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**Auditors' Report
of
PAKISTAN RED
CRESCENT SOCIETY
PUNJAB PROVINCIAL BRANCH
for the year ended
Decemebr 31, 2012**

**PAKISTAN RED CRESCENT SOCIETY
PUNJAB PROVINCIAL BRANCH**

AUDITORS' REPORT TO THE MANAGING COMMITTEE

We have audited the annexed balance sheet of **PAKISTAN RED CRESCENT SOCIETY PUNJAB PROVINCIAL BRANCH** as at December 31, 2012 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 managing 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.

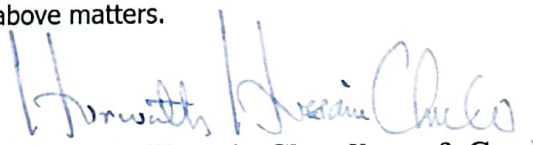
In our opinion the financial statements present fairly in all material respects the financial position of **Pakistan Red Crescent Society Punjab Provincial Branch** as at December 31, 2012 and of its deficit for the year then ended in accordance with the generally accepted accounting principles.

We draw attention of the managing committee to the following matters:

- (i) Note 1.2 to the financial statements which describes that previously these financial statements were issued on October 11, 2013, and have now been revised by reinstating the long term investments Rs. 38.5 million (refer to Note 8) in the financial statements; and
- (ii) Note 8 to the financial statements which describes that the Society invested Rs. 38.5 million in innovative Investment Bank Limited. The Honorable Lahore High Court, wide its interim order dated February 8, 2011, admitted the claim of the Society to the extent of Rs. 50.84 million. The managing committee has initiated proceedings to recover the amount due from bank by liquidating the property of the bank. The ultimate outcome of the matter cannot presently be determined, and no provision for any impairment in the recoverable amount has been incorporated in these financial statements.

Our opinion is not qualified with regard to the above matters.

Date: **28 APR 2014**
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, 2012

	Note	2012 Rupees	2011 Rupees
FUNDS AND LIABILITIES			
Accumulated Funds	3	281,587,461	289,568,114
Long Term Security Deposits		400,000	400,000
Current Liabilities			
Payables	4	21,148,064	14,266,124
Rent received in advance		9,034,630	8,213,300
Accrued and other liabilities		571,970	647,554
		30,754,664	23,126,978
Contingencies and Commitments	5	-	-
		<u>312,742,125</u>	<u>313,095,092</u>
PROPERTY AND ASSETS			
Fixed Assets - at written down value	6	88,384,301	82,376,707
Capital Work in Progress	7	65,737,008	29,786,342
Long Term Investments	8	38,500,000	38,500,000
Long Term Security Deposits		730,900	880,900
Current Assets			
Stores and spares	9	19,379,270	22,699,552
Short term investments	10	17,000,000	37,000,000
Receivables	11	5,700,432	3,229,431
Advances and other receivables	12	6,398,722	9,494,029
Cash and bank balances	13	70,911,492	89,128,131
		119,389,916	161,551,143
		<u>312,742,125</u>	<u>313,095,092</u>

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

CHAIRMAN

SECRETARY

HONY. TREASURER

MANAGER ACCOUNTS & FINANCE

**PAKISTAN RED CRESCENT SOCIETY
PUNJAB PROVINCIAL BRANCH**

**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Note	2012 Rupees	2011 Rupees
Income			
Membership subscriptions, grants and donations	14	85,759,355	44,512,248
Income from medical and dental college	15	51,931,131	-
Red Crescent week collections	16	2,621,004	556,142
Profit on investments / deposits	17	7,505,733	16,227,634
Rental income		19,318,401	13,248,239
Other income	18	1,439,124	3,772,781
		168,574,748	78,317,044
Expenditures			
Grants, relief and services	19	93,010,862	34,880,049
National Headquarters' share	20	297,404	85,057
Salaries and allowances	21	25,857,337	22,808,487
Administrative	22	13,429,636	14,399,543
Medical and dental college expenses	23	35,690,309	-
Other expenses	24	8,269,853	4,715,436
		(176,555,401)	(76,888,572)
(Deficit) / Surplus Transferred to Accumulated Funds	3	(7,980,653)	1,428,472

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

CHAIRMAN

SECRETARY

HONY. TREASURER

MANAGER ACCOUNTS & FINANCE

**PAKISTAN RED CRESCENT SOCIETY
PUNJAB PROVINCIAL BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Note 1

Status and Operations

1.1 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.

