

**Auditors' Report  
of**

**PAKISTAN RED CRESCENT  
SOCIETY  
PUNJAB PROVINCIAL BRANCH**

**for the year ended  
June 30, 2008**



**Horwath Hussain Chaudhury & Co.**  
Chartered Accountants

25-E, Main Market, Gulberg 2,  
Lahore-54660 Pakistan

+92-42-111-111-442 Tel  
+92-42-5759226 Fax  
www.horwath.com.pk  
hhc@horwath.com.pk

**PAKISTAN RED CRESCENT SOCIETY  
PUNJAB PROVINCIAL BRANCH**

**AUDITORS' REPORT TO THE MANAGEMENT COMMITTEE**

We have audited the annexed balance sheet of **PAKISTAN RED CRESCENT SOCIETY PUNJAB (PROVINCIAL BRANCH)** as at December 31, 2008 and the related income and expenditure account together with the notes forming part thereof (here-in-after referred to as the financial statements for the year then ended).

It is the responsibility of the management committee to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the generally accepted accounting principles. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements present fairly in all material respects the financial position of **Pakistan Red Crescent Society (Provincial Branch)** as at December 31, 2008 and of its surplus for the year then ended in accordance with the generally accepted accounting principles.

Date: 17 OCT 2009  
Lahore

**Horwath Hussain Chaudhury & Co.**  
Chartered Accountants

(Engagement Partner: Muhammad Nasir Muneer)

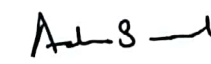
**PAKISTAN RED CRESCENT SOCIETY  
PUNJAB PROVINCIAL BRANCH**

BALANCE SHEET AS AT DECEMBER 31, 2008

		<b>2008</b>	<b>2007</b>
	Note	Rupees	Rupees
<b>FUNDS AND LIABILITIES</b>			
<b>Accumulated Funds</b>	3	253,280,918	191,832,386
<b>Earthquake Relief Fund</b>			79,068,980
<b>Long Term Security Deposits</b>	4	120,100	109,920
<b>Current Liabilities</b>			
Payables	5	8,569,250	6,947,728
Advance rent		1,500,000	3,506,466
Accrued and other liabilities		448,342	212,267
		10,517,592	10,666,461
		<u>263,918,610</u>	<u>281,677,747</u>
<b>PROPERTY AND ASSETS</b>			
	Note	Rupees	Rupees
<b>Fixed Assets - At written down value</b>	6	31,663,258	30,816,411
<b>Capital Work in Progress</b>		-	2,599,000
<b>Long Term Investments</b>	7	38,500,000	38,500,000
<b>Long Term Security Deposits</b>		187,500	87,500
<b>Current Assets</b>			
Stores and spares	8	32,760,693	88,597,884
Short term investments	9	125,000,000	96,500,000
Receivables	10	7,423,803	5,642,071
Advances, prepayments and other receivables	11	7,551,311	7,682,967
Cash and bank balances	12	20,832,045	11,251,914
		193,567,852	209,674,836
		<u>263,918,610</u>	<u>281,677,747</u>

The annexed notes form an integral part of these accounts.

  
CHAIRMAN

  
SECRETARY

  
HONY. TREASURER

  
MANAGER ACCOUNTS

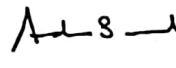
**PAKISTAN RED CRESCENT SOCIETY  
PUNJAB PROVINCIAL BRANCH**

**INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Note	2008 Rupees	2007 Rupees
<b>Income</b>			
Membership subscriptions, grants and donations	13	63,864,781	90,223,329
Red Crescent week collections	14	14,549,768	18,528,532
Profit on investments / deposits	15	14,741,608	10,455,071
Rental income - Net		8,155,288	7,466,474
Other income	16	5,814,840	5,759,751
		107,126,285	132,433,157
<b>Expenditures</b>			
Grants, relief and services	17	32,680,672	26,845,351
National Headquarter's share	18	1,714,795	2,185,286
Salaries and allowances	19	12,759,369	12,736,786
Administrative	20	10,936,407	9,342,484
Other expenses	21	1,480,490	629,998
		(59,571,733)	(51,739,905)
<b>Surplus Transferred to Accumulated Funds</b>	3	<u>47,554,552</u>	<u>80,693,252</u>

The annexed notes form an integral part of these accounts.

  
CHAIRMAN

  
SECRETARY

  
HONY. TREASURER

  
MANAGER ACCOUNTS



**PAKISTAN RED CRESCENT SOCIETY  
PUNJAB PROVINCIAL BRANCH**

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2008**

Note 1

**Status and Operations**

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The Society is constituted under the Pakistan Red Crescent Society Act (XV OF 1920) as amended up to February 1974. The principal activity of the Society is to provide humanitarian and voluntary services to mankind in war and peace.

