

**Auditors' Report
of**

**PUNJAB RED CRESCENT
SOCIETY
PUNJAB PROVINDIAL BRANCH**

**for the year ended
December 31, 2010**



**PAKISTAN RED CRESCENT SOCIETY
PUNJAB PROVINCIAL BRANCH**

AUDITORS' REPORT TO THE MANAGEMENT COMMITTEE

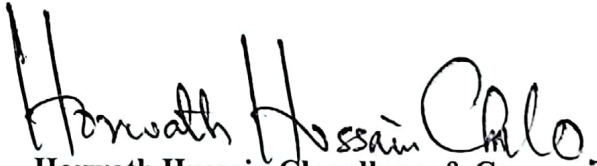
We have audited the annexed balance sheet of **PAKISTAN RED CRESCENT SOCIETY PUNJAB PROVINCIAL BRANCH** as at December 31, 2010 and the related income and expenditure account together with the notes forming part thereof (here-in-after referred to as the financial statements for the year then ended).

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 Punjab Provincial Branch** as at December 31, 2010 and of its surplus for the year then ended in accordance with the generally accepted accounting principles.

Date: **30 NOV 2011**
Lahore


Horwath Hussain Chaudhury & Co.
Chartered Accountants

**PAKISTAN RED CRESCENT SOCIETY
PUNJAB PROVINCIAL BRANCH**

BALANCE SHEET AS AT DECEMBER 31, 2010

FUNDS AND LIABILITIES	Note	2010 Rupees	2009 Rupees
Accumulated Funds	3	288,139,642	273,359,914
Long Term Security Deposits	4	400,000	37,320
Current Liabilities			
Payables	5	5,360,582	4,310,823
Rent received in advance		6,341,112	5,855,291
Accrued and other liabilities		588,785	811,335
		12,290,479	10,977,449
Contingencies and Commitments	6	-	-
		<u>300,830,121</u>	<u>284,374,682</u>
<hr/>			
PROPERTY AND ASSETS	Note	2010 Rupees	2009 Rupees
Fixed Assets - at written down value	7	78,940,583	76,100,448
Long Term Investments	8	38,500,000	38,500,000
Long Term Security Deposits		364,900	187,500
Current Assets			
Stores and spares	9	29,425,615	28,452,294
Short term investments	10	103,000,000	75,000,000
Receivables	11	3,987,140	6,270,406
Advances, prepayments and other receivables	12	8,271,788	5,387,171
Cash and bank balances	13	38,340,095	54,476,863
		183,024,638	169,586,734
		<u>300,830,121</u>	<u>284,374,682</u>

The annexed notes form an integral part of these financial statements.

CHAIRMAN

SECRETARY

HON. TREASURER

MANAGER ACCOUNTS

**PAKISTAN RED CRESCENT SOCIETY
PUNJAB PROVINCIAL BRANCH**

**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Note	2010 Rupees	2009 Rupees
Income			
Membership subscriptions, grants and donations	14	62,338,876	67,611,056
Red Crescent week collections	15	11,289,652	12,873,340
Profit on investments / deposits	16	12,663,651	19,386,436
Rental income		11,734,227	9,769,600
Other income	17	5,894,194	3,908,360
		103,920,600	113,548,792
Expenditures			
Grants, relief and services	18	58,543,360	65,759,331
National Headquarters' share	19	1,184,991	1,393,766
Salaries and allowances	20	15,192,862	14,736,140
Administrative	21	11,600,216	10,587,172
Other expenses	22	1,857,569	505,834
		(88,378,998)	(92,982,243)
Surplus Transferred to Accumulated Funds	3	<u>15,541,602</u>	<u>20,566,549</u>

The annexed notes form an integral part of these financial statements.

CHAIRMAN

SECRETARY

HONY. TREASURER

MANAGER ACCOUNTS

**PAKISTAN RED CRESCENT SOCIETY
PUNJAB PROVINCIAL BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

**Note 1
Status and Operations**

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**

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 7. 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 receipt basis.
- Profits on investments are accounted for on accrual basis.
- Rental income is accounted for on accrual basis.

