

AUDITORS' REPORT

**PAKISTAN RED CRESCENT SOCIETY
(PUNJAB PROVINCIAL BRANCH)**

FOR THE YEAR ENDED DECEMBER 31 , 2017

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, 2017, 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, 2017, 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 17 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 determines 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.

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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 25 SEP 2018


HORWATH HUSSAIN CHAUDHURY & CO.
Chartered Accountants

(Engagement Partner: Amin Ali)



**PAKISTAN RED CRESCENT SOCIETY
PUNJAB PROVINCIAL BRANCH**

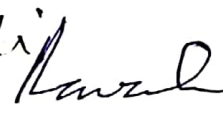
STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2017

	Note	2017 Rupees	2016 Rupees
Non Current Assets			
Operating fixed assets - at written down value	4	297,532,523	240,057,945
Capital work in progress	5	124,489,650	26,344,078
Intangible asset	6	91,705	126,865
Long term investments	7	38,500,000	38,500,000
Long term security deposits		780,900	780,900
		461,394,778	305,809,788
Current Assets			
Stores and spares	8	8,013,418	7,791,991
Short term investments	9	-	27,000,000
Receivables against fees	10	5,394,306	12,992,428
Advances and other receivables	11	8,848,397	3,747,961
Cash and bank balances	12	440,213,681	106,635,664
		462,469,802	158,168,044
Current Liabilities			
Trade and other payables	13	25,667,947	17,791,365
Refundable to students	14	273,495,317	-
College fees received in advance	15	151,965,000	43,251,395
Rent received in advance		22,783	12,711,076
		(451,151,047)	(73,753,836)
Net Current Assets		11,318,755	84,414,208
Non Current Liabilities			
Deferred income	16	(34,409,937)	(3,976,221)
Contingencies and Commitments	17	-	-
NET ASSETS		<u>438,303,596</u>	<u>386,247,775</u>
REPRESENTED BY			
Accumulated Funds		<u>438,303,596</u>	<u>386,247,775</u>

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, 2017**

	Note	2017 Rupees	2016 Rupees
Income			
Income from medical and dental college	18	137,771,774	126,683,115
Grants and donations	19	11,937,770	18,816,900
Rental income		28,455,846	24,182,513
Profit on investments and deposits	20	12,800,827	5,088,799
Prescription fees and other receipts	21	9,316,565	7,062,422
Amortization of deferred income	16	3,200,471	47,084
Other income		99,535	312,514
		203,582,788	182,193,347
Expenditures			
Hospital and medical college expenses	22	118,071,759	78,987,900
Grants, relief and services	23	4,508,037	3,471,250
Administrative expenses	24	10,245,817	7,154,762
Salaries and allowances	25	16,670,839	16,092,589
National Headquarter's share		-	3,400
Other operating expenses	26	2,030,515	1,590,793
		(151,526,967)	(107,300,694)
Net Surplus Transferred to Accumulated Funds		<u>52,055,821</u>	<u>74,892,653</u>

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**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	2017 Rupees	2016 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	52,055,821	74,892,653
Adjustments for:		
- Depreciation	16,105,644	9,097,371
- Amortization	50,160	25,135
- Amortization of deferred Income	(3,200,471)	(47,084)
	<u>12,955,333</u>	<u>9,075,422</u>
Operating surplus before working capital changes	65,011,154	83,968,075
(Increase) / decrease in current assets		
- Stores and spares	(221,427)	(409,269)
- Receivables against fees	7,598,122	629,259
- Advances and other receivables	(5,100,436)	2,834,990
Increase / (decrease) in current liabilities		
- Trade and other payables	7,876,582	5,255,562
- Refundable to students	273,495,317	-
- College income received in advance	108,713,605	20,032,523
- Rent received in advance	(12,688,293)	1,107,959
	<u>379,673,470</u>	<u>29,451,024</u>
Net Cash Generated from Operating Activities	444,684,624	113,419,099
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(11,990,468)	(3,977,568)
Capital work in progress	(126,101,139)	(69,977,408)
Acquisition of intangible assets	(15,000)	(152,000)
Encashment of short term investments	27,000,000	-
Net Cash Used in Investing Activities	<u>(111,106,607)</u>	<u>(74,106,976)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Increase in Cash and Cash Equivalents During the Year	<u>333,578,017</u>	<u>39,312,123</u>
Cash and cash equivalents at the beginning of the year	106,635,664	67,323,541
Cash and Cash Equivalents at the End of the Year	<u>440,213,681</u>	<u>106,635,664</u>

