

INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT COMMITTEE OF PAKISTAN RED CRESCENT SOCIETY PUNJAB PROVINCIAL BRANCH

Opinion

We have audited the financial statements of **PAKISTAN RED CRESCENT SOCIETY PUNJAB PROVINCIAL BRANCH (The Society)**, which comprise the statement of financial position as at December 31, 2016, and the income and expenditure account, statement of cash flows and statement of changes in accumulated funds for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2016, and its financial performance, its cash flows and its accumulated funds for the year then ended in accordance with the approved accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of Financial Statements section of our report. We are independent of the Society 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.

Emphasis of Matter

We draw attention to note 16 of the financial statements which describes the uncertainty related to the outcome of the lawsuit filed by the Society. Our opinion is not qualified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management Committee 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 the Management Committee determine 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, the Management Committee is responsible for assessing the Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

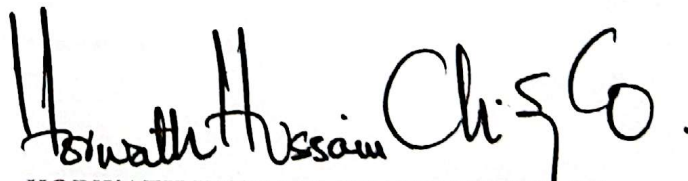
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the 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 Society'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 Society 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 those charged with governance 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.

Lahore
Dated 02 DEC 2017



HORWATH HUSSAIN CHAUDHURY & CO.
Chartered Accountants

(Engagement Partner: Amin Ali)

**PAKISTAN RED CRESCENT SOCIETY
PUNJAB PROVINCIAL BRANCH**

BALANCE SHEET AS AT DECEMBER 31, 2016

	Note	2016 Rupees	2015 Rupees
Non Current Assets			
Operating fixed assets - at written down value	4	240,057,945	139,416,748
Capital work in progress	5	26,344,078	58,104,365
Intangible asset	6	126,865	-
Long term investments	7	38,500,000	38,500,000
Long term security deposits		780,900	780,900
		305,809,788	236,802,013
Current Assets			
Stores and spares	8	7,791,991	7,382,722
Short term investments	9	27,000,000	27,000,000
Receivables	10	12,992,428	13,621,687
Advances and other receivables	11	3,747,961	6,582,951
Cash and bank balances	12	106,635,664	67,323,541
		158,168,044	121,910,901
Current Liabilities			
Trade and other payables	13	17,791,365	12,535,803
College income received in advance	14	43,251,395	23,218,872
Rent received in advance		12,711,076	11,603,117
		(73,753,836)	(47,357,792)
Net Current Assets		84,414,208	74,553,109
Non Current Liabilities			
Deferred income	15	(3,976,221)	-
Contingencies and Commitments	16	-	-
NET ASSETS		386,247,775	311,355,122
REPRESENTED BY			
Accumulated Funds		386,247,775	311,355,122

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


CHAIRMAN


SECRETARY


HONORARY
TREASURER


MANAGER ACCOUNTS
& FINANCE

**PAKISTAN RED CRESCENT SOCIETY
PUNJAB PROVINCIAL BRANCH**

**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2016**

Income	Note	2016 Rupees	2015 Rupees
Income from medical and dental college	17	126,683,115	95,445,852
Membership subscriptions, grants and donations	18	18,816,900	7,857,326
Rental income		24,182,513	28,823,208
Profit on investments / deposits	19	5,088,799	5,086,165
Prescription fee	20	7,062,422	4,547,016
Amortization of deferred income		47,084	-
Other income	21	312,514	546,711
		182,193,347	142,306,278
Expenditures			
Medical and dental college expenses	22	72,228,072	60,291,931
Grants, relief and services	23	3,471,250	5,929,409
Administrative expenses	24	13,914,590	15,957,328
Salaries and allowances	25	16,092,589	14,380,389
National Headquarters' share	26	3,400	19,480
Other operating expenses	27	1,590,793	812,464
		(107,300,694)	(97,391,001)
Surplus Transferred to Accumulated Funds		74,892,653	44,915,277

