

AUDITORS' REPORT

**PAKISTAN RED CRESCENT
SOCIETY PUNJAB PROVINCIAL
BRANCH**

FOR THE PERIOD ENDED DECEMBER 31, 2018

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, 2018, and the income and expenditure statement, 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, 2018, 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.

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 **28 DEC 2019**


CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

(Engagement Partner: Amin Ali)

**PAKISTAN RED CRESCENT SOCIETY
PUNJAB PROVINCIAL BRANCH**

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018

	Note	2018 Rupees	2017 Rupees (Restated)	2016 Rupees
Non Current Assets				
Operating fixed assets - at written down value	5	337,930,337	297,532,523	240,057,945
Capital work in progress	6	241,609,845	124,489,650	26,344,078
Intangible asset	7	36,038	91,705	126,865
Long term investments	8	38,500,000	38,500,000	38,500,000
Long term security deposits		780,900	780,900	780,900
		618,857,120	461,394,778	305,809,788
Current Assets				
Stores and spares	9	7,024,901	8,013,418	7,791,991
Short term investments		-	-	27,000,000
Receivables against fees	10	4,972,119	5,394,306	12,992,428
Advances and other receivables	11	14,644,914	15,155,967	3,747,961
Cash and bank balances	12	114,402,810	440,213,681	106,635,664
		141,044,744	468,777,372	158,168,044
Current Liabilities				
Trade and other payables	13	38,661,720	31,975,517	17,791,365
Refundable to students	14	-	264,168,666	-
College fees received in advance	15	172,855,126	151,965,000	43,251,395
Rent received in advance		2,126,554	22,783	12,711,076
		(213,643,400)	(448,131,966)	(73,753,836)
Net Current (Liabilities) / Assets		(72,598,656)	20,645,406	84,414,208
Non Current Liabilities				
Deferred income	16	(30,968,943)	(34,409,937)	(3,976,221)
Contingencies and Commitments	17	-	-	-
NET ASSETS		<u>515,289,521</u>	<u>447,630,247</u>	<u>386,247,775</u>
REPRESENTED BY				
Accumulated Funds		<u>515,289,521</u>	<u>447,630,247</u>	<u>386,247,775</u>

The annexed notes from 1 to 33 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 STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2018**

		2018	2017
	Note	Rupees	Rupees
Income			
Medical and Dental College	18	242,448,504	150,784,886
Rental income		29,256,833	28,455,846
Project income - first aid programme		8,638,676	23,806,310
Medical and Dental College Teaching Hospital	19	7,924,776	7,705,915
Profit on investments and deposits	20	7,075,556	9,114,366
Sale of donation tickets		6,441,240	7,132,732
Amortization of deferred income		3,440,994	3,200,471
Laboratory services		657,640	593,450
Donations in cash		553,035	303,697
Membership fee		25,000	-
Other income		108,893	99,535
		306,571,147	231,197,208
Expenditures			
Medical and dental college expenses	21	122,824,584	69,988,688
Teaching hospital expenses	22	62,733,626	47,567,520
Salaries and allowances	23	18,883,395	16,670,839
Administrative expenses	24	14,572,030	11,522,849
Project expenses - First aid programme	25	13,367,932	18,287,769
Grants, relief and services	26	5,004,873	4,508,037
Other operating expenses	27	1,525,433	1,269,034
		(238,911,873)	(169,814,736)
Net Surplus Transferred to Accumulated Funds		67,659,274	61,382,472

The annexed notes from 1 to 33 form an integral part of these financial statements.