1.2 Revision of financial statements

Previously these financial statements were issued on October 11, 2013, and have now been revised by reinstating the long term investment of Rs. 38.5 million (refer to Note 8), pursuant to the decision of the Managing Committee.

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 financial statements 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. These 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. The employees make monthly contributions to the fund at the rate of 10% of basic salary. Employees are paid commutation and pension at and after the retirement of service.

2.5 Fixed assets

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

Depreciation on fixed assets is charged using the reducing balance method at the rates specified in Note 6. Depreciation is provided on assets from the month of purchase, while no depreciation is provided for the month of disposal.

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

2.6 Investments

These are stated at cost.

Note 2, Significant Accounting Policies - Continued...

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, if any.

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.
- Fee from medical and dental college is accounted for on accrual basis.

Note 3

Accumulated Funds

	2012	2011
	Rupees	Rupees
Opening balance	289,568,114	288,139,642
(Deficit) / Surplus during the year	<u>(7,980,653)</u>	<u>1,428,472</u>
	<u>281,587,461</u>	<u>289,568,114</u>

Note 4

Payables

	2012	2011
	Rupees	Rupees
Payable to:		
- National Headquarter	5,444,636	5,359,579
Opening balance	297,404	85,057
Share of current year (refer to note 20)	<u>5,742,040</u>	<u>5,444,636</u>
- Trade and other payables	<u>15,406,024</u>	<u>8,821,488</u>
	<u>21,148,064</u>	<u>14,266,124</u>

Note 5

Contingencies and Commitments

Contingencies

Certain cases has been filed by / against the Society but no material unfavourable outcome is expected. (2011: Nil)

Commitments

Commitments / contracts for capital expenditure outstanding as at the balance sheet date amount to 35.331 million (2011: Nil).

Note 6

Fixed Assets

Particulars	Note	Written down value				Rate	Depreciation for the year	As at 31-12-2012
		As At 01-01-2012	Additions	Disposals	As At 31-12-2012			
		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								
R.C House office on leasehold land	6.1	3,761,991	-	-	3,761,991	5	188,100	3,573,891
R.C Training Centre, Murree on leasehold land	6.1	2,193,470	-	-	2,193,470	5	109,674	2,083,796
R.C House Shahalam Market on freehold land		716,889	-	-	716,889	5	35,844	681,045
R.C Complex Dena Nath - Freehold land		14,973,843	595,752	-	15,569,595	5	776,980	14,792,615
R.C warehouse Gujranwala on freehold donated land		402,684	-	-	402,684	5	20,134	382,550
Plant and equipment								
Electric installation		446,807	3,353,755	-	3,800,562	10	170,791	3,629,771
Sui gas installation		33,675	-	-	33,675	10	3,368	30,307
Computers and accessories		138,109	403,296	-	541,405	30	102,862	438,543
Office equipment		3,862,544	4,686,465	-	8,549,009	10	630,007	7,919,002
Blood donor service		270,770	-	-	270,770	10	27,077	243,693
Clinical laboratory		28,442	-	-	28,442	5	1,422	27,020
Maternity hospital		460,513	-	-	460,513	10	46,051	414,462
Eye department		238,340	-	-	238,340	10	23,834	214,506
Red Crescent M.C.H. Centre, Murree		1,188,832	-	-	1,188,832	10	118,883	1,069,949
Red Crescent Thalassemia Centre		22,161	-	-	22,161	10	2,216	19,945
Ultra sound machine		6,315,442	-	-	6,315,442	10	631,544	5,683,898
Red Crescent Medical and Dental College		4,968,121	-	-	4,968,121	10	496,812	4,471,309
Furniture and fixture								
Office		275,353	162,756	-	438,109	10	37,529	400,580
Blood donor service		10,325	-	-	10,325	10	1,033	9,292
Red Crescent Training Centre, Murree		140,685	-	-	140,685	10	14,069	126,616
Red Crescent Complex Dena Nath		141,307	-	-	141,307	10	14,131	127,176
Red Crescent Medical and Dental College		887,597	2,247,925	-	3,135,522	10	194,938	2,940,584
ehicles / Ambulances		8,975,282	-	-	8,975,282	20	1,795,056	7,180,226
Total Rupees 2012		<u>82,376,707</u>	<u>11,449,949</u>	<u>-</u>	<u>93,826,656</u>		<u>5,442,355</u>	<u>88,384,301</u>
Total Rupees 2011		<u>78,940,583</u>	<u>9,207,181</u>	<u>(144,594)</u>	<u>88,003,170</u>		<u>5,626,463</u>	<u>82,376,707</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 Red Crescent Training Centre. The remaining lease period as on December 31, 2012 is 54 years (2011: 55 years) for both leases.