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


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MANAGER ACCOUNTS
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**PAKISTAN RED CRESCENT SOCIETY
PUNJAB PROVINCIAL BRANCH**

**CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016 Rupees	2015 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	74,892,653	44,915,277
Adjustments for:		
- Depreciation	9,097,371	9,161,237
- Amortization	25,135	-
- Amortization of deferred income	(47,084)	-
- Gain on disposal of fixed assets	-	(345,000)
	<u>9,075,422</u>	<u>8,816,237</u>
Operating surplus before working capital changes	83,968,075	53,731,514
Decrease / (increase) in current assets		
- Stores and spares	(409,269)	(1,681,324)
- Receivables	629,259	(11,893,868)
- Advances and other receivables	2,834,990	981,845
(Decrease) / increase in current liabilities		
- Trade and other payables	5,255,562	(3,773,854)
- College income received in advance	20,032,523	(47,569,878)
- Rent received in advance	1,107,959	(647,078)
	<u>29,451,024</u>	<u>(64,584,157)</u>
Net Cash Generated from / (Used in) Operating Activities	113,419,099	(10,852,643)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(3,977,568)	(3,391,620)
Capital work in progress	(69,977,408)	(35,736,605)
Intangible asset	(152,000)	-
Long term deposits	-	(50,000)
Proceeds from disposal of fixed assets	-	345,900
Net Cash Used in Investing Activities	(74,106,976)	(38,832,325)
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
Net Increase / (Decrease) in Cash and Cash Equivalents during the Year	39,312,123	(49,684,968)
Cash and cash equivalents at the beginning of the year	67,323,541	117,008,509
Cash and Cash Equivalents at the End of the Year	<u>106,635,664</u>	<u>67,323,541</u>


CHAIRMAN


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MANAGER ACCOUNTS
& FINANCE

**PAKISTAN RED CRESCENT SOCIETY
PUNJAB PROVINCIAL BRANCH**

**STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Accumulated fund - un-restricted Rupees
Balance as at December 31, 2014	266,439,845
Net surplus for the year	44,915,277
Balance as at December 31, 2015	311,355,122
Net surplus for the year	74,892,653
Balance as at December 31, 2016	386,247,775

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


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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, 2016**

Note 1**Status and Operations**

Pakistan Red Crescent Society, Punjab Provincial Branch (the Society) was 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. The Society is domiciled in Pakistan and its registered office is situated at 2 - Shara-e-Fatima Jinnah, Lahore.

Note 2**Basis of Preparation****2.1 Statement of Compliance**

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standard comprise International Accounting and Financial Reporting Standards for Small and Medium Sized Entities (SMEs) issued by the International Accounting Standards Board (IASB) and Accounting Standard for Non-profit Organizations (NPOs) issued by the Institute of Chartered Accountants of Pakistan.

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 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 by the management under different circumstances. These estimates and related assumptions are reviewed on 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 operating fixed assets, provisions for doubtful receivables, loss on investments and slow moving and obsolete inventory. However, the management believes that the change in outcome of these estimates would not have a material effect on the amounts disclosed in the financial statements.

2.4 Financial and Presentation Currency

These financial statements are prepared and presented in Pak Rupees which is the Society's functional and presentation currency. All financial information presented in Pak Rupees has been rounded off to the nearest rupee, unless otherwise stated.

Note 3**Significant Accounting Policies**

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied, unless stated otherwise.

3.1 Operating fixed assets

Plant and equipment 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 4. Depreciation is provided on assets from the month of purchase, while no depreciation is provided in the month of disposal.

Note 3, Significant Accounting Policies - Continued...

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Society and the cost of the item can be measured reliably.

The Society reviews the useful lives of operating fixed assets on a regular basis. Any change in the management's estimates might affect the carrying amount of respective item of operating fixed assets, with a corresponding effect on the depreciation charge and impairment.

Operating fixed assets received as donations or endowments are recognized at fair value and a corresponding amount is recognised in deferred income account. Such items are thereafter depreciated in accordance with the Society's policy and corresponding amounts are transferred from deferred income to the income and expenditure account.