CHAIRMAN

SECRETARY

**HONORARY
TREASURER**

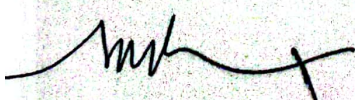
**MANAGER ACCOUNTS
& FINANCE**

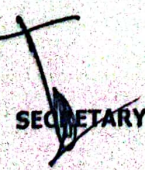
**PAKISTAN RED CRESCENT SOCIETY
PUNJAB PROVINCIAL BRANCH**


**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018**


	2018 Rupees	2017 Rupees (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	67,659,274	61,382,472
Adjustments for:		
- Depreciation	25,112,185	16,105,644
- Amortization	55,667	50,160
- Asset written off	281,209	-
- Amortization of deferred income	(3,440,994)	(3,200,471)
	<u>22,008,067</u>	<u>12,955,333</u>
Operating surplus before working capital changes	89,667,341	74,337,805
(Increase) / decrease in current assets		
- Stores and spares	988,517	(221,427)
- Receivables against fees	422,187	7,598,122
- Advances and other receivables	511,053	(5,100,436)
Increase / (decrease) in current liabilities		
- Trade and other payables	6,686,203	7,876,582
- Refundable to students	(264,168,666)	264,168,666
- College income received in advance	20,890,126	108,713,605
- Rent received in advance	2,103,771	(12,688,293)
	<u>(232,566,809)</u>	<u>370,346,819</u>
Net Cash (Used in) / Generated from Operating Activities	(142,899,468)	444,684,624
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(65,791,208)	(11,990,468)
Capital work in progress	(117,120,195)	(126,101,139)
Acquisition of intangible assets	-	(15,000)
Encashment of short term investments	-	27,000,000
Net Cash Used in Investing Activities	(182,911,403)	(111,106,607)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (Decrease) / Increase in Cash and Cash Equivalents During the Year	(325,810,871)	333,578,017
Cash and cash equivalents at the beginning of the year	440,213,681	106,635,664
Cash and Cash Equivalents at the End of the Year	<u>114,402,810</u>	<u>440,213,681</u>

The annexed notes from 1 to 33 form an integral part of these financial statements.


CHAIRMAN


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, 2018**

	Accumulated funds - un-restricted Rupees
Balance as at December 31, 2016	386,247,775
Net surplus for the year - restated	61,382,472
Balance as at December 31, 2017	<u>447,630,247</u>
Balance as at December 31, 2017 as previously reported	438,303,596
Effect of rectification	<u>9,326,651</u>
Balance as at December 31, 2017 as restated	447,630,247
Net surplus for the year	67,659,274
Balance as at December 31, 2018	<u><u>515,289,521</u></u>

The annexed notes from 1 to 33 form an integral part of these financial statements.


CHAIRMAN 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, 2018**

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. The Society has setup and operates Pakistan Red Crescent Medical and Dental College and Hospital. The registered address of the College is 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 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 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. Full year depreciation is provided on assets in year of purchase, while no depreciation is provided for the year of disposal.

Note 3, Significant Accounting Policies - Continued...
Note 3.1, Operating fixed assets - 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 statement 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 statement.

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 and expenditure statement.

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, if any.

3.4 Impairment

Carrying amount of the Society's assets are reviewed at each reporting 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 reporting 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 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 statement 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 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 reporting date. Exchange differences, if any, are taken to the income and expenditure statement.

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 statement over the expected lives of related assets. The unamortized portion of deferred credit is recognized as a long-term liability in the statement of financial position.

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.

Note 4

Rectification of Error

The Society has restated following account heads with retrospective effect for reclassification of errors and better presentation of its financial statements as under:

	<u>June 30,</u> <u>2017</u>
	Rupees
Effects on Statement of Financial Position	
Refundable to students	
As previously reported	273,495,317
Rectification of error	(9,326,651)
As restated	<u>264,168,666</u>
Accumulated Funds	
As previously reported	195,617,927
Rectification of error	9,326,651
As restated	<u>204,944,578</u>
Effects on Income and Expenditure Statement	
Medical college tuition fee	
As previously reported	128,481,424
Rectification of error	9,326,651
As restated	<u>137,808,075</u>