Note 2

**Significant Accounting Policies**

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**2.1 Basis of preparation**

These financial statements have been prepared in accordance with "Generally Accepted Accounting Principles".

**2.2 Accounting convention**

These accounts have been prepared under the historical cost convention.

**2.3 Use of estimates and judgments**

The preparation of financial statements in conformity with "Generally Accepted Accounting Principles" requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which such revisions are made.

Significant management estimates in these financial statements relate to the useful life of fixed assets, provisions for doubtful receivables, slow moving inventory and obsolete inventory. However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in the financial statements.

**2.4 Retirement benefits**

The Society in the year 1992 introduced General Provident Fund and Pension Fund Schemes as per the Punjab Government Rules for its employees.

**2.5 Fixed assets**

All fixed assets are stated at written down value except free hold land which is stated at cost.

Depreciation on fixed assets is charged using reducing balance method at the rates specified in Note 6. No depreciation is provided on assets in the year of disposal, while full year's depreciation is charged in the year of purchase.

Profit / (loss) on disposal of fixed assets is reflected in the current income. Major repairs and maintenance are capitalized, normal repairs and maintenance are charged to income.

**2.6 Investments**

These are stated at cost.

**2.7 Stores, spares and stocks**

These are valued at first in first out basis.

## 2.8 Provisions

A provision is recognized in the financial statements when the Society has legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

## 2.9 Receivables

Known bad debts are written off and provision is made for receivables considered doubtful.

## 2.10 Revenue recognition

The Society recognize its income as under:

- Membership subscriptions are accounted for on receipt basis.
- Grants from the Government and National Headquarter are accounted for on receipt basis.
- Donations in cash and kind are accounted for on receipt basis.
- Red Crescent week collections are accounted for on cash basis.
- Profits on investments are accounted for on accrual basis.
- Rental income is accounted for on accrual basis.

### Note 3

#### Accumulated Funds

	2008	2007
	Rupees	Rupees
Opening balance	191,832,386	111,139,134
Surplus during the year	47,554,552	80,693,252
	<u>239,386,938</u>	<u>191,832,386</u>
Water purifying plant derecognized	(65,175,000)	-
Earthquake relief fund	79,068,980	-
Closing balance	<u>253,280,918</u>	<u>191,832,386</u>

- 3.1** Pursuant to the resolution of management, the outstanding balance of Earthquake Relief Fund has been transferred to accumulated funds.

### Note 4

#### Long Term Security Deposits

	2008	2007
	Rupees	Rupees
Suppliers	40,000	40,000
Contractors	20,000	20,000
Drivers	60,100	49,920
	<u>120,100</u>	<u>109,920</u>

### Note 5

#### Payables

	2008	2007
	Rupees	Rupees
Payable to:		
- National Headquarter		
Opening balance	6,389,154	4,203,868
Share for the current year (refer to note 18)	1,714,795	2,185,286
	<u>8,103,949</u>	<u>6,389,154</u>
- Kalabagh Referral Hospital	-	393,536
Trade and other payables	465,301	165,038
	<u>8,569,250</u>	<u>6,947,728</u>

Note 6  
Fixed Assets

Particulars	Note	Written down value			Rate	Depreciation for the year	As at 31-12-2008
		As At 01-01-2008	Additions	Deletions			
		Rupees	Rupees	Rupees	%	Rupees	Rupees
<b>Land</b>							
Shahalam Market - Freehold		2,533,600	-	-	-	-	2,533,600
<b>Buildings</b>							
Red Crescent House Office on leasehold land	6.1	1,225,730	-	-	5	61,287	1,164,443
Red Crescent M.C.H. Centre, Murree on leasehold land	6.1	1,011,281	-	-	5	50,564	960,717
Red Crescent House Shahalam Market on freehold land		880,152	-	-	5	44,008	836,144
Red Crescent warehouse Gujranwala on freehold donated land		170,313	-	-	5	8,516	161,797
<b>Plant and equipment</b>							
Electric installation		88,807	28,000	-	10	11,681	105,126
Sui gas installation		51,328	-	-	10	5,133	46,195
Computers and accessories		287,413	196,370	-	30	145,135	338,648
Office equipment		1,148,535	272,390	-	10	142,093	1,278,832
Blood donor service		412,698	-	-	10	41,270	371,428
Clinical laboratory		34,920	-	-	5	1,746	33,174
Maternity hospital		701,893	-	-	10	70,189	631,704
Eye department		363,268	-	-	10	36,327	326,941
Red Crescent M.C.H. Centre, Murree		1,811,968	-	-	10	181,197	1,630,771
Red Crescent Thalassaemia Centre		33,777	-	-	10	3,378	30,399
Ultra sound machine		9,625,731	-	-	10	962,573	8,663,158
<b>Furniture and fixture</b>							
Office		242,748	-	-	10	24,275	218,473
Red Crescent House		14,280	-	-	10	1,428	12,852
Blood donor service		15,737	-	-	10	1,574	14,163
Red Crescent M.C.H. Centre, Murree		80,693	-	-	10	8,069	72,624
Maternity hospital		14,818	-	-	10	1,482	13,336
Red Crescent Thalassaemia Centre		6,014	-	-	10	6,014	-
<b>Vehicles / Ambulances</b>		10,060,707	5,900,000	(549,833)	20	3,192,141	12,218,733
<b>Total Rupees 2008</b>		<u>30,816,411</u>	<u>6,396,760</u>	<u>(549,833)</u>		<u>5,000,080</u>	<u>31,663,258</u>
<b>Total Rupees 2007</b>		<u>32,354,087</u>	<u>2,920,125</u>	<u>(19,728)</u>		<u>4,438,073</u>	<u>30,816,411</u>