Cost of any improvements in land is capitalised as part of the cost of land. In case of vested government land, the cost of improvement to land is not capitalised but treated as revenue expenditure. Cost of any structure built on donated land is capitalised separately.

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

3.2 Intangible assets

The intangible asset comprises the accounting software. The intangible asset is amortized over three years using the straight line method. Amortization on addition / up gradation is charged from the month in which the asset is available for use.

3.3 Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss.

3.4 Impairment

Carrying amount of the Society's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount is the higher of the fair value less costs to sell and value in use. In the absence of any information about the fair value of a cash-generating unit, the recoverable amount is deemed to be the value in use.

3.5 Investments

These are stated at cost.

3.6 Stores, spares and stocks

These are valued at lower of cost and net realizable value. Cost is determined using first in first out basis. Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make a sale.

3.7 Receivables

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

3.8 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at bank.

Note 3, Significant Accounting Policies - Continued...

3.9 Provisions

A provision is recognized in the financial statements when the Society has a present 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. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.10 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. 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. However, in the absence of any actuarial valuation no provision as to liability for pension and related benefits is incorporated in these financial statements and the related expense is recorded on cash payment basis.

3.11 Revenue recognition

The Society recognize its income as under:

- Membership subscriptions are accounted for on receipt basis.
- Donations in cash are accounted for on receipt basis.
- Donations in kind are recognised on fair value 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 recognized in income and expenditure account on time proportionate basis.
- Grant including non-monetary grants at fair value are recognised only if the conditions for its receipts have been complied with and there is reasonable assurance that grant will be received. If there is no reasonable assurance that the donation or grant, or any part thereof, will be received recognition of such donation or grant, or part thereof, should be postponed and such donation or grant is recognised in the period in which reasonable assurance is obtained

3.12 Translations in Foreign Currency

Foreign currency transactions are translated at rates prevailing on the date of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pak rupees at exchange rates prevailing on the balance sheet date. Exchange differences, if any, are taken to the income and expenditure account.

3.13 Deferred income

Funds relating to operating fixed assets are included in non-current liabilities as deferred credit and credited to the income and expenditure account over the expected lives of related assets. The unamortized portion of deferred credit is recognized as a long-term liability in the balance sheet.

3.14 Financial instruments

The Society accounts for its financial instruments as per International Financial Reporting Standards for Small and Medium-Sized Entities (SMEs). The management determines the classification of its financial instruments at the time of initial recognition. The Society classifies its financial assets as basic financial instruments initially measured at transaction price. Subsequently, these financial instruments are measured at undiscounted transaction price less any impairment. Financial assets are derecognized when rights to cash flows from financial assets are settled or expired and financial liabilities are derecognized when these are extinguished.

3.15 Related party transactions

Transactions with related parties are based on the transfer pricing policy that all transactions between the Society and the related party are at arm's length prices determined as per the Society policy except in circumstances where it is not in the interest of the Society to do so.