Note 3

Accumulated Funds	2010	2009
	Rupees	Rupees
Opening balance	273,359,914	253,280,918
Surplus during the year	<u>15,541,602</u>	<u>20,566,549</u>
	288,901,516	273,847,467
Prior year adjustment	<u>(761,874)</u>	<u>(487,553)</u>
Closing balance	<u><u>288,139,642</u></u>	<u><u>273,359,914</u></u>

Note 4

Long Term Security Deposits	2010	2009
	Rupees	Rupees
Drivers	-	37,320
Tenant	<u>400,000</u>	<u>-</u>
	<u><u>400,000</u></u>	<u><u>37,320</u></u>

Note 5

Payables	2010	2009
	Rupees	Rupees
Payable to:		
- National Headquarter	4,174,588	8,103,949
Opening balance	-	(4,221,785)
Paid during the year	-	(1,101,342)
Reversal of excess provision	<u>1,184,991</u>	<u>1,393,766</u>
Share of current year - restated (refer to note 19)	<u>5,359,579</u>	<u>4,174,588</u>
	1,003	136,235
- Trade and other payables	<u><u>5,360,582</u></u>	<u><u>4,310,823</u></u>

Note 6

Contingencies and Commitments

Contingencies

Certain cases has been filed by / against the Society but no material unfavourable out come is expected. (2009: Nil)

Commitments

There are no material commitments outstanding as at the balance sheet date (2009: Rs. Nil).

Note 7

Fixed Assets

Particulars	Note	Written down value				Rate	Depreciation for the year	As at 31-12-2010
		As At 01-01-2010	Additions	Deletion/Transfers	As At 31-12-2010			
		Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees
Land								
Shahalam Market - Freehold		2,533,600	-	-	2,533,600	-	-	2,533,600
Dena Nath - Freehold		29,389,925	-	-	29,389,925	-	-	29,389,925
Buildings								
Red Crescent House Office on leasehold land	7.1	1,106,221	3,062,191	-	4,168,412	5	208,421	3,959,991
Red Crescent Training Centre, Murree on leasehold land	7.1	2,430,438	-	-	2,430,438	5	121,522	2,308,916
Red Crescent House Shahalam Market on freehold land		794,337	-	-	794,337	5	39,717	754,620
Red Crescent Complex Dena Nath - Freehold land		15,184,372	1,407,144	-	16,591,516	5	829,576	15,761,940
Red Crescent warehouse Gujranwala on freehold donated land		153,707	292,480	-	446,187	5	22,309	423,878
Plant and equipment								
Electric installation		94,613	-	-	94,613	10	9,461	85,152
Sui gas installation		41,575	-	-	41,575	10	4,158	37,417
Computers and accessories		281,854	-	-	281,854	30	84,556	197,298
Office equipment		1,654,332	311,383	(279,148)	1,686,567	10	168,657	1,517,910
Blood donor service		334,285	-	-	334,285	10	33,429	300,856
Clinical laboratory		31,515	-	-	31,515	5	1,576	29,939
Maternity hospital		568,534	-	-	568,534	10	56,853	511,681
Eye department		294,247	-	-	294,247	10	29,425	264,822
Red Crescent M.C.H. Centre, Murree		1,467,694	-	-	1,467,694	10	146,769	1,320,925
Red Crescent Thalassemia Centre		27,359	-	-	27,359	10	2,736	24,623
Ultra sound machine		7,796,842	-	-	7,796,842	10	779,684	7,017,158
Red Crescent Medical and Dental College		-	1,076,356	-	1,076,356	10	107,636	968,720
Furniture and fixture								
Office		278,526	73,450	(20,700)	331,276	10	33,128	298,148
Red Crescent House		11,567	-	-	11,567	10	1,157	10,410
Blood donor service		12,747	-	-	12,747	10	1,275	11,472
Red Crescent training Centre, Murree		173,686	-	-	173,686	10	17,369	156,317
Shahalam Medical Complex		12,002	-	-	12,002	10	1,200	10,802
Red Crescent Complex Dena Nath		-	94,400	-	94,400	10	9,440	84,960
Vehicles / Ambulances								
	7.2	11,426,470	3,640,400	(1,367,991)	13,698,879	20	2,739,776	10,959,103
Total Rupees 2010		76,100,448	9,957,804	(1,667,839)	84,390,413		5,449,830	78,940,583
Total Rupees 2009		31,663,258	51,304,447	(1,434,302)	81,533,402		5,432,954	76,100,448