Note 7
Capital Work in Progress

	2012	2011
	Rupees	Rupees
Building under construction:		
- Red Crescent Complex Dena Nath - Freehold land	18,088,797	-
- Additions during the year	27,528,032	18,088,797
	45,616,829	18,088,797
- Red Crescent Thalassemia centre - Leasehold land	20,120,179	11,697,545
	65,737,008	29,786,342

Note 8
Long Term Investments - at cost

	2012	2011
	Rupees	Rupees
Innovative Investment Bank Limited	38,500,000	38,500,000

- 8.1** This represents investment in Innovative Investment Bank Limited (formerly Crescent Standard Investment Bank Limited). The investment matured on July 29, 2011 and carried mark up at 7% per annum. The Society has not been paid any amount by the Bank as per schedule and consequently the Society filed a case for recovery from the bank.
- 8.2** The Honourable Lahore High Court through an order dated February 08, 2011 passed an interim decision admitting the claim of Pakistan Red Crescent Society to the extent of Rs. 50,842,152.
- 8.3** The Managing Committee, wide its resolution dated June 22, 2012, has resolved to initiate the proceedings to implement the decree of Honourable Lahore High Court on priority basis to liquidate the property of the bank and recover the amount admitted by the Court. The proceedings have been initiated.

Note 9
Stores and Spares

	2012	2011
	Rupees	Rupees
General stores and spares	19,379,270	22,699,552

Note 10
Short Term Investments - at cost

			2012	2011
	Maturity	Effective Yield	Rupees	Rupees
The Bank of Punjab	19/01/2013	12.00%	17,000,000	17,000,000
Bank Alfalah Limited			-	20,000,000
			17,000,000	37,000,000

Note 11
Receivables

	2012	2011
	Rupees	Rupees
Receivable from:		
- District branches	3,057,320	3,057,319
- Sundry debts	172,112	172,112
- Tuition Fee	2,471,000	-
	5,700,432	3,229,431

Note 12

Advances and Other Receivables

	Note	2012 Rupees	2011 Rupees
Advances to (Unsecured - Considered good):			
- Supplier		400,000	-
- Employees against expenses		1,359,814	1,384,092
- Employees against salaries		160,151	65,781
		<u>1,919,965</u>	<u>1,449,873</u>
Advance income tax	12.1	-	4,458,074
Rental receivable		2,528,839	1,025,663
Profit accrued on investments / deposits		1,949,918	2,560,419
		<u>6,398,722</u>	<u>9,494,029</u>

12.1 Advance income tax has been written off during the year as this amount is not likely to be recovered by the Society.

Note 13

Cash and Bank Balances

	2012 Rupees	2011 Rupees
Cash in hand	181,568	93,815
Cash at banks in:		
- Current accounts	348,040	400,228
- Saving accounts	70,381,884	88,634,088
	<u>70,911,492</u>	<u>89,128,131</u>