6.1 The Society has 99 years leasehold land measuring 0.706 acres in Lahore for Provincial Headquarter and 8 kanals and 4 marlas in Murree for M.C.H., Centre. The remaining lease period as on December 31, 2008 is 58 years for both leases.

6.2 The Society has received assets valuing Rs. 6,269,760 as donations in kind during the year.



Note 7

**Long Term Investments - at cost**

	<b>2008</b>	<b>2007</b>
	Rupees	Rupees
Innovative Investment Bank Limited	<u>38,500,000</u>	<u>38,500,000</u>

7.1 This represents investment in Innovative Investment Bank Limited (IIBL) formerly Crescent Standard Investment Bank Limited. The investment shall mature latest by July 29, 2011 and carries mark up at 7% per annum.

Note 8

**Stores and Spares**

	<b>2008</b>	<b>2007</b>
	Rupees	Rupees
General stores and spares		
Water purifying plant	32,760,693	23,422,884
	<u>65,175,000</u>	<u>65,175,000</u>
Water purifying plant derecognized	97,935,693	88,597,884
	<u>(65,175,000)</u>	<u>-</u>
	<u>32,760,693</u>	<u>88,597,884</u>

Note 9

**Short Term Investments - at cost**

			<b>2008</b>	<b>2007</b>
	Maturity	Effective Yield	Rupees	Rupees
Bank Alfalah Limited	21-01-2008	11%	-	20,000,000
Askari Commercial Bank Limited	06-01-2008	8.50%	-	9,000,000
Askari Leasing Limited	21-04-2008	9.50%	-	12,500,000
Union Leasing Limited	29-04-2009	10.75%	5,000,000	5,000,000
Saudi Pak Commercial Bank	07-11-2009	16%	15,000,000	-
Muslim Commercial Bank Premier Branch	07-05-2009	9.25%	20,000,000	-
Muslim Commercial Bank Premier Branch	07-11-2009	16%	30,000,000	25,000,000
Royal Bank of Scotland	10-04-2009	13%	10,000,000	25,000,000
Bank Al Habib, The Mall Main Branch	17-12-2009	15%	20,000,000	-
The Bank of Punjab	02-11-2009	9.6%	25,000,000	-
			<u>125,000,000</u>	<u>96,500,000</u>

Note 10

**Receivables**

	<b>2008</b>	<b>2007</b>
	Rupees	Rupees
Receivable from:		
- District branches	7,111,327	5,183,532
- Sundry debts	312,476	458,539
	<u>7,423,803</u>	<u>5,642,071</u>

Note 11

**Advances, Prepayments and Other Receivables**

	<b>2008</b>	<b>2007</b>
	Rupees	Rupees
Advances to (Unsecured - Considered good):		
- Employees against expenses	947,577	984,083
- Employees against salaries	50,784	56,928
- Contractors	-	346,306
	<u>998,361</u>	<u>1,387,317</u>
Prepaid insurance	-	102,915
Rental receivable	1,820,077	-
Profit accrued on investments / deposits	4,732,873	6,192,735
	<u>7,551,311</u>	<u>7,682,967</u>



Note 12  
Cash and Bank Balances

	2008	2007
	Rupees	Rupees
Cash in hand	42,000	587,684
Cash at banks in:		
- Current accounts	2,181,765	1,406,966
- Saving accounts	18,608,280	9,257,264
	<u>20,832,045</u>	<u>11,251,914</u>