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CHAIRMAN

Secretary
SECRETARY

HONORARY TREASURER

MANAGER ACCOUNTS
& FINANCE

**PAKISTAN RED CRESCENT SOCIETY
PUNJAB PROVINCIAL BRANCH**

**STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Accumulated funds - un-restricted
	Rupees
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
Net surplus for the year	52,055,821
Balance as at December 31, 2017	438,303,596

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

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SECRETARY


HONORARY 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, 2017**

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 has set up Pak Red Crescent Medical and Dental College / Teaching Hospital (PRCM&DC / Hospital). The earnings / profits from PRCM&DC / Hospital are expended solely on the medical attendance of deserving patients of the Teaching Hospital. The Society is domiciled in Pakistan and its registered office is situated at 2 - Shara-e-Fatima Jinnah, Lahore whereas the PRCM&DC / Hospital is located at Dinanath, 48 KM, Multan Road, 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 standards 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 for the month of disposal.

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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. All other repairs and maintenance costs are included in the income and expenditure account during the period in which they are incurred.

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.

Fixed assets received as a 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 build on donated land is capitalised separately.

Profit or (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.

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.

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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

In the year 1992, the Society introduced General Provident Fund and Pension Fund Schemes for its employees as per the Punjab Government Rules. 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 recognizes 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 recognized 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 recognized 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 recognized in the period in which reasonable assurance is obtained that the donation or grant will be received.

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 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 Institute 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.

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Note 4

Operating Fixed Assets - Written Down Value

Particulars	Note	Written Down Value			Depreciation		As at December 31, 2017
		As at January 01, 2017	Additions	As At December 31, 2017	Rate	Charge for the year	
		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	4.1	3,834,226	-	3,834,226	5	191,711	3,642,515
R.C Training Centre, Murree on leasehold land	4.1	1,697,265	-	1,697,265	5	84,863	1,612,402
R.C House Shahalam Market on freehold land		554,715	-	554,715	5	27,736	526,979
R.C Complex Dena Nath - Freehold land		52,923,640	-	52,923,640	5	2,646,182	50,277,458
R.C warehouse Gujranwala on freehold donated land		311,589	-	311,589	5	15,579	296,010
R.C.B.D.C - Thallasimia centre		-	27,955,567	27,955,567	5	116,482	27,839,085
Red Crescent Medical and Dental College		101,313,788	-	101,313,788	5	5,065,689	96,248,099
Plant and equipment							
Electric Installation		2,974,501	-	2,974,501	10	297,450	2,677,051
Sui gas installation		19,884	-	19,884	10	1,988	17,896
Computers and accessories		185,826	-	185,826	30	55,748	130,078
Office equipment		8,510,062	-	8,510,062	10	851,006	7,659,056
Blood donor service		3,086,521	34,424,337	37,510,858	10	2,340,353	35,170,505
Clinical laboratory		22,009	-	22,009	5	1,100	20,909
Maternity hospital		271,929	-	271,929	10	27,193	244,736
Eye department		140,737	-	140,737	10	14,074	126,663
Red Crescent M.C.H. Centre, Murree		979,359	-	979,359	10	97,936	881,423
Red Crescent Thalassaemia Centre		13,085	-	13,085	10	1,309	11,776
Ultra sound machine		3,729,205	-	3,729,205	10	372,921	3,356,284
Red Crescent Medical and Dental College		15,827,029	8,674,054	24,501,083	10	1,945,011	22,556,072
Furniture and fixture							
Office		353,017	-	353,017	10	35,302	317,715
Blood donor service		6,097	209,000	215,097	10	16,218	198,879
Red Crescent Training Centre, Murree		83,073	-	83,073	10	8,307	74,766
Red Crescent Complex Dena Nath		1,141,349	-	1,141,349	10	114,135	1,027,214
Red Crescent Medical and Dental College		3,770,364	2,317,264	6,087,628	10	500,321	5,587,307
Vehicles / Ambulances							
		6,385,150	-	6,385,150	20	1,277,030	5,108,120
Total Rupees 2017		<u>240,057,945</u>	<u>73,580,222</u>	<u>313,638,167</u>		<u>16,105,644</u>	<u>297,532,523</u>
Total Rupees 2016		<u>139,416,748</u>	<u>109,738,568</u>	<u>249,155,316</u>		<u>9,097,371</u>	<u>240,057,945</u>

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, 2017 is 49 years (2016: 50 years) for both leases.