Note 14

Membership Subscriptions, Grants and Donations

	Note	2012 Rupees	2011 Rupees
Membership Subscriptions			
Provincial Headquarter		93,000	280,300
JRC Committee Elementary Education (Girls):			
- Registration fee		-	5,215
JRC Committee Colleges:			
- 20% membership fee		-	485
- Registration fee		-	2,525
		<u>93,000</u>	<u>288,525</u>
Grants - net			
Pakistan Red Crescent Society, National Headquarter			
- Receipts		18,863,641	49,338,658
- Payments		(22,009,438)	(29,683,825)
		<u>(3,145,797)</u>	<u>19,654,833</u>
ICRC Law and Fundamental Procedures			
- Receipts		290,295	1,450,881
- Payments		-	(997,425)
		<u>290,295</u>	<u>453,456</u>
Government grant for maternity hospital		-	500,000
		<u>(2,855,502)</u>	<u>20,608,289</u>
Donations			
- In kind	14.1	86,724,082	18,172,981
- For special purposes	14.2	1,537,735	5,430,753
- In cash		260,040	11,700
		<u>88,521,857</u>	<u>23,615,434</u>
		<u>85,759,355</u>	<u>44,512,248</u>

Note 14, Membership Subscriptions, Grants and Donations - Contd..

14.1 This represents vehicles, tents, medicines and other items of daily consumption etc. that are valued by management on estimated basis. It also includes food items worth Rs. 27.111 million that were dispatched to the flood affectees in DG Khan and Rajan Pur.

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

Note 15

Income from Dena Nath Medical College and Training College

	Note	2012 Rupees	2011 Rupees
Medical college tuition fee	15.1	47,917,000	-
U.H.S Fee		247,500	-
Hostel rent		544,614	-
Donation in kind	15.2	739,000	-
Miscellaneous income		2,483,017	-
		<u>51,931,131</u>	<u>-</u>
15.1 Medical college tuition fee		48,967,000	-
Less: Discount allowed		<u>(1,050,000)</u>	<u>-</u>
		<u>47,917,000</u>	<u>-</u>

15.2 This represents construction material that is valued by management on estimated basis.

Note 16

Red Crescent Week Collections

	2012 Rupees	2011 Rupees
General collections:		
- 2011	2,517,500	70,235
- 2010	-	485,907
	2,517,500	556,142
25% Share from district branches	634,750	-
	3,152,250	556,142
Expenses for the year	(531,246)	-
	<u>2,621,004</u>	<u>556,142</u>

Note 17

Profit on Investments / Deposits

	2012 Rupees	2011 Rupees
Short term investments	3,030,118	13,178,387
Saving accounts	4,475,615	3,049,247
	<u>7,505,733</u>	<u>16,227,634</u>

Note 18

Other Income

	2012 Rupees	2011 Rupees
Prescription fee:		
- Red Crescent Complex, Dena Nath	142,940	217,020
- Red Crescent Dispensary, Walton and Shadi Pura	68,380	253,425
- Red Crescent Centre, PHQ Lahore	99,490	98,090
	<u>310,810</u>	<u>568,535</u>
Hire of ambulances	147,760	163,218
Income from first aid training	201,380	61,250
Blood screening income	54,020	76,870
Sale of donation tickets	210,564	1,175,091
Miscellaneous receipts	514,590	1,727,817
	<u>1,439,124</u>	<u>3,772,781</u>

Note 19

Grants, Relief and Services

	Note	2012 Rupees	2011 Rupees
Grants:			
- Chairman discretionary		84,000	268,435
- Other district branches		-	1,047,326
		84,000	1,315,761
Relief:			
- Disease and disaster		3,232,350	7,269,399
- Packing and forwarding expenses		-	637,700
- Donation in kind	19.1	88,362,497	19,200,145
		91,594,847	27,107,244
Services:			
- Blood donor service			
Salaries and allowances		493,464	985,693
Printing and stationery		14,837	29,517
Telephone		2,870	48,560
Transport		-	1,929
Entertainment		18,147	117,093
Publicity		-	468
Cost of blood bags, chemicals and medicines		27,580	223,928
Miscellaneous		32,358	18,400
		589,256	1,425,588
- Thalassemia centre expenses			
Salaries and allowances		157,223	347,427
Medicines consumed		60,159	112,557
Miscellaneous		9,500	5,525
		226,882	465,509
- Red Crescent Dispensary, PHQ, Lahore			
Salaries and allowances		272,105	1,219,488
Medicine consumed		-	3,240,470
		272,105	4,459,958
- Miscellaneous		243,772	105,989
		<u>93,010,862</u>	<u>34,880,049</u>

19.1 This includes food and non food items distributed amongst approximately 4,000 flood victims families in DG Khan and Rajan Pur.

