G-14		129,662,074	129,662,074
		52,466,165,421	49,962,280,376
18 AUCTIONED SALE PROCEEDS			
Receipt from auctioned sale proceeds till date	18.1	3,495,592,308	3,435,141,205
Maintenance expenses incurred till date	18.2	(1,664,445,131)	(940,478,999)
		1,831,147,177	2,494,662,206
18.1 Receipt from auctioned sale proceeds till date			
Proceeds from auction of plots of Ph-III (G-13 Markaz)		2,928,345,396	2,867,894,293
Proceeds from auction of plots of Ph-III EXT (G-14/4 Markaz)		567,246,912	567,246,912
		3,495,592,308	3,435,141,205

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	Note	2024 Rupees	2023 Rupees
18.2 Maintenance expenses incurred till date			
Maintenance charges incurred:			
Maintenance phase - III, Water Charges		1,484,579,947	825,421,852
Maintenance phase - III, Street Lights		2,840,032	2,840,032
Maintenance phase - III, Map Charges		39,000	39,000
Maintenance phase - III, Sewerage		42,023,839	42,023,839
Maintenance phase - III, Garbage Collection		471,940,422	352,819,514
Maintenance phase - III, Construction Charges		60,729,377	47,798,219
Maintenance phase - III, Misc. Expense		169,069,507	109,169,056
Maintenance phase - III, Electric Charges		642,246,403	512,632,244
Maintenance phase - III, Advertisement		15,603,634	15,603,634
Maintenance phase - III, Furniture and Fixtures		1,914,939	1,914,939
Maintenance phase - III, Plant, Machinery and Equipment		4,536,656	4,536,656
Maintenance phase - III, Vehicles		8,283,200	8,283,200
Maintenance phase - III, Salary		92,098,117	71,219,593
Maintenance phase - III, Watch and Ward		3,563,702	3,476,302
Maintenance phase - III, Repair of Vehicles		213,676	24,900
Maintenance phase - III, Horticulture (Green Belts)		56,200,488	37,856,999.00
Maintenance phase - III, Repair of Equipment		497,156	497,156
		3,056,380,095	2,036,157,136
Receipts from allottees for maintenance:			
Maintenance phase - III, Water and Allied Charges		(257,450,019)	(218,623,032)
Maintenance phase - III, B.C.S Receipts		(451,336,100)	(388,461,465)
Maintenance phase - III , Business Telecommunication Service (BTS		(2,573,456)	(987,360)
Maintenance phase - III, Occupancy Charges, Property Tax		(163,392,138)	(49,687,349)
Maintenance phase - III, Income from School		(18,677,716)	(5,504,297)
Maintenance phase - III, Misc Fee		(32,597,715)	(29,708,107)
Maintenance phase - III, Delay Construction Charges		(465,907,820)	(402,706,526)
		(1,391,934,964)	(1,095,678,136)
Net expense against maintenance account		1,664,445,131	940,479,000

18.3 Auctioned sale proceeds include the proceeds received from the auction of commercial area in phase-III. These proceeds will be utilized to meet the expenditure against the housing projects in progress and the maintenance of those projects.

18.4 Maintenance account represents receipt and payment of maintenance of G-13 sector. Authority is responsible for the maintenance and rehabilitation of G-13. For this purpose, it incurs expenses and reimburse it from allottees.

19 SECURITY DEPOSITS			
Security deposits payable - contractors		15,789,991	12,689,991
Security deposits payable - others		20,046,167	20,046,166
Security deposits - Karachi		10,959,337	10,959,337
		46,795,495	43,695,494
20 ACCRUED AND OTHER LIABILITIES			
Payable to SCBA		4,835,948,142	4,850,386,385
Income tax deducted at source	20.1	62,572,846	87,095,491
Pension contribution	20.2	1,427,514	2,330,974

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	Note	2024 Rupees	2023 Rupees
20 ACCRUED AND OTHER LIABILITIES (Continued---)			
Development charges payable to C.D.A		213,095,951	219,187,800
Payable to C.D.A (plots)	20.3	1,553,311	287,686
Recovery of loan payable		308,198	340,801
Payable to contractors		22,118,610	16,832,631
Withheld from contractors		529,503,288	83,373,354
Audit fee		3,465,000	3,150,000
Earnest money		1,734,520	1,734,520
Payable to PARC		-	460
Payable to EHFPRO		1,460,750	1,309,150
Accrued liabilities		40,200,968	8,793,503
Others		12,943,917	5,632,806
		5,726,333,015	5,280,455,561