4.2 There have been no disposals or adjustments during the year (2016: NIL)

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Note 5

Capital Work In Progress

	Note	2017 Rupees	2016 Rupees
Building under construction:			
- Medical College at Dinanath	5.1	124,489,650	-
- Blood Donor Centre at PHQ	5.2	-	26,344,078
		<u>124,489,650</u>	<u>26,344,078</u>
5.1 Medical College at Dinanath			
Opening balance		-	32,741,111
Additions during the year		124,489,650	68,996,584
Transfer during the year		124,489,650	101,737,695
Closing balance		-	(101,737,695)
		<u>124,489,650</u>	<u>-</u>
5.2 Blood Donor Centre at PHQ			
Opening balance		26,344,078	25,363,254
Additions during the year		1,611,489	980,824
Transfer during the year		27,955,567	26,344,078
Closing balance		(27,955,567)	-
		<u>-</u>	<u>26,344,078</u>

Note 6

Intangible Asset

	2017 Rupees	2016 Rupees
Opening balance		
Addition	126,865	-
	15,000	152,000
Amortization	141,865	152,000
	(50,160)	(25,135)
	<u>91,705</u>	<u>126,865</u>
Accounting software:		
Cost	167,000	152,000
Accumulated amortization	(75,295)	(25,135)
	<u>91,705</u>	<u>126,865</u>
Amortization rate	33%	33%

Note 7

Long Term Investments - at cost

	2017 Rupees	2016 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 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 society has not incorporated any accrual for markup for the year.

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Note 7, Long Term Investments - Continued...

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

	2017	2016
	Rupees	Rupees
General stores and spares	<u>8,013,418</u>	<u>7,791,991</u>

Note 9

Short Term Investments - at Cost

	2017	2016
	Rupees	Rupees
TDRs with The Bank of Punjab	<u>-</u>	<u>27,000,000</u>

Note 10

Receivables against fees

	2017	2016
	Rupees	Rupees
College fees	5,365,506	12,632,428
Hostel Dues	28,800	360,000
	<u>5,394,306</u>	<u>12,992,428</u>

Note 11

Advances and Other Receivables

	2017	2016
	Rupees	Rupees
Advances to employees (Unsecured) - considered good		
- against expenses	2,429,287	2,446,483
- against salaries	254,929	255,158
	<u>2,684,216</u>	<u>2,701,641</u>
Rent receivable	6,164,181	-
Profit accrued on deposits	-	1,046,320
	<u>8,848,397</u>	<u>3,747,961</u>

Note 12

Cash and Bank Balances

	2017	2016
	Rupees	Rupees
Cash in hand	99,299	396,782
Cash at banks in:		
- Current accounts	118,424	383,680
- Savings accounts	439,995,958	105,855,202
	<u>440,213,681</u>	<u>106,635,664</u>

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Note 13
Trade and Other Payables

	2017 Rupees	2016 Rupees
Payable to National Headquarter		
Opening balance	8,649,421	8,646,021
Share of current year (refer to note 29)	-	3,400
	<u>8,649,421</u>	<u>8,649,421</u>
Creditors	785,240	1,297,712
Income tax payable	9,624,118	2,493,102
Accrued and other liabilities	6,609,168	5,351,130
	<u>25,667,947</u>	<u>17,791,365</u>

Note 14
Refundable to students

This represents the amount of excess fees refundable to students of Medical College at Dinannath, in pursuance of the orders of Honourable Supreme Court of Pakistan (SCP), dated March 10, 2018, whereby the Court has restrained the Society from charging college fee from students in excess of Rs. 850,000 per annum. Accordingly, the fees already received in excess of this amount have been shown as refundable to students and these amounts have not been recognized as Income.