7.1 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 Red Crescent training centre. The remaining lease period as on December 31, 2010 is 56 years for both leases.

7.2 The Society has received assets (vehides) valuing Rs. 3,640,400 as donations in kind during the year.

Note 8

Long Term Investments - at cost

	2010	2009
	Rupees	Rupees
Innovative Investment Bank Limited	<u>38,500,000</u>	<u>38,500,000</u>

8.1 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. An amount of Rs. 19,250,000 due as at December 31, 2010 has not been paid by the investee and the Society had filed a case for recovery from the bank.

8.2 The Honourable Lahore High Court through an order dated March 09, 2011 passed an interim decision admitting the claim of Pakistan Red Crescent Society to the extent of PKR. 50,842,152.

Note 9

Stores and Spares

	2010	2009
	Rupees	Rupees
General stores and spares	<u>29,425,615</u>	<u>28,452,294</u>

Note 10

Short Term Investments - at cost

			2010	2009
	Maturity	Effective Yield	Rupees	Rupees
The Bank of Punjab	29/12/2011	12.93%	58,000,000	75,000,000
UBL (UBL AMEEN)	25/05/2011	10.80%	10,000,000	-
MCB Bank Limited (Premier Branch)	12/03/2011	12.40%	35,000,000	-
			<u>103,000,000</u>	<u>75,000,000</u>

Note 11

Receivables

	2010	2009
	Rupees	Rupees
Receivable from:		
- District branches	3,815,028	6,150,074
- Sundry debts	172,112	120,332
	<u>3,987,140</u>	<u>6,270,406</u>

Note 12

Advances, Prepayments and Other Receivables

	2010	2009
	Rupees	Rupees
Advances to (Unsecured - Considered good):		
- Employees against expenses	1,927,227	1,679,289
- Employees against salaries	51,692	200,368
	<u>1,978,919</u>	<u>1,879,657</u>
Prepaid insurance	-	1,390
Prepaid token tax vehicles	-	7,155
Advance income tax	2,423,335	1,295,929
Rental receivable	1,221,255	480,000
Profit accrued on investments / deposits	2,648,279	1,723,040
	<u>8,271,788</u>	<u>5,387,171</u>

Note 13

Cash and Bank Balances

	2010	2009
	Rupees	Rupees
Cash in hand	40,000	66,539
Cash at banks in:		
- Current accounts	1,604,957	1,938,417
- Saving accounts	36,695,138	52,471,907
	<u>38,340,095</u>	<u>54,476,863</u>

Note 14

Membership Subscriptions, Grants and Donations

	Note	2010	2009
		Rupees	Rupees
Membership Subscriptions			
Provincial Headquarter		2,400	13,100
20% from Red Crescent district branches		80,440	136,295
JRC Committee Elementary Education (Boys):			
- 20% membership fee		8,584	5,681
- Registration fee		65,040	60,260
JRC Committee Elementary Education (Girls):			
- 20% membership fee		5,622	9,449
- Registration fee		43,470	131,074
JRC Committee Secondary Education:			
- 20% membership fee		6,945	9,790
- Registration fee		2,000	57,825
JRC Committee Colleges:			
- 20% membership fee		8,410	1,910
- Registration fee		48,975	20,500
		<u>271,886</u>	<u>445,884</u>
Grants - net			
Pakistan Red Crescent Society, National Headquarter			
- Receipts		10,218,095	7,821,067
- Payments		(9,651,554)	(8,514,139)
		566,541	(693,072)
ICRC Law and Fundamental Procedures			
- Receipts		1,373,684	996,798
- Payments		(1,094,506)	-
		279,178	996,798
Governor's grant for flood affectees	14.1	6,591,268	-
Government grant for maternity hospital		500,000	500,000
		<u>7,936,987</u>	<u>803,726</u>
Donations			
- In kind	14.2	36,530,573	53,401,582
- For special purposes	14.3	17,591,580	12,724,262
- In cash		7,850	235,602
		54,130,003	66,361,446
		<u>62,338,876</u>	<u>67,611,056</u>