Note 20

National Headquarters' Share

	2012 Rupees	2011 Rupees
10% Share of:		
- Membership subscription of provincial headquarters	9,300	28,030
- Red Crescent week collections	262,100	55,614
- Donations in cash	26,004	1,170
50% Share of:		
- JRC membership fee	-	243
	<u>297,404</u>	<u>85,057</u>

Note 21

Salaries and Allowances

	2012	2011
	Rupees	Rupees
Staff salaries:		
- General	3,465,830	5,825,739
- Touring	2,083,894	519,089
- Junior Red Crescent	222,389	605,522
- Store	99,771	782,631
- Transport	145,650	757,474
- Dental clinic	-	590,546
- Red Crescent Warehouse - Gujranwala	124,488	93,799
- Red Crescent House - General	296,681	258,534
- Public relations officer	529,893	1,012,961
- Medical and Dental College	1,464,470	5,669,438
- Red Crescent Complex, Dena Nath	542,193	1,924,762
	<u>8,975,259</u>	<u>18,040,495</u>
- Pension and commutation	15,671,053	2,385,389
- Annual special pay	1,211,025	2,382,603
	<u>16,882,078</u>	<u>4,767,992</u>
	<u>25,857,337</u>	<u>22,808,487</u>

Note 22

Administrative Expenses

	2012	2011
Note	Rupees	Rupees
Travelling:		
- Secretary	275,694	95,833
- Field staff	11,370	31,763
- General	199,519	138,065
	<u>486,583</u>	<u>265,661</u>
Printing and stationery	267,979	473,812
Postage and telegram	130,394	142,654
Telephone	298,888	381,333
Electricity	727,316	908,005
Water and gas	154,314	129,820
Entertainment expenses	77,431	126,718
Repairs and maintenance - vehicles	169,628	480,568
Repairs and maintenance - building and office equipment	1,118,192	776,443
Vehicle running expenses	2,664,141	2,313,726
Junior Red Crescent literature, functions, activities and publicity	-	749,978
First aid training expenses	185,774	150,964
Fee and subscription for Medical and Dental college	-	855,000
Audit fee - honorarium	75,000	60,000
Legal charges	347,373	172,227
AGM expense	108,000	-
Red crescent Training Centre, Murree	48,422	176,783
Red Crescent House expenses	165,641	85,805
Bank charges	679,263	44,707
Miscellaneous	282,942	478,876
Depreciation	5,442,355	5,626,463
6	<u>13,429,636</u>	<u>14,399,543</u>

Note 23

Medical and Dental College Expenses

	2012	2011
	Rupees	Rupees
Salaries and other benefits	26,625,638	-
Academic and administrative charges	3,135,000	-
Transportation expenses	2,369,041	-
Fee and subscription expenses	1,021,000	-
Utilities	671,143	-
Safety and security expenses	343,718	-
Repairs and maintenance	316,528	-
Rent rate and taxes - boys hostel	223,000	-
Laboratory consumable	198,957	-
Printing and stationary expenses	176,909	-
Advertisement expenses	118,748	-
Telephone and postage charges	64,251	-
Entertainment expenses	14,604	-
Bank charges	1,350	-
Miscellaneous expenses	410,422	-
	<u>35,690,309</u>	<u>-</u>

Note 24

Other Expenses

	2012	2011
	Rupees	Rupees
Publicity and advertisement	469,092	324,901
Asset / balance written off	5,301,330	976,341
Stock written off	2,499,431	-
Loss on disposal of stock	-	3,414,000
Exchange loss	-	194
	<u>8,269,853</u>	<u>4,715,436</u>

Note 25

Date of Authorization for Issue

These financial statements were authorized for issue by the Management Committee on 28 APR 2014.

Note 26

General


Figures have been rounded off to the nearest rupee.

No material rearrangements have been made in these financial statements.


CHAIRMAN


SECRETARY


HONY. TREASURER


MANAGER, ACCOUNTS & FINANCE