Note 4

Operating Fixed Assets - Written Down Value

Particulars	Note	Written Down Value				Depreciation		As at December 31, 2016 Rupees
		As at January 1, 2016 Rupees	Additions Rupees	Disposals / Adjustments Rupees	As At December 31, 2016 Rupees	Rate %	For the Year 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	4.1	4,036,027	-	-	4,036,027	5	201,801	1,834,226
R.C Training Centre, Murree on leasehold land	4.1	1,786,595	-	-	1,786,595	5	89,130	1,697,465
R.C House Shahalam Market on freehold land		583,911	-	-	583,911	5	29,196	554,715
R.C Complex Dena Nath - Freehold land		55,709,095	-	-	55,709,095	5	2,785,455	52,923,640
R.C warehouse Gujranwala on freehold donated land		327,988	-	-	327,988	5	16,399	311,589
Red Crescent Medical and Dental College		-	101,737,695	-	101,737,695	5	423,907	101,313,788
Plant and equipment								
Electric installation		2,646,103	634,450	-	3,280,553	10	306,052	2,974,501
Su gas installation		22,093	-	-	22,093	10	2,209	19,884
Computers and accessories		265,466	-	-	265,466	30	79,640	185,826
Office equipment		9,373,078	80,000	-	9,453,078	10	943,016	8,510,062
Blood donor service		177,653	2,958,000	-	3,135,653	10	49,132	3,086,521
Clinical laboratory		23,167	-	-	23,167	5	1,158	22,009
Maternity hospital		302,143	-	-	302,143	10	30,214	271,929
Eye department		156,374	-	-	156,374	10	15,637	140,737
Red Crescent M.C.H. Centre, Murree		1,088,177	-	-	1,088,177	10	108,818	979,359
Red Crescent Thalassemia Centre		14,539	-	-	14,539	10	1,454	13,085
Ultra sound machine		4,143,561	-	-	4,143,561	10	414,356	3,729,205
Red Crescent Medical and Dental College		14,444,121	2,900,923	-	17,345,044	10	1,518,015	15,827,029
Furniture and fixture								
Office		392,241	-	-	392,241	10	39,224	353,017
Blood donor service		6,774	-	-	6,774	10	677	6,097
Red Crescent Training Centre, Murree		92,303	-	-	92,303	10	9,230	83,073
Red Crescent Complex Dena Nath		1,268,166	-	-	1,268,166	10	126,817	1,141,349
Red Crescent Medical and Dental College		2,652,210	1,427,500	-	4,079,710	10	309,346	3,770,364
Vehicles / Ambulances								
		7,981,438	-	-	7,981,438	20	1,596,288	6,385,150
Total Rupees 2016		139,416,748	109,738,568	-	249,155,316		9,097,371	240,057,945
Total Rupees 2015		145,187,265	3,391,620	(300)	148,577,985		9,161,237	139,416,748

4.1 The Society possess 99 years' rights of use for the 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, 2016 is 50 years (2015: 51 years) for both leases.

Note 5
Capital Work in Progress

	Note	2016 Rupees	2015 Rupees
Building under construction:			
- Medical College at Dinanath	5.1	-	32,741,111
- Blood Donor Centre at PHQ	5.2	26,344,078	25,363,254
		<u>26,344,078</u>	<u>58,104,365</u>
5.1 Medical College at Dinanath			
Opening balance		32,741,111	32,741,111
Additions during the year		68,996,584	-
		101,737,695	32,741,111
Transfer during the year		(101,737,695)	-
Closing balance		-	32,741,111
5.2 Blood Donor Centre at PHQ			
Opening balance		25,363,254	25,363,254
Additions during the year		980,824	-
		26,344,078	25,363,254
Transfer during the year		-	-
Closing balance		26,344,078	25,363,254

Note 6
Intangible Asset

	2016 Rupees	2015 Rupees
Accounting software:		
Cost	152,000	-
Accumulated amortization	(25,135)	-
	<u>126,865</u>	<u>-</u>
Amortization rate	33%	-

Note 7
Long Term Investments - at cost

	2016 Rupees	2015 Rupees
Innovative Investment Bank Limited	<u>38,500,000</u>	<u>38,500,000</u>

7.1 This represents the cost of investments made in Regular Income Certificates and Term Deposit Certificates issued by the then Crescent Standard Investment Bank Limited, carrying markup at rates of 8.5% and 11.25%, respectively. Pursuant to the merger of Crescent Standard Investment Bank Limited into Innovative Investment Bank Limited such investments were replaced by fresh Certificates of Deposits carrying markup at 7% per annum and maturing earliest by July 29, 2009. Upon such maturity, the principal as well as the accrued markup thereon was not paid to the Society, which therefore filed a recovery suit for these amounts. Furthermore, the Society has not incorporated any accrual for markup for the year.

7.2 During the proceedings mentioned in Note 7.1 above, the Honorable Lahore High Court, through an order dated February 08, 2011, passed an interim decree of Rs. 50,842,152 in favor of the Society. The satisfaction of the decree through attachment and sale of Bank's property was not effected owing to the pendency of winding up proceedings of the investee bank in another Court. However, the management intends to pursue the original recovery suit and is hopeful for favorable outcome.