Note 13  
Membership Subscriptions, Grants and Donations

	Note	2008	2007
		Rupees	Rupees
<b>Membership Subscriptions</b>			
Provincial headquarter		79,435	245,525
20% from Red Crescent district branches		145,245	81,695
JRC Committee Elementary Education (Boys):			
- 20% membership fee		2,968	9,702
- Registration fee		20,475	70,205
JRC Committee Elementary Education (Girls):			
- 20% membership fee		4,048	10,836
- Registration fee		56,410	95,040
JRC Committee Secondary Education:			
- 20% membership fee		7,100	7,775
- Registration fee		43,950	35,425
JRC Committee Colleges:			
- 20% membership fee		915	340
- Registration fee		17,950	7,200
		<u>378,496</u>	<u>563,743</u>
<b>Grants - Net</b>			
- Pakistan Red Crescent Society, National Headquarter		199,291	(178,783)
- ICRC Law and Fundamental Procedures		494,158	(51,570)
- Japanese Red Cross		-	232,451
- Governor's grant for flood affectees	13.1	20,187,600	1,197,794
- Government grants for maternity hospital		500,000	500,000
		<u>21,381,049</u>	<u>1,699,892</u>
<b>Donations</b>			
- In kind	13.2	40,387,885	85,575,901
- In cash		1,717,351	2,383,793
		<u>42,105,236</u>	<u>87,959,694</u>
		<u>63,864,781</u>	<u>90,223,329</u>

13.1 This represents amount transferred from Governor Earth quake relief Fund.

13.2 This represents vehicles, tents, medicines and other items of daily consumption etc. that are valued by management on estimate basis.

Note 14

**Red Crescent Week Collections - Net**

	<b>2008</b>	<b>2007</b>
	Rupees	Rupees
General collections:		
- 2008	64,142	-
- 2007	11,454,518	2,880
- 2006	-	16,409,082
	11,518,660	16,411,962
25% Share from district branches	3,408,703	2,247,963
	14,927,363	18,659,925
Expenses for the year	(377,595)	(131,393)
	<u>14,549,768</u>	<u>18,528,532</u>

Note 15

**Profit on Investments / Deposits**

	<b>2008</b>	<b>2007</b>
	Rupees	Rupees
Long term investments	2,695,000	3,098,338
Short term investments	11,019,753	5,122,498
Saving accounts	1,026,855	2,234,235
	<u>14,741,608</u>	<u>10,455,071</u>

Note 16

**Other Income**

	<b>2008</b>	<b>2007</b>
	Rupees	Rupees
Prescription fee:		
- Red Crescent Health Complex, Shahalam market, Lahore	127,601	1,459,671
- Red Crescent Mother and Child Health Centre, Murree	917	118,450
- Red Crescent Centre, PHQ Lahore	246,090	86,611
	374,608	1,664,732
Hire of ambulances	2,764,445	2,818,364
Income from first aid training	395,470	357,499
Blood screening income	256,640	253,040
Gain on disposal of fixed assets	1,409,768	345,933
Exchange gain	2,194	73
Reversal of excess liability	403,900	-
Miscellaneous receipts	207,815	320,110
	<u>5,814,840</u>	<u>5,759,751</u>

Note 17

Grants, Relief and Services

	2008 Rupees	2007 Rupees
<b>Grants</b>		
- Chairman discretionary	70,000	51,600
- Mother and Child Welfare Centre - Pind Dadan Khan	-	60,000
- Appointment of secretaries in districts	138,000	71,290
- District branches	-	255,000
- District Red Crescent Branch - Faisalabad	2,147,492	4,036,267
	2,355,492	4,474,157
<b>Relief</b>		
- For T.B. relief	100	2,400
- Disease and disaster	-	1,264,147
- Flood relief activities	482,879	11,911,928
- Packing and forwarding expenses	254,690	47,440
- Donation in kind	23,125,443	193,451
	23,863,112	13,419,366
<b>Services</b>		
- Blood donor service		
Salaries and allowances	1,006,574	1,006,529
Printing and stationery	14,886	16,010
Telephone	21,200	19,050
Transport	8,383	15,848
Entertainment	46,441	30,298
Publicity	9,354	12,326
Repairs and maintenance	-	11,100
Cost of blood bags, chemicals and medicines	269,719	255,367
Miscellaneous	4,740	12,184
	1,381,297	1,378,712
- Thalassemia centre expenses		
Salaries and allowances	60,816	78,486
Printing and stationery	468	-
Repairs and maintenance - Building	500	1,942
Medicines consumed	194,633	127,924
Miscellaneous	-	2,300
	256,417	210,652
- Medicines consumed, Shahalam Market		
Children welfare center	525,837	14,111
Clinical and laboratory	29,445	7,079
X-ray department	7,345	-
	562,627	21,190
- Red Crescent Maternity Hospital, Shahalam Market		
Salaries and allowances	344,496	1,547,196
Utilities	52,146	130,792
Transport	-	25,290
Printing and stationery	-	2,396
Medicines consumed	1,820	582,730
Repairs and maintenance equipment	-	14,199
Washing	-	30,790
Miscellaneous	1,697	8,158
	400,159	2,341,551