Note 15
College Fees received in advance

	2017 Rupees	2016 Rupees
Medical college tuition fee	138,726,000	38,643,395
Hostel dues	13,239,000	4,608,000
	<u>151,965,000</u>	<u>43,251,395</u>

Note 16
Deferred Income

	Note	2017 Rupees	2016 Rupees
Opening balance		3,976,221	-
Addition		33,634,187	4,023,305
		<u>37,610,408</u>	<u>4,023,305</u>
Amortization		(3,200,471)	(47,084)
Closing Balance	16.1	<u>34,409,937</u>	<u>3,976,221</u>

16.1 This represents the un-amortized balance of grant received from donors by way of medical equipment for blood donor service center at PHQ. The grant income will be included in income over useful life of assets acquired through grant.

Note 17
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.
- The Honorable Lahore High Court, Lahore has allowed Pakistan Red Crescent Medical and Dental College to continue with accepting admissions from students on an interim basis. However, the final list of admissions shall be subject to final decision by the Honorable Court, which matter is pending for further adjudication.

Commitments

Capital commitment for construction of building is Rs. 53.352 million (2016:Nil).

Note 18

Income from Medical and Dental College

	2017 Rupees	2016 Rupees
Medical college tuition fee	128,481,424	121,425,095
Hostel rent	8,815,300	3,848,070
Prospectus and processing fee	465,050	1,409,950
Miscellaneous	10,000	-
	<u>137,771,774</u>	<u>126,683,115</u>

Note 19

Grants and Donations

	Note	2017 Rupees	2016 Rupees
Grants - net:			
- Pakistan Red Crescent Society, National Headquarter			
- Receipts		17,120,885	13,888,704
- Payments	19.1	(18,287,769)	(17,996,244)
		(1,166,884)	(4,107,540)
ICRC Law and Fundamental Procedures - Receipts		5,668,225	2,700,020
Donations:			
- In cash		303,697	16,915,715
- For special purposes - in cash		-	34,025
		303,697	16,949,740
- Sale of donation tickets		7,132,732	3,274,680
		<u>11,937,770</u>	<u>18,816,900</u>

19.1 This includes salaries of project staff and meeting and conference expenses amounting to Rs. 16,388,025 (2016: Rs. 16,073,917).

Note 20

Profit on Investments and Deposits

	2017 Rupees	2016 Rupees
Short term investments	143,638	2,016,218
Saving accounts	12,657,189	3,072,581
	<u>12,800,827</u>	<u>5,088,799</u>

Note 21

Prescription Fees and Other Receipts

	2017 Rupees	2016 Rupees
Receipts against prescription fee	7,705,915	6,203,041
Receipts for first aid training	1,017,200	859,381
Laboratory services	593,450	-
	<u>9,316,565</u>	<u>7,062,422</u>

Note 22
Hospital and Medical College Expenses

	2017 Rupees	2016 Rupees
Salaries and other benefits	78,466,407	56,401,016
Transportation	1,813,325	1,860,245
Fees and subscription	2,021,833	1,668,292
Utilities	4,659,323	2,689,690
Fuel expenses	1,984,287	2,162,725
Repairs and maintenance	7,323,085	1,236,626
Printing and stationery	793,938	720,805
Advertisement	1,389,029	40,685
Laboratory consumables	1,784,377	532,000
Medicine consumed in hospital	2,718,380	2,542,882
X-Ray expenses	119,869	420,530
Telephone and postage charges	292,655	185,178
Entertainment	1,116,605	690,048
Laundry	464,813	324,950
Daily allowance of participants	-	112,320
Staff trainings expenses	-	295,700
Miscellaneous	1,575,465	344,380
Depreciation	11,548,368	6,759,828
	118,071,759	78,987,900

Note 23
Grants, Relief and Services

	2017 Rupees	2016 Rupees
Relief to other charitable institutions	50,000	376,835
Services:		
- <u>Blood donor service</u>		
Salaries and allowances	1,402,480	1,564,078
Laboratory materials	967,976	-
Printing and stationery	4,980	25,048
Repairs and maintenance	137,850	4,000
Transport	5,960	7,020
Entertainment	243,216	162,570
Miscellaneous	-	770
	2,762,462	1,763,486
- <u>Thalassemia centre expenses</u>		
Repairs and maintenance	15,000	60,225
Food for patients	384,690	-
Medicines	491,914	597,287
Entertainment	160,420	122,661
	1,052,024	780,173
- <u>Red Crescent Dispensary, PHO, Lahore</u>		
Salaries and allowances	595,794	550,756
Medicines	47,757	-
	643,551	550,756
	4,508,037	3,471,250