Note 8
Stores and Spares

	2016 Rupees	2015 Rupees
General stores and spares	<u>7,791,911</u>	<u>7,183,713</u>

Note 9

Short Term Investments - at Cost

	Maturity Date	Effective Yield	2016 Rupees	2015 Rupees
The Bank of Punjab	19/01/2017	8.50%	10,000,000	17,000,000
The Bank of Punjab	12/01/2017	7.00%	7,000,000	-
The Bank of Punjab	25/11/2017	6.30%	10,000,000	10,000,000
			<u>27,000,000</u>	<u>27,000,000</u>

Note 10

Receivables

	2016 Rupees	2015 Rupees
College fee	12,632,428	13,621,687
Hostel dues	360,000	-
	<u>12,992,428</u>	<u>13,621,687</u>

Note 11

Advances and Other Receivables

	2016 Rupees	2015 Rupees
Advances to employees (Unsecured) - considered good		
- against expenses	2,446,483	4,510,569
- against salaries	255,158	102,941
	2,701,641	4,613,510
Rent receivable	-	1,032,031
Profit accrued on investments / deposits	1,046,320	937,410
	<u>3,747,961</u>	<u>6,582,951</u>

Note 12

Cash and Bank Balances

	Note	2016 Rupees	2015 Rupees
Cash in hand		396,782	551,697
Cash at banks in:			
- Current accounts		383,680	348,040
- Savings accounts	12.1	105,855,202	66,423,804
		<u>106,635,664</u>	<u>67,323,541</u>

12.1 This includes Rs. 1,268,241 (2015: 1,183,340) restricted funds in a bank account for provident fund related amounts.

Note 13

Trade and Other Payables

	2016 Rupees	2015 Rupees
Payable to National Headquarter		
Opening balance	8,646,021	8,626,541
Share of current year (refer to note 26)	3,400	19,480
	8,649,421	8,646,021
Creditors	1,297,712	3,329,181
Income tax payable	2,493,102	257,302
Accrued and other liabilities	5,351,130	303,299
	<u>17,791,365</u>	<u>12,535,803</u>

Note 14

College Income received in advance

	2016	2015
	Rupees	Rupees
Medical college tuition fee	38,643,395	23,218,872
Hostel dues	4,608,000	-
	<u>43,251,395</u>	<u>23,218,872</u>

Note 15

Deferred Income

	2016	2015
	Rupees	Rupees
Deferred income	4,023,305	-
Amortization	(47,084)	-
Closing Balance	15.1 <u>3,976,221</u>	<u>-</u>

15.1 This represent grant received from High Noon Laboratories against the medical equipment for blood donor service center at PHQ. This will be charged to income and expenditure account over useful life of assets acquired through grant.

Note 16

Contingencies and Commitments

Contingencies

- As mentioned in Note 7, the Society owes the decretal amount of Rs. 50.842 million from Innovative Investment Bank Limited through interim decree order issued by the Honorable Lahore High Court, Lahore.

Commitments

There are no material contingencies and commitments outstanding as at the balance sheet date (2015:Nil).

Note 17

Income from Medical College and Training College at Dinanath

	2016	2015
	Rupees	Rupees
Medical college tuition fee	121,425,095	95,387,282
University of Health and Sciences fee	-	10,000
Hostel rent	3,848,070	48,000
Prospectus and processing fee	1,409,950	-
Miscellaneous	-	570
	<u>126,683,115</u>	<u>95,445,852</u>

17.1 The medical college tuition fee includes Rs. 23.22 million (2015: Rs.70.89 million) received in previous year as advance fee.

Note 18

Membership Subscriptions, Grants and Donations

	Note	2016 Rupees	2015 Rupees
Membership Subscriptions:			
- Provincial Headquarter		-	1,700
Grants - net:			
- Pakistan Red Crescent Society, National Headquarter			
- Receipts		13,888,704	1,830,900
- Payments	18.1	(17,996,244)	(4,861,768)
		(4,107,540)	(3,030,868)
ICRC Law and Fundamental Procedures - Receipts		2,700,020	4,046,420
Donations:			
- In cash	18.2	16,915,715	2,963,380
- For special purposes - in cash		34,025	193,100
		16,949,740	3,156,480
- Sale of donation tickets		3,274,680	3,683,594
		18,816,900	7,857,326

18.1 This includes salaries of project staff and meeting and conference expenses amounting to Rs. 16,073,917 (2015: Rs. 1,058,676)

18.2 This includes donations amounting to Rs. 16.5 million received from students of Pak Red Crescent Medical and Dental College, Dinanath.