	2008	2007
	Rupees	Rupees
- Red Crescent M.C.H. Centre, Murree		
Salaries and allowances	381,390	865,018
Utilities	119,409	63,624
Transport	-	66,031
Printing and stationery	70	12,404
Medicines consumed	593,204	1,241,819
Entertainment	140	1,731
Washing expenses	1,525	2,040
Property tax	-	12,354
Medical gas	-	2,280
Office supply	-	2,106
Equipment repairs and maintenance	5,136	4,984
Vehicle repairs and maintenance	18,380	6,583
Building repairs and maintenance	163,778	107,028
Miscellaneous	15,850	16,982
	1,298,882	2,404,984
- Red Crescent Dispensary, PHQ, Lahore		
Salaries and allowances	1,207,962	143,747
Medicine consumed	1,354,724	2,450,992
	2,562,686	2,594,739
	32,680,672	26,845,351

Note 18

**National Headquarter's Share**

	2008	2007
	Rupees	Rupees
<b>10% Share of:</b>		
- Membership subscription of provincial headquarters	7,944	24,553
- Red Crescent week collections	1,454,977	1,852,853
- Donations in cash	171,735	238,379
<b>50% Share of:</b>		
- Membership district branches	72,623	40,848
- JRC membership fee	7,516	28,653
	1,714,795	2,185,286

Note 19

**Salaries and Allowances**

	2008	2007
	Rupees	Rupees
<b>Staff salaries:</b>		
- General	3,962,107	3,536,237
- Touring	471,806	493,519
- Junior Red Crescent	911,356	786,674
- Children Welfare Centre	1,098,343	1,062,240
- Store	789,581	672,546
- Transport	1,499,006	1,443,217
- Dental clinic	464,984	409,192
- Clinical laboratory	272,951	230,230
- X-ray	121,859	195,611
- Red Crescent Warehouse - Gujranwala	63,600	52,890
- Red Crescent House - General	187,200	185,910
- Public relations officer	152,801	97,843
- Eye department	131,180	203,214
- Uniforms	19,600	67,994
	10,146,374	9,437,317
- Pension and commutation	1,485,546	1,697,577
- Annual special pay	1,127,449	1,601,892
	2,612,995	3,299,469
	12,759,369	12,736,786



Note 20  
**Administrative**

	2008	2007
	Rupees	Rupees
Travelling:		
- Secretary	19,747	10,602
- Touring staff	81,921	80,325
- General	334,331	180,732
	435,999	271,659
Printing and stationery	445,369	411,804
Postage and telegram	163,545	87,190
Telephone	225,560	185,967
Electricity	431,569	583,821
Water and gas	140,592	57,030
Entertainment expenses	245,634	77,782
Repairs and maintenance - vehicles	354,706	286,142
Repairs and maintenance - building and office equipment	472,907	196,849
Vehicle running expenses	1,958,371	1,533,107
Insurance	106,254	247,001
Junior Red Crescent literature, functions, activities and publicity	293,528	451,850
First aid training expenses	334,362	308,880
Audit fee - honorarium	50,000	35,000
Legal charges	146,650	99,050
Red Crescent House expenses	63,602	17,353
Withholding tax on bank profits	-	9,807
Bank charges	58,544	44,119
Miscellaneous	9,135	-
Depreciation (Note 7)	5,000,080	4,438,073
	<u>10,936,407</u>	<u>9,342,484</u>

Note 21  
**Other expenses**

	2008	2007
	Rupees	Rupees
Publicity and advertisement	382,546	601,605
Obsolescence of stores	439,455	28,393
Balance written off	658,489	-
	<u>1,480,490</u>	<u>629,998</u>

Note 22  
**Date of Authorization for Issue**

These financial statements were authorized for issue by the Management Committee on 17 OCT 2009


Note 23  
**General**

Figures have been rounded off to the nearest rupee;

Comparative figures have been rearranged, where necessary. No material rearrangements have been made in these financial statements.

  
CHAIRMAN

  
SECRETARY

  
HONEY. TREASURER

  
MANAGER ACCOUNTS