14.1 This represents amount transferred from Governor Flood Relief Fund.

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

14.3 This includes donations received for flood affectees, thalassemia patients and IDPs of Swat, Dir and Malakand.

Note 15

Red Crescent Week Collections

	2010	2009
	Rupees	Rupees
General collections:		
- 2010	1,058,786	-
- 2009	9,294,198	67,910
- 2008	-	10,403,613
	10,352,984	10,471,523
25% Share from district branches	995,351	2,968,036
	11,348,335	13,439,559
Expenses for the year	(58,683)	(566,219)
	<u>11,289,652</u>	<u>12,873,340</u>

Note 16

Profit on Investments / Deposits

	2010	2009
	Rupees	Rupees
Long term investments	-	1,334,553
Short term investments	10,450,589	16,549,927
Saving accounts	2,213,062	1,501,956
	<u>12,663,651</u>	<u>19,386,436</u>

Note 17

Other Income

	2010	2009
	Rupees	Rupees
Prescription fee:		
- Red Crescent Health Complex, Shahalam market, Lahore	745	54,375
- Red Crescent Complex, Dena Nath	160,380	-
- Red Crescent Dispensary, Walton and Shadi Pura	124,780	-
- Red Crescent Centre, PHQ Lahore	154,570	238,925
	440,475	293,300
Hire of ambulances	263,042	779,812
Income from first aid training	319,840	148,035
Blood screening income	101,505	237,100
Sale of donation tickets	1,066,740	-
Gain on disposal of fixed assets	1,938,009	-
Exchange gain	921	693
Reversal of excess liability	-	1,162,537
Miscellaneous receipts	1,763,662	1,286,883
	<u>5,894,194</u>	<u>3,908,360</u>

Note 18

Grants, Relief and Services

	2010	2009
	Rupees	Rupees
Grants		
- Chairman discretionary	779,750	293,000
- Appointment of secretaries in districts	72,000	144,000
- District Red Crescent Branch - Faisalabad	-	3,301,563
- Other district branches	1,291,539	214,160
	2,143,289	3,952,723
Relief		
- Disease and disaster	7,172,668	806,422
- Packing and forwarding expenses	2,162,966	84,122
- Donation in kind	40,988,979	55,062,683
	50,324,613	55,953,227
Grants, Relief and Services balance carried forward	52,467,902	59,905,950

	Note	2010 Rupees	2009 Rupees
Grants, Relief and Services balance brought forward			
		52,467,902	59,905,950
Services			
- Blood donor service			
Salaries and allowances		832,714	1,056,592
Printing and stationery		28,692	14,142
Telephone		38,950	27,710
Transport		37,678	32,160
Entertainment		109,931	71,842
Publicity		4,404	3,463
Cost of blood bags, chemicals and medicines		401,093	363,270
Miscellaneous		14,881	14,502
		1,468,343	1,583,681
- Thalassemia centre expenses			
Salaries and allowances		314,605	108,440
Publicity		108	18,265
Medicines consumed		103,923	74,400
Miscellaneous		5,569	30,882
		424,205	231,987
- Medicines consumed, Shahalam Market	18.1		
Children welfare centre		-	185,053
- Red Crescent Maternity Hospital, Shahalam Market	18.1		
Salaries and allowances		-	31,718
- Red Crescent Dispensary, PHQ, Lahore			
Salaries and allowances		1,501,327	1,591,512
Medicine consumed		2,459,164	2,220,383
		3,960,491	3,811,895
- Miscellaneous		222,419	9,047
		<u>58,543,360</u>	<u>65,759,331</u>