Note 19

Profit on Investments / Deposits

	2016 Rupees	2015 Rupees
Short term investments	2,016,218	1,832,630
Saving accounts	3,072,581	3,253,535
	5,088,799	5,086,165

Note 20

Prescription Fee

	2016 Rupees	2015 Rupees
Red Crescent Complex, Dinanath	6,203,041	3,728,522
Red Crescent Dispensary, Walton and Shadi Pura	-	62,960
Red Crescent Centre, PHQ Lahore	-	18,914
Income from first aid training	859,381	735,250
Blood screening income	-	1,370
	7,062,422	4,547,016

Note 21

Other Income

	2016 Rupees	2015 Rupees
Gain on disposal of operating fixed assets	-	345,000
Miscellaneous receipts	312,514	201,711
	312,514	546,711

Note 22

Hospital and Medical and Dental College Expenses

	2016 Rupees	2015 Rupees
Salaries and other benefits	56,401,016	42,594,867
Academic session held at Allama Iqbal Medical College Lahore	-	1,828,800
Transportation	1,860,245	1,878,151
Fees and subscription	1,668,292	3,531,000
Utilities	2,689,690	2,112,456
Fuel expenses	2,162,725	2,310,887
Repairs and maintenance	1,236,626	1,133,756
Rent, rate and taxes - boys hostel	40,000	300,000
Printing and stationery	720,805	564,595
Advertisement	40,685	38,261
Laboratory consumable	532,000	-
Medicine consumed in hospital	2,542,882	1,841,502
X-Ray expenses	420,530	2,791
Telephone and postage charges	185,178	43,694
Entertainment	508,631	725,336
Laundry	324,950	274,474
Punjab Health Care	-	25,000
Per diems of participants	112,320	108,185
Staff trainings expenses	295,700	-
Sports week celebration	181,417	393,000
Miscellaneous	304,380	585,176
	<u>72,228,072</u>	<u>60,291,931</u>

Note 23

Grants, Relief and Services

	Note	2016 Rupees	2015 Rupees
Relief:			
- Disease and disaster	23.1	376,835	3,299,040
Services:			
- Blood donor service			
Salaries and allowances		1,564,078	1,547,951
Printing and stationery		25,048	66,753
Repairs and maintenance		4,000	-
Transport		7,020	15,590
Entertainment		162,570	81,051
Miscellaneous		770	51,032
		1,763,486	1,762,377
- Thalassemia centre expenses			
Repairs and maintenance		60,225	125,000
Medicines consumed		597,287	13,205
Entertainment		122,661	-
Miscellaneous		-	17,580
		780,173	155,785
- Red Crescent Dispensary, PHQ, Lahore			
Salaries and allowances		550,756	706,452
Medicines consumed		-	620
		550,756	707,072
- Miscellaneous		-	5,135
		<u>3,471,250</u>	<u>5,929,409</u>

23.1 Payment was made for food packets distributed last year to the flood affectees, IDPs and Thar victims in the affected areas of different districts like Sheikhupura, Khushab, Saikot, Thar etc.

Note 24
Administrative Expenses

	Note	2016 Rupees	2015 Rupees
Travelling:			
- Secretary		129,749	116,918
- Field staff		81,900	76,370
- General		292,329	191,790
		<u>503,978</u>	<u>385,078</u>
Printing and stationery		363,505	218,591
Postage and telegram		94,933	105,748
Utilities		924,290	960,091
Entertainment expenses		319,534	204,382
Repairs and maintenance - vehicles		374,626	342,039
Repairs and maintenance - building and office equipment		294,220	967,801
Fuel expenses		1,036,674	897,941
First aid training expenses		323,446	349,155
Legal charges		158,410	1,681,807
Red Crescent Training Centre, Murree		115,830	259,876
Red Crescent House expenses		90,162	102,614
Transport		28,350	41,490
Miscellaneous		164,126	279,478
Depreciation	4	9,097,371	9,161,237
Amortization	5	25,135	-
		<u>13,914,590</u>	<u>15,957,328</u>