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Note 24

Administrative Expenses

	Note	2017 Rupees	2016 Rupees
Travelling:			
- Secretary		-	129,749
- Field staff		127,787	81,900
- General		228,456	292,329
		<u>356,243</u>	<u>503,978</u>
Printing and stationery		271,810	363,505
Postage and telegram		156,084	94,933
Utilities		1,230,884	924,290
Entertainment expenses		312,436	319,534
Repairs and maintenance - vehicles		272,391	374,626
Repairs and maintenance - building and office equipment		315,533	294,220
Fuel expenses		787,058	1,036,674
First aid training expenses		506,342	323,446
Legal charges		866,000	158,410
Red Crescent Training Centre, Murree		398,411	115,830
Red Crescent House expenses		-	90,162
Transport		19,290	28,350
Miscellaneous		145,899	164,126
Depreciation	4	4,557,276	2,337,543
Amortization	6	50,160	25,135
		<u>10,245,817</u>	<u>7,154,762</u>

Note 25

Salaries and Allowances

	2017 Rupees	2016 Rupees
Staff salaries:		
- General	11,033,755	10,019,135
- Red Crescent House - General	737,010	1,137,722
- Pension and commutation	4,900,074	4,935,732
	<u>16,670,839</u>	<u>16,092,589</u>

Note 26

Other Operating Expenses

	2017 Rupees	2016 Rupees
Audit Fee	150,000	100,000
Publicity and advertisement	350,513	17,812
Bank charges	771,491	518,161
Withholding tax	758,510	954,820
	<u>2,030,515</u>	<u>1,590,793</u>

Note 27

Number of Employees

	2017 Number	2016 Number
Employees as at December 31,	<u>258</u>	<u>188</u>

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Note 28

Key Management Personnel Remuneration

	2017 Rupees	2016 Rupees
Salary of Secretary	1,800,000	1,800,000

Note 29

Transaction with Related parties

Related parties include PRCS National Head Quarter, members and key management personnel. Transactions with related parties, except the salaries and remuneration paid to key management personnel as per terms of their employment, are as follows:

	2017 Rupees	2016 Rupees
Transactions during the year		
10% share of donation in cash to national head quarter Pakistan Red Crescent Society, National Headquarter	-	3,400
	22,789,110	16,588,724
Balance outstanding as at December 31,		
Payable to National Head Quarter	8,649,421	8,649,421

Note 30

Basic Financial Instruments by Categories

Financial Assets as at December 31, 2017

	Cash and Cash Equivalents Rupees	Loans and Receivables Rupees	Total Rupees
- Long term investment	-	38,500,000	38,500,000
- Long term security deposit	-	780,900	780,900
- Receivable against fees	-	5,394,306	-
- Rent receivable	-	6,164,181	6,164,181
- Cash and cash equivalents	440,114,382	-	440,114,382
	440,114,382	50,839,387	485,559,463

Financial Assets as at December 31, 2016

	Cash and Cash Equivalents Rupees	Loans and Receivables Rupees	Total Rupees
- Long term investment	-	38,500,000	38,500,000
- Long term security deposit	-	780,900	780,900
- Receivable against fees	-	12,992,428	12,992,428
- Short term investment	-	27,000,000	27,000,000
- Rent and other receivable	-	1,046,320	1,046,320
- Cash and cash equivalents	106,238,882	-	106,238,882
	106,238,882	80,319,648	186,558,530

- Trade and other payables
- Payable to students

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	2017 Rupees	2016 Rupees
	25,667,947	17,791,365
	273,495,317	-
	299,163,264	17,791,365

Note 31
Date of Authorization for Issue

These financial statements have been authorized for issue by the Management Committee of the Society on
25 SEP 2018

Note 32
General

Corresponding figures have been re-arranged / reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison. No re-arrangements / reclassifications have been made in these financial statements except as disclosed below, that have been made for better presentation.

Nature	From	To	Rupees
Depreciation	Administrative Expenses (Note 24)	Hospital and Medical College Expenses (Note 22)	6,759,828

HMC


CHAIRMAN


SECRETARY


HONORARY TREASURER


**MANAGER ACCOUNTS
 & FINANCE**