18.1 Red Crescent Maternity Hospital, Shahalam Market has been closed.

Note 19

National Headquarters' Share

	2010 Rupees	2009 Rupees
10% Share of:		
- Membership subscription of provincial headquarters	240	1,310
- Red Crescent week collections	1,128,965	1,287,334
- Donations in cash	785	23,560
50% Share of:		
- Membership district branches	40,220	68,148
- JRC membership fee	14,781	13,415
	<u>1,184,991</u>	<u>1,393,766</u>

Note 20

Salaries and Allowances

	2010	2009
	Rupees	Rupees
Staff salaries:		
- General	5,544,605	4,995,860
- Touring	844,840	577,136
- Junior Red Crescent	963,219	1,151,405
- Children Welfare Centre	-	826,375
- Store	1,057,195	979,061
- Transport	1,170,987	1,511,815
- Dental clinic	637,834	568,452
- Clinical laboratory	-	24,978
- X-ray	37,770	141,682
- Red Crescent Warehouse - Gujranwala	77,303	60,000
- Red Crescent House - General	227,311	6,000
- Public relations officer	804,413	464,042
- Medical and Dental College	804,000	-
- Red Crescent Complex, Dena Nath	128,738	-
	<u>12,298,215</u>	<u>11,306,806</u>
- Pension and commutation	1,894,651	2,301,631
- Annual special pay	999,996	1,127,703
	<u>2,894,647</u>	<u>3,429,334</u>
	<u>15,192,862</u>	<u>14,736,140</u>

Note 21

Administrative

	Note	2010	2009
		Rupees	Rupees
Travelling:			
- Chairman		-	6,640
- Secretary		3,504	54,829
- Touring staff		151,928	87,438
- General		142,003	130,298
		<u>297,435</u>	<u>279,205</u>
Printing and stationery		479,567	634,317
Postage and telegram		159,878	235,519
Telephone		308,697	240,998
Electricity		849,684	790,703
Water and gas		109,555	99,495
Entertainment expenses		106,838	86,250
Repairs and maintenance - vehicles		193,302	252,810
Repairs and maintenance - building and office equipment		301,631	345,458
Vehicle running expenses		1,359,096	1,018,843
Insurance		8,545	2,108
Junior Red Crescent literature, functions, activities and publicity		664,955	86,251
First aid training expenses		124,195	209,347
Audit fee - honorarium		60,000	60,000
Legal charges		402,700	199,989
AGM expense		212,443	240,013
Red crescent training centre, Murree		131,489	142,359
Red Crescent House expenses		77,932	87,698
Bank charges		75,802	66,361
Miscellaneous		226,642	76,494
Depreciation	7	5,449,830	5,432,954
		<u>11,600,216</u>	<u>10,587,172</u>

Note 22
Other Expenses

	2010	2009
	Rupees	Rupees
Publicity and advertisement	309,275	435,739
Balance written off	1,548,294	70,095
	<u>1,857,569</u>	<u>505,834</u>

Note 23
Date of Authorization for Issue

These financial statements were authorized for issue by the Management Committee on **30 NOV 2011**.

Note 24
General

Figures have been rounded off to the nearest rupee;

During the year, certain adjustments relating to the year ended December 31, 2009 were identified which, resulted in restatement of following corresponding figures :

	After Restatement	Before Restatement
	Rupees	Rupees
Accumulated funds	273,359,914	272,087,486
Payable to National Headquarter	4,174,588	5,447,015
National Headquarters' share	1,393,766	2,666,193
Donation in cash	235,602	12,959,864
Donation for special purpose	12,724,262	-

CHAIRMAN

SECRETARY

HONY. TREASURER

MANAGER ACCOUNTS