Note 25
Salaries and Allowances

	2016 Rupees	2015 Rupees
Staff salaries:		
- General	12,602,304	6,344,905
- Red Crescent House - General	1,137,722	1,335,414
	<u>13,740,026</u>	<u>7,680,319</u>
- Pension and commutation	4,935,732	6,694,070
- Annual special pay	-	6,000
	<u>4,935,732</u>	<u>6,700,070</u>
	<u>18,675,758</u>	<u>14,380,389</u>

Note 26
National Headquarters' Share

	Note	2016 Rupees	2015 Rupees
10% Share of:			
- Membership subscription of provincial headquarters		-	170
- Donations in cash for special purposes		3,400	19,310
	18	<u>3,400</u>	<u>19,480</u>

Note 27
Other Operating Expenses

	2016 Rupees	2015 Rupees
Audit Fee	100,000	85,000
Publicity and advertisement	17,811	138,667
Bank charges	518,161	24,732
Withholding tax	954,820	564,065
	<u>1,590,792</u>	<u>812,464</u>

Note 28
Number of Employees

	2016 Number	2015 Number
Employees as at December 31,	188	152

Note 29
Key Management Personnel Remuneration

	2016 Rupees	2015 Rupees
Managerial remuneration - Secretary	1,800,000	1,800,000

Note 30
Transaction with Related parties

Related parties comprise of PRCS National Head Quarter, members and key management personnel. Transactions with related parties are as follows:

	2016 Rupees	2015 Rupees
Transactions during the year		
10% share of donation in cash to national head quarter	3,400	19,480
Member subscription fee	-	1,700
Balance outstanding as at December 31,		
Payable to National Head Quarter	8,649,421	8,646,021

Note 31
Basic Financial Instruments by Categories

Financial Assets as at December 31, 2016

	Cash and Cash Equivalents Rupees	Loans and Advances Rupees	Total Rupees
- Long term investment	38,500,000	-	38,500,000
- Long term security deposit	780,900	-	780,900
- Short term investment	27,000,000	-	27,000,000
- Receivable	12,992,428	-	12,992,428
- Profit accrued on investments / deposits	-	1,046,320	1,046,320
- Cash and cash equivalents	106,238,882	-	106,238,882
	<u>185,512,210</u>	<u>1,046,320</u>	<u>186,558,530</u>

Financial Assets as at December 31, 2015

	Cash and Cash Equivalents Rupees	Loans and Advances Rupees	Total Rupees
- Long term Investment	38,500,000	-	38,500,000
- Long term security deposit	780,900	-	780,900
- Short term Investment	27,000,000	-	27,000,000
- Receivable	13,621,687	-	13,621,687
- Profit accrued on Investments / deposits	-	937,410	937,410
- Cash and cash equivalents	66,771,844	-	66,771,844
	<u>146,674,431</u>	<u>937,410</u>	<u>147,611,841</u>

Note 31, Basic Financial Instruments by Categories - Continued...

	2016 Rupees	2015 Rupees
- Trade and other payables	15,298,263	12,278,501

Note 32
Date of Authorization for Issue

These financial statements have been authorized for issue by the Management Committee of the Society on
02 DEC 2017

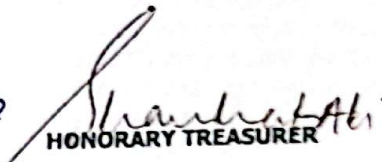
Note 33
General

Corresponding figures have been re-arranged / reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison. Following re-arrangements / reclassifications have been made in these financial statements for better presentation:

Nature	From	To	Amount Rupees
Salaries and expenses payable	Accrued and other liabilities (Face of the Balance Sheet)	Trade and other payables (Note 13)	5,654,429


CHAIRMAN


SECRETARY


HONORARY TREASURER


MANAGER ACCOUNTS
& FINANCE