Note 5

Operating Fixed Assets - Written Down Value

Particulars	Note	Written Down Value			Depreciation		Adjustment	As at December 31, 2018
		As at January 01, 2018	Additions	As At December 31, 2018	Rate	Charge for the year		
		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	5.1	3,642,515	-	3,642,515	5	182,126	-	3,460,389
R.C Training Centre, Murree on leasehold land	5.2	1,612,402	-	1,612,402	5	80,620	-	1,531,782
R.C House Shahalam Market on freehold land		526,979	-	526,979	5	26,349	-	500,630
Red Crescent Medical and Dental College		146,525,557	-	146,525,557	5	7,326,278	-	139,199,279
R.C warehouse Gujranwala on freehold donated land		296,010	-	296,010	5	14,801	(281,209)	-
R.C.B.D.C - Thalasimia centre		27,839,085	-	27,839,085	5	1,391,954	-	26,447,131
Plant and equipment								
Electric installation		258,836	-	258,836	10	25,884	-	232,952
Computers and accessories		130,078	416,229	546,307	30	163,892	-	382,415
Office equipment		3,750,426	-	3,750,426	10	375,043	-	3,375,383
Blood donor service		35,170,505	-	35,170,505	10	3,517,051	-	31,653,454
Clinical laboratory		20,908	-	20,908	5	1,045	-	19,863
Maternity hospital		244,736	-	244,736	10	24,474	-	220,262
Eye department		126,663	-	126,663	10	12,666	-	113,997
Red Crescent M.C.H. Centre, Murree		881,423	-	881,423	10	88,142	-	793,281
Red Crescent Thalassemia Centre		11,776	-	11,776	10	1,178	-	10,598
Red Crescent Medical and Dental College		32,257,098	58,332,488	90,589,586	10	9,058,959	-	81,530,627
Furniture and fixture								
Office		317,715	6,000	323,715	10	32,372	-	291,343
Blood donor service		198,879	-	198,879	10	19,888	-	178,991
Red Crescent Training Centre, Murree		74,766	-	74,766	10	7,477	-	67,289
Red Crescent Complex Dena Nath		3,344,478	3,283,876	6,628,354	10	662,835	-	5,965,519
Red Crescent Medical and Dental College		3,270,043	-	3,270,043	10	327,004	-	2,943,039
Vehicles / Ambulances								
		5,108,120	3,752,615	8,860,735	20	1,772,147	-	7,088,588
Total Rupees 2018		<u>297,532,523</u>	<u>65,791,208</u>	<u>363,323,731</u>		<u>25,112,185</u>	<u>(281,209)</u>	<u>337,930,337</u>
Total Rupees 2017		<u>240,057,945</u>	<u>73,580,222</u>	<u>313,638,167</u>		<u>16,105,644</u>	<u>-</u>	<u>297,532,523</u>

5.1 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, 2018 is 48 years (2017: 49 years) for both leases.

5.2 There have been no disposals or adjustments during the year (2017: NIL)

Note 6

Capital Work In Progress

	Note	2018 Rupees	2017 Rupees
Medical College at Dena Nath	6.1	227,884,845	124,489,650
Land	6.2	13,725,000	-
		<u>241,609,845</u>	<u>124,489,650</u>

6.1 Medical College at Dena Nath

Opening balance	124,489,650	-
Additions during the year	103,395,195	124,489,650
Closing balance	<u>227,884,845</u>	<u>124,489,650</u>

6.2 This represents advance given to district government for purchase of land measuring 12 Kanal and 4 Marla situated at Dinnath.

Note 7

Intangible Asset

	2018 Rupees	2017 Rupees
Opening balance	91,705	126,865
Addition	-	15,000
	<u>91,705</u>	<u>141,865</u>
Amortization	(55,667)	(50,160)
	<u>36,038</u>	<u>91,705</u>
Accounting software:		
Cost	167,000	167,000
Accumulated amortization	(130,962)	(75,295)
	<u>36,038</u>	<u>91,705</u>
Amortization rate	<u>33%</u>	<u>33%</u>

Note 8

Long Term Investments - at cost

	2018 Rupees	2017 Rupees
Innovative Investment Bank Limited	<u>38,500,000</u>	<u>38,500,000</u>

8.1 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.

8.2 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 a favorable outcome.