20.1 This comprises of tax deducted from contractors, consultants, enterprises, suppliers and staff salaries.

20.2 This includes pension contribution payable of Deputationists which is paid to their relevant organizations.

20.3 This includes plot fee taken by FGEHA from allottees and later on transferred to CDA on its possession or sale.

21 CONTINGENCIES AND COMMITMENTS

21.1 The income tax authorities have initiated a number of cases against the authority and have started proceedings under the Income Tax Ordinance, 2001 for a number of tax periods. The authority claims that the income of the authority is exempt from tax and thus, no tax is payable. However, no provision against such initiated proceedings has so far been made in these financial statements for the previous tax periods. The tax recovered by the tax authorities has been shown as advance tax recoverable from the tax department and has not been adjusted against tax liabilities. The authority is sure that there shall be no tax payable by it, once the matter is adjudicated upon by the appellate authorities. Following are details of these cases:

1. Tax Year 2007 (Housing Authority Vs. Commissioner Inland Revenue)
Tax Demand of Rs. 10,622,326/- was created, including Rs. 4,195,463/- because of revision of income based on audited accounts and Rs. 6,426,863/- as surcharge. Housing Authority deposited the Tax Liability of Rs. 4,195,463/- and filed appeal against surcharge before Commissioner Appeals, and demand of surcharge was deleted. FBR filed appeal before the Appellate Tribunal Inland Revenue against deletion, which is pending adjudication.
2. Tax Year 2008 (Housing Authority Vs. Commissioner Inland Revenue)
Tax Demand of Rs. 8,082,805/- was created, including Rs. 3,340,480/- created by rejecting the application for rectification of income based on audited accounts and Rs. 4,742,325/- as surcharge. Housing Authority filed appeal before Commissioner Appeals, and demand of surcharge was deleted. FBR filed appeal before the Appellate Tribunal Inland Revenue, which is pending adjudication.
3. Tax Year 2009 (Housing Authority Vs. Department Inland Revenue)
The Commissioner selected the case for audit, proceedings concluded on demand of Rs. 1,313,680,812/-, involving estimations, cost of flats/plots and advances from allottees. Appeal was filed before the Commissioner Appeals, who partly confirmed the order and remanded back some of the issues for de novo consideration. Appeal was also filed before the ATIR, which is pending adjudication. FBR has also filed appeal before Tribunal. FBR again created tax demand of Rs. 817,381,000/- through re-assessment and again based on estimation of income and not complied with the directions of CIR Appeals. The Commissioner Appeals again passed the order for de novo consideration. The ATIR has later stayed the re-assessment proceedings, which is still continuing.

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21 CONTINGENCIES AND COMMITMENTS (Continued---)

4. Tax Year 2010 (Housing Authority Vs Department Inland Revenue)

IRO created tax demand of Rs. 189,174,226/- on the basis of issues raised by FBR for the Tax Year 2009, which were carried on estimations. The CIR Appeals partially confirmed the original assessment order, deleted few additions, while others were set aside for de novo re-assessment proceedings. FBR and Housing Authority have filed appeals before ATIR, which are pending adjudication.

5. Tax Year 2011 (Housing Authority Vs Department Inland Revenue)

IRO created tax demand of Rs. 54,627,342/- on the basis of issues raised by FBR for the Tax Year 2009, which were carried on estimations. The CIR Appeals partially confirmed the original assessment order, deleted few additions, while others were set aside for de novo re-assessment proceedings. FBR and Housing Authority have filed separate appeals before ATIR, which are pending adjudication. The Tax Consultant hopes that the pending cross appeals shall be decided in favour of Housing Authority.

Besides above, it is relevant to mention that the Honourable Tribunal; stayed the recovery of the demand determined by the OIR. While OIR illegally levied four penalties, within 3 days, without issuing show cause notice and exceeding his jurisdictions. 4 Penalties are as under:

i) Principal amount RS. 56,656,358/- DCR No. 57/17 dated 21-05-2013
ii) Penalty of RS. 11,332,272/- DCR No. 59/19 dated 22-05-2013
iii) Penalty of RS. 2,832,818/- DCR No. 56-19 dated 20-05-2013
iv) Penalty of RS. 1,699,691/- DCR No. 58/19 dated 21-05-2013

The main appeal was set aside by the Commissioner Appeals, which is pending adjudication before Inland Revenue Tribunal. The facts are brought in the knowledge of the Chief Commissioner and the concerned Commissioner.

