

- 3.1 A list showing the share capital balances held by each member was provided to us for our verification. This reconciles with the respective accounts maintained in the personal ledger alongwith the accumulated balance in the general ledger control Account.
- 3.2 The share capital issued during the year was checked with respective member ship applications, counter-foils of receipts and other related records and found in order. However it is suggested that serially numbered share certificates should also be issued.
- 3.3 Under Society's Bye-Laws 17 and 18, the share capital of the society consists of an undetermined number of shares of Rs.500/- each. No member can hold shares more than the value of Rs.20,000/- or 1/5 of the total shares issued of the society. However if due to inheritance or any other reason this limit is exceeded by some members, the committee has the right to purchase the excess number of shares on behalf of the society or to sell the same to other members.
- 3.4 According to society's Bye-Laws 15, the liability of each member for any deficit in the assets of the society on liquidation is limited to ten times of the nominal value of shares purchased by him.

4- REVENUE RESERVES

Rs.81,672.70

This represents the un-appropriated amount of excess of income over expenditure arising over the period. No appropriation has been made towards reserve fund due to its meagerness.

5- PLOT APPLICATION MONEY

Rs.19,609,800.40

This represents the amount advanced by members towards.

The Cost of Land

Rs. 2.3

5.1

The members are liable to pay the society Rs.100,000/- per kanal consisting of Rs.40,000/- against cost of land and Rs.60,000/- towards development of land. The above mentioned amount represents instalments for land against the same as received from members during the period.

- 5.2 A list of balances extracted from members register reconciling with the general ledger balance was not made available for our verification. We were given to understand that list was under preparation and may be verified by subsequent auditors. In our opinion the existing accounting staff is incapable of maintaining the accounting records on modern lines and generally accepted accounting principles, methods, routines etc. We strongly suggest that corrective steps should be taken immediately and back-log be cleared at the earliest.

- 5.3 The respective receipts from members during the period under audit were test checked with the society's accounting records and found in order.