Note 9

Stores and Spares

	2018 Rupees	2017 Rupees
General stores and spares	<u>7,024,901</u>	<u>8,013,419</u>

Note 15

College Fees received in advance

	2018	2017
	Rupees	Rupees
Medical college tuition fee	155,227,126	138,726,000
Hostel dues	17,628,000	13,239,000
	<u>172,855,126</u>	<u>151,965,000</u>

Note 16

Deferred Income

	2018	2017
	Rupees	Rupees
Opening balance	34,409,937	3,976,221
Addition	-	33,634,187
	<u>34,409,937</u>	<u>37,610,408</u>
Amortization	(3,440,994)	(3,200,471)
Closing Balance	16.1 <u>30,968,943</u>	<u>34,409,937</u>

16.1 This represent 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 (2018: Rs.150 million).

Note 18

Medical and Dental College

	2018	2017
	Rupees	Rupees
Medical college tuition fee	215,350,580	137,808,075
Hostel rent and other service charges	23,074,080	8,815,300
Profit on investments and deposits	3,909,944	3,686,461
Prospectus and processing fee	3,000	465,050
Miscellaneous	110,900	10,000
	<u>242,448,504</u>	<u>150,784,886</u>

Note 19

Medical and Dental College Teaching Hospital

	2018	2017
	Rupees	Rupees
Prescription fees and other receipts	<u>7,924,776</u>	<u>7,705,915</u>

Note 20

Profit on Investments and Deposits

	2018	2017
	Rupees	Rupees
Short term investments	-	143,638
Saving accounts	7,075,556	8,970,728
	<u>7,075,556</u>	<u>9,114,366</u>

Note 21

Medical and Dental College Expenses

	2018	2017
	Rupees	Rupees
Salaries and other benefits	73,100,856	46,524,233
Transportation	1,938,040	1,269,328
Fees and subscription - University of Health Sciences	18,026,927	2,021,833
Utilities	3,753,256	2,329,662
Fuel expenses	1,377,365	992,144
Repairs and maintenance	3,170,836	2,196,926
Printing and stationery	528,639	317,575
Advertisement	958,876	1,389,029
Telephone and postage charges	338,442	234,124
Entertainment	1,214,513	893,284
Bank deductions / charges	589,052	761,480
Audit fee	150,000	-
Miscellaneous	-	787,732
Depreciation	17,677,782	10,271,338
	<u>122,824,584</u>	<u>69,988,688</u>

Note 22

Teaching Hospital Expenses

	2018	2017
	Rupees	Rupees
Salaries and other benefits	38,688,188	31,942,170
Transportation	830,588	543,998
Utilities	3,753,256	2,329,662
Fuel expenses	1,377,365	992,143
Repairs and maintenance	7,398,617	5,126,160
Printing and stationery	792,958	476,363
Laboratory consumables	2,428,942	1,784,377
Medicine consumed in hospital	5,638,157	2,718,380
X-Ray expenses	821,693	119,869
Telephone and postage charges	84,610	58,531
Entertainment	303,627	223,321
Laundry	615,625	464,813
Miscellaneous	-	787,733
	<u>62,733,626</u>	<u>47,567,520</u>

Note 23

Salaries and Allowances

	2018	2017
	Rupees	Rupees
Staff salaries:		
- General	13,568,071	11,033,755
- Red Crescent House - General	395,927	737,010
- Pension and commutation	4,919,397	4,900,074
	<u>18,883,395</u>	<u>16,670,839</u>

Note 24

Administrative Expenses

	2018 Rupees	2017 Rupees
Travelling:		
- Secretary	14,567	-
- Field staff	45,290	127,787
- General	17,410	228,456
	<u>77,267</u>	<u>356,243</u>
Printing and stationery	511,497	271,810
Postage and telegram	153,057	156,084
Utilities	1,435,547	1,230,884
Entertainment expenses	159,937	312,436
Repairs and maintenance - vehicles	508,097	272,391
Repairs and maintenance - building and office equipment	245,820	315,533
Fuel expenses	765,964	787,058
First aid training expenses	110,570	506,342
Legal charges	2,645,000	866,000
Red Crescent Training Centre, Murree	23,830	398,411
Transport	27,540	19,290
Miscellaneous	417,834	145,901
Depreciation	7,434,403	5,834,306
Amortization	55,667	50,160
	<u>14,572,030</u>	<u>11,522,849</u>

Note 25

Project Expenses - First Aid Programme

This includes salaries of amounting to Rs. 10.237 million (2018: Rs. 16.388 million) paid for first aid programme.