6. Tax Year 2012 (Housing Authority Vs Officer Inland Revenue)

The default surcharge of Rs. 381,289/- was levied because of short payment of tax along with Annual Income Tax Return. Appeal has been filed before CIR, which is pending.

7. Tax Year 2013 (Housing Authority Vs Commissioner Inland Revenue)

Tax demand of Rs. 5,457,756/- was created including a penalty of late filing of Income Tax Return. Appeal was filed before the CIR, who set aside the original penalty order by deciding the case for re-assessment. Housing Authority filed appeal before ATIR, which granted the stay against re-assessment till final disposal of appeal file.

8. Tax Year 2016 (Housing Authority Vs Commissioner Inland Revenue)

Tax demand of Rs. 2,256,579,252/- was created by ACIR by imposing tax on the Allottee's receipts and by disallowing certain expenditures claimed for the year. Appeal was filed before CIR Appeals who remanded back the case to ACIR for re-assessment and for passing speaking orders for the demand. Case is under process.

9. Tax Year 2017 (Housing Authority Vs. Assistant Commissioner Inland Revenue)

Demand was created for Rs.4,296,999- as on 22nd June 2023 by ACIR by reconciling of for the year withholding taxes and 236C & K. Being aggrieved and disagreed with the reconciliation, FGEHA filed and appeal before CIR appeals who remanded back the case to ACIR for re-assessment for passing speaking orders for the demand.

10. Tax Year 2017 (Housing Authority Vs. Assistant Commissioner Inland Revenue)

Demand was created for Rs.1981,755,322/- as on 30th jan 2024 by ACIR by imposing tax on the Allotee's receipt etc. Appeal is filled before CIR Appeals which is in process.

11. Tax Year 2018 (Housing Authority Vs. Assistant Commissioner Inland Revenue)

Demand was created for Rs. 793,801,521/- by ACIR by imposing tax on the applicant's receipts and allottees receipts etc. Appeal was filled before CIR appealed who remanded back the case to ACIR for re-assessment and for passing speaking orders for the demand.

12. Tax Year 2018 (Housing Authority Vs. Assistant Commissioner Inland Revenue)

Show cause was issued by ACIR for Rs.2,457,858,733/- and asked for reconciling of for the year withholding taxes and 236C & K. Case is in process.

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21 CONTINGENCIES AND COMMITMENTS (Continued---)

13. Tax Year 2019 (Housing Authority Vs. Assistant Commissioner Inland Revenue)
Show cause was issued by ACIR for Rs. 3,732,544,214/- and asked for reconciling of tot the year withholding taxes and 236C & K. Case is in process.

14. Tax Year 2019 (Housing Authority Vs Commissioner Inland Revenue)
Tax demand of Rs. 82,569,032/- was created u/s 122(1) by disallowing adjustment of refundable as per returns for tax years 2015, 2016, 2017 and 2018. Appeal was filed before CIR (Appeals) who remanded back the case to ACIR.

15. Tax Year 2019 (Housing Authority Vs. Assistant Commissioner Inland Revenue)
Show cause was issued by ACIR for RS 584,928,220/- and asked for reconciling of for the year withholding taxes and 236C & K. Case is in process.

16. Tax Year 2021 (Housing Authority Vs. Assistant Commissioner Inland Revenue)
Show cause was issued by ACIR for Rs.1462,777,248/- and asked for reconciling of for the year withholding taxes and 236C & K. Case is in process.

21.2 A number of legal cases are pending in different Courts of Law where the Authority is involved. In most of the cases, the original dispute is between the original allottees and the subsequent buyer / private party wherein the authority is impleded as Performa defendant. Thus, no active relief has been claimed against the authority. In few cases, the authority is an active defendant involving land acquisition as well as cancellation of plots due to concealment of facts etc. by the allottees. However, no financial loss is expected to arise against the Authority. Following are details of these cases:

1. Allotment policy of FGEHA was challenged in the High court by filing some writ petitions which were decided against FGEHA. FGEHA then challenged the said judgements by filing CPLA in the Supreme court of Pakistan which is still pending adjudication

	Note	2024 Rupees	2023 Rupees
22 OPERATIONAL INCOME			
Service charges		10,019,765	13,879,419
Processing fee		4,412,750	5,145,800
Legal fee		3,188,000	3,114,000
Transfer fee		91,884,378	151,653,899
Attorney fee		2,391,358	-
Tender fee		50,000	-
C.T.C charges		792,340	881,211
Surcharge		17,829,126	49,106,175
Water royalties		4,287,282	381,514
Forfeiture income		232,500	151,750
Urgent transfer fee		23,548,653	39,872,237
N.O.C fee		5,372,450	13,142,750
Auction proceeds		1,320,000	21,219,715
Sale of forms		248,000	-
Restoration charges (Karachi office)		1,331,000	2,344,760
		166,907,602	300,893,230
23 INTEREST INCOME			
PLS saving accounts		2,021,758,995	1,667,277,403
NIT		17,210,540	10,218,758
Mark-up on TDRs		2,438,442,602	2,236,066,871
Interest on loan given to EHFPRO		443,904,980	312,363,207
		4,921,317,117	4,225,926,239

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	Note	2024 Rupees	2023 Rupees
24 OTHER INCOME			
Other income		1,641,663	39,000
Building rent income		1,042,320	993,600
		2,683,983	1,032,600
25 ADMINISTRATIVE EXPENDITURE			
Salaries and benefits		1,609,461,262	1,423,545,043
Fuel and travelling		91,645,463	96,958,470
Welfare fund expenses		61,001,635	84,808,669
Repair and maintenance		37,236,340	36,668,770
Legal and professional charges		20,132,432	32,375,480
Advertisement expense		19,760,461	20,566,461
Utilities		20,708,409	16,199,912
Printing and Stationery		9,430,580	12,617,021
Communication charges		9,752,684	9,685,665
Other charges		25,190,868	22,674,707
Rent, rates and taxes		-	3,579,271
Postage and telegram		3,414,335	2,306,336
News paper, books and periodicals		619,071	624,961
Watch & ward		677,420	785,772
Janitorial expense		6,071,446	5,723,374
Bad debt expense		2,310,924	387,966
Audit fee	25.1	1,815,000	1,650,000
Depreciation		22,603,104	27,302,021
		1,941,831,434	1,798,459,899
25.1 Audit fee			
Audit Fee		1,452,000	1,320,000
Out of Pocket Expense		145,200	132,000
Sales tax @ 15%		217,800	198,000
		1,815,000	1,650,000
26 EXPENSES AGAINST THE PLOTS HANDED OVER			
Peshawar scheme expenditure			
Cost of land acquired		-	95,306,250
		-	95,306,250
27 FINANCE COSTS			
Bank charges		109,314	77,154

28 TAXATION

The Authority is exempt from taxation for a period of five year as per The Federal Government Employees Housing Authority Act, 2020.

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29 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

29.1 Financial instruments-category wise

	2024		2023	
	At fair value through other comprehensive income	At amortized cost	At fair value through other comprehensive income	At amortized cost
	----------Rupees----------			
Financial assets				
Investments	536,635,860	11,043,966,851	336,285,878	14,101,078,419
Other receivables	-	137,464,972	-	130,740,472
Loan receivable from associate	-	2,747,674,667	-	2,303,769,687
Accrued interest	-	17,210,540	-	14,968,738
Cash and bank	-	8,864,457,278	-	8,996,718,819
	536,635,860	22,810,774,308	336,285,878	25,547,276,135
Financial liabilities				
Advances from applicants	-	5,345,173,156	-	4,923,101,533
Accrued liabilities	-	4,876,149,110	-	4,859,179,888
Security deposits	-	46,795,495	-	43,695,494
Other liabilities	-	786,183,545	-	331,849,208
Retention money	-	854,200,311	-	1,070,976,390
	-	11,908,501,617	-	11,228,802,512

29.2 Financial risk management objectives and policies

The Authority's activities expose it to a variety of financial risk: capital risk, credit risk, liquidity risk and market risk (including foreign exchange or currency risk, interest/markup rate risk and price risk). The authority's overall risk management program focuses on the unpredictability of financial market and seeks to minimize potential adverse effects on financial performance. Overall, risk arising from the authority's financial assets and liabilities are limited.

(a) Interest rate risk management

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Authority has not borrowed funds at interest therefore, such risk is minimized. Fluctuation in interest rates of loan receivable from associate, short term investments and bank balances is also minimal. Therefore, the authority has no significant interest rate risk exposure. Applicable interest rates for financial assets and liabilities have been indicated in respective notes. At the reporting date, the interest rate profile of the Authority's interest bearing financial instrument is:

Financial assets		
Short term investments- Fixed	11,043,966,851	14,101,078,419
Loan receivable from associate- Variable	2,747,674,667	2,303,769,687
Bank balances- Variable	8,864,411,236	8,996,668,510

Sensitivity analysis for fixed rate instruments

The Authority does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not effect Statement of income and expenditure for the year.