Note 26

Grants, Relief and Services

	2018 Rupees	2017 Rupees
Relief to other charitable institutions	550,000	50,000
Services:		
- <u>Blood donor service</u>		
Salaries and allowances	910,269	1,402,480
Laboratory materials	2,244,176	967,976
Printing and stationery	30,490	4,980
Repairs and maintenance	508,213	243,216
Transport	-	137,850
Entertainment	-	5,960
	<u>3,693,148</u>	<u>2,762,462</u>
- <u>Thalassemia centre expenses</u>		
Repairs and maintenance	-	15,000
Food for patients	232,795	384,690
Medicines	114,947	491,914
Entertainment	-	160,420
	<u>347,742</u>	<u>1,052,024</u>
- <u>Red Crescent Dispensary, PHO, Lahore</u>		
Salaries and allowances	314,986	595,794
Medicines	79,997	47,757
Miscellaneous	19,000	-
	<u>413,983</u>	<u>643,551</u>
	<u>5,004,873</u>	<u>4,508,037</u>

Note 27

Other Operating Expenses

	2018	2017
	Rupees	Rupees
Audit Fee	100,000	150,000
Publicity and advertisement	663,229	350,513
Bank deductions / charges	480,995	768,521
Asset written off	281,209	-
	<u>1,525,433</u>	<u>1,269,034</u>

Note 28

Number of Employees

	2018	2017
	Number	Number
Employees as at December 31,	<u>273</u>	<u>258</u>

Note 29

Key Management Personnel Remuneration

	2018	2017
	Rupees	Rupees
Salary of Secretary	<u>450,000</u>	<u>1,800,000</u>

Note 30

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:

	2018	2017
	Rupees	Rupees
Transactions during the year		
Pakistan Red Crescent Society, National Headquarter	6,350,457	23,806,310
Balance outstanding as at December 31,		
Payable to National Head Quarter	<u>8,649,421</u>	<u>8,649,421</u>

Note 31

Basic Financial Instruments by Categories

Financial Assets as at December 31, 2018

	Cash and Cash Equivalents	Loans and Receivables	Total
	Rupees	Rupees	Rupees
- Long term investment	-	38,500,000	38,500,000
- Long term security deposit	-	780,900	780,900
- Receivable against fees	-	4,972,119	4,972,119
- Rent and other receivable	-	6,887,931	6,887,931
- Cash and cash equivalents	114,402,810	-	114,402,810
	<u>114,402,810</u>	<u>51,140,950</u>	<u>165,543,760</u>

Note 10

Receivables against fees

	2018	2017
	Rupees	Rupees
College fees	2,971,119	5,365,506
Hostel Dues	2,001,000	28,800
	<u>4,972,119</u>	<u>5,394,306</u>

Note 11

Advances and Other Receivables

	2018	2017
	Rupees	Rupees
Advances to: (Unsecured) - considered good		
- Employees against expenses	3,046,356	5,320,132
- Employees against salaries	563,161	275,929
- Vendors	4,147,466	3,223,675
	<u>7,756,983</u>	<u>8,819,736</u>
Rent receivable	6,612,901	6,164,181
Other receivables	275,030	172,050
	<u>14,644,914</u>	<u>15,155,967</u>

Note 12

Cash and Bank Balances

	2018	2017
	Rupees	Rupees
Cash in hand	119,066	99,299
Cash at banks in:		
- Current accounts	299,842	2,023,144
- Savings accounts	113,983,902	438,091,238
	<u>114,402,810</u>	<u>440,213,681</u>

Note 13

Trade and Other Payables

	2018	2017
	Rupees	Rupees
Payable to National Headquarter	8,649,421	8,649,421
Creditors	7,323,463	6,731,518
Income tax payable	10,936,002	9,707,499
Accrued and other liabilities	10,476,915	6,525,787
Rent security	568,000	318,000
Provident fund payable	707,919	43,292
	<u>38,661,720</u>	<u>31,975,517</u>

Note 14

Refundable to students

This represents the balance amount of excess fees refundable to students of Medical College at Dena Nath, in pursuance of the orders of Honourable Supreme Court of Pakistan (SCP), dated March 10, 2018, whereby the Court had 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 were recorded as refundable to students.