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Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) income and expenses by the amounts below. This analysis assumes that all other variables remain constant.

	(Rupees)	
	100 basis point increase	100 basis point decrease
June 30, 2024		
Cash flow sensitivity - Variable rate instrument	116,120,859	(116,120,859)
June 30, 2023		
Cash flow sensitivity - Variable rate instrument	113,004,382	(113,004,382)

The sensitivity analysis prepared is not necessarily indicative of the effects on surplus for the year and assets / liabilities of the Authority.

(b) Other price risk management

Price risk represents the risk that fair value of future cash flow of financial instrument will fluctuate because of changes in market price (other than those arising from interest mark/up rate risk of currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments trade in the market. The authority is exposed to equity price risk in respect of investments in NIT Units.

(c) Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transaction with foreign undertakings. The authority has no receivable or payables to be received / settled in foreign currency so there is no foreign currency risk.

(d) Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted. The Authority's credit risk is primarily attributable to it's advances to contractors and balances at banks along with mark-up thereon. The credit risk on bank balances along with accrued mark-up is limited because the counter parties are the banks with reasonably high credit ratings. The Authority also has no significant concentration of credit risk on advances to contractors due to retentions and bank guarantees. Furthermore, exposure is spread over a number of counter parties.

(e) Liquidity risk

Liquidity risk is the risk that the authority will encounter difficulties in raising funds to meet commitments associated with financial instruments. The management believes that the Authority is not exposed to any significant level of liquidity risk.

(f) Fair value of financial instruments

The carrying values of all financial assets and liabilities reflected in financial statements approximate to their fair value, expect for investments which are stated at amortized cost. Fair value is determined on the basis of objective evidence at each reporting date.

30 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Authority is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

International Financial Reporting Standard 13, 'Financial Instruments : Disclosure' requires the Authority to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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30 FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued---)

a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2) ; and

c) inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in

As at June 30, 2023, all financial assets and financial liabilities are carried at amortised cost which is approximate to their fair value except investment made in NIT units and NBP Funds which are measured at fair value as per level 1.

31 RELATED PARTY TRANSACTIONS

31.1 Balances and transaction with related party	2024	2023
EHFPRO (PVT) LTD - Associated Entity (50% shareholding)		
Loan provided to EHFPRO		
Opening balance	2,303,769,687	1,935,106,480
Loan provided during the year	-	56,300,000
Interest accrued during the year	443,904,980	312,363,207
Loan recovered during the year	-	-
Closing balance	2,747,674,667	2,303,769,687
Maximum amount outstanding during the year is Rs. 2,747,674,667.		
Transfer fee receivable from EHFPRO		
Opening balance	52,882,500	41,458,000
Transfer fee receivable during the year	6,624,500	11,424,500
Transfer fee received during the year	-	-
Closing balance	59,507,000	52,882,500
Maximum amount outstanding during the year is Rs. 52,882,500.		
Other Receivables from EHFPRO-Karachi		
Opening balance	1,166,879	1,166,879
Receipts during the year	-	-
Closing balance	1,166,879	1,166,879
Maximum amount outstanding during the year is Rs. 1,166,879.		
Payables to EHFPRO		
Opening balance	1,309,150	755,750
Expense paid by EHFPRO (Private) Limited on behalf of Authority	1,225,000	1,553,400
Paid to EHFPRO (Private) Limited during the year	(553,400)	(1,000,000)
Closing balance	1,980,750	1,309,150

32 REMUNERATION OF KEY MANAGEMENT PERSONNEL

	Director General	Chief Engineer	Director General	Chief Engineer
	2024		2023	
	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	8,870,114	5,345,738	7,218,825	4,817,200
Perquisites and benefits	-	-	-	-
	8,870,114	5,345,738	7,218,825	4,817,200

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33 DATE OF AUTHORIZATION

These financial statements were authorized for issue by the Board of Directors of the Authority on 05 JUN 2025

34 GENERAL

-Figures have been rounded off to the nearest of rupee.

-Figures of the previous year have been re-arranged and reclassified wherever necessary for the purpose of comparision

DIRECTOR FINANCE

DIRECTOR GENERAL