

**PAKISTAN RED CRESCENT
SOCIETY PUNJAB
PROVINCIAL BRANCH**

FOR THE YEAR ENDED December 31, 2020

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, 2020, 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, 2020, 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.

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.

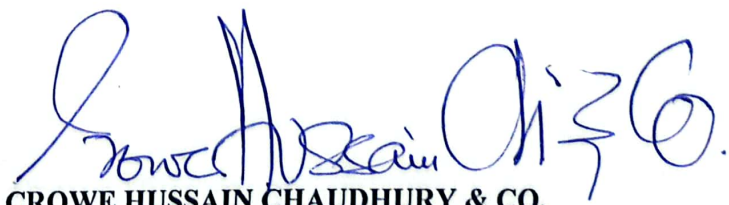
As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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

19 OCT 2023



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, 2020

	Note	2020 Rupees	2019 Rupees
Non Current Assets			
Operating fixed assets - at written down value	4	622,780,359	366,639,929
Capital work in progress	5	13,725,000	273,037,022
Intangible asset	6	2,672,000	659,794
Long term investments	7	5,500,000	38,500,000
Long term security deposits		1,477,400	1,477,400
		646,154,759	680,314,145
Current Assets			
Stores and spares	8	13,428,522	7,194,799
Receivables against fees	9	1,541,717	1,402,167
Advances and other receivables	10	13,343,505	2,054,522
Cash and bank balances	11	190,978,720	251,616,856
		219,292,464	262,268,344
Current Liabilities			
Trade and other payables	12	54,265,666	119,941,660
Current portion of lease liabilities	15	737,682	600,359
College fees received in advance	13	239,756,422	211,488,497
Rent received in advance		7,735,504	6,188,400
		(302,495,274)	(338,218,916)
Net Current Liabilities		(83,202,810)	(75,950,572)
Non Current Liabilities			
Deferred income	14	(25,084,845)	(27,872,049)
Liabilities against assets subject to finance lease	15	(936,089)	(1,673,772)
Contingencies and Commitments	16	-	-
NET ASSETS		<u>536,931,015</u>	<u>574,817,752</u>
REPRESENTED BY			
Accumulated Funds		<u>536,931,015</u>	<u>574,817,752</u>

The annexed notes from 1 to 31 form an integral part of these financial statements.


SECRETARY


HONORARY TREASURER


ASSISTANT DIRECTOR ACCOUNTS &
FINANCE

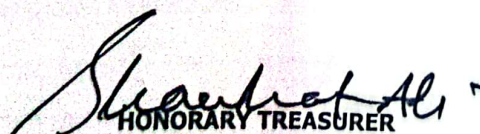
**PAKISTAN RED CRESCENT SOCIETY
PUNJAB PROVINCIAL BRANCH**

**INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Note	2020 Rupees	2019 Rupees
Income			
Medical and Dental College	17	360,575,359	355,409,866
Rental income		34,393,542	30,016,546
Grant for projects		10,863,815	10,087,862
Medical and Dental College Teaching Hospital	18	52,352,907	17,118,279
Profit on investments and deposits		4,198,090	5,821,635
Sale of donation tickets		5,782,730	9,228,201
Amortization of deferred income		2,787,204	3,096,894
Liabilities written back		8,649,421	4,422,520
Laboratory services		-	454,130
Donations in cash		1,655,710	771,500
Membership fee		25,000	30,000
Other income		517,449	58,572
		481,801,227	436,516,005
Expenditures			
Medical and dental college expenses	19	316,383,438	230,973,275
Teaching hospital expenses	20	148,049,583	93,081,216
Salaries and allowances	21	18,909,978	18,543,056
Administrative expenses	22	15,909,939	11,222,217
Project expenses - First aid programme	23	12,380,050	11,378,278
Grants, relief and services	24	5,170,752	5,924,103
Other operating expenses	25	2,884,224	5,865,629
		(519,687,964)	(376,987,774)
Net (Deficit) / Surplus for the Year		<u>(37,886,737)</u>	<u>59,528,231</u>

The annexed notes from 1 to 31 form an integral part of these financial statements.


SECRETARY


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**ASSISTANT DIRECTOR ACCOUNTS
& FINANCE**

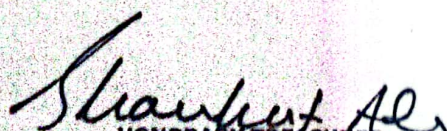
**PAKISTAN RED CRESCENT SOCIETY
PUNJAB PROVINCIAL BRANCH**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	2020 Rupees	2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
(Deficit) / surplus for the year	(37,886,737)	59,528,231
Adjustments for:		
- Depreciation	42,959,154	30,069,153
- Amortization	528,000	36,038
- Balances / asset written off	161,000	7,013,914
- Liabilities written back	(8,649,421)	(6,508,151)
- Amortization of deferred income	(2,787,204)	(3,096,894)
	<u>32,211,529</u>	<u>27,514,060</u>
Operating (deficit) / surplus before working capital changes	(5,675,208)	87,042,291
(Increase) / decrease in current assets		
- Stores and spares	(6,233,723)	(169,898)
- Receivables against fees	(139,550)	3,569,952
- Advances and other receivables	(11,449,983)	5,576,478
Increase / (decrease) in current liabilities		
- Trade and other payables	(57,026,573)	87,788,091
- College income received in advance	28,267,925	38,633,371
- Rent received in advance	1,547,104	4,061,846
	<u>(45,034,800)</u>	<u>139,459,840</u>
Net Cash (Used in) / Generated from Operating Activities	(50,710,008)	226,502,131
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(19,474,113)	(56,247,745)
Capital work in progress	(20,313,449)	(31,427,177)
Intangibles	(2,540,206)	(659,794)
Long term investment	33,000,000	-
Long term security deposits	-	(696,500)
Net Cash Used in Investing Activities	(9,327,768)	(89,031,216)
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
Liabilities against assets subject to finance lease - repayment	(600,360)	(256,869)
Net (Decrease) / Increase in Cash and Cash Equivalents	(60,638,136)	137,214,046
Cash and cash equivalents at the beginning of the year	251,616,856	114,402,810
Cash and Cash Equivalents at the End of the Year	<u>190,978,720</u>	<u>251,616,856</u>

The annexed notes from 1 to 31 form an integral part of these financial statements.


SECRETARY


HONORARY TREASURER


ASSISTANT DIRECTOR ACCOUNTS
& FINANCE

**PAKISTAN RED CRESCENT SOCIETY
PUNJAB PROVINCIAL BRANCH**

**STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Accumulated funds - un-restricted
	Rupees
Balance as at December 31, 2018	515,289,521
Net surplus for the year	<u>59,528,231</u>
Balance as at December 31, 2019	574,817,752
Net deficit for the year	(37,886,737)
Balance as at December 31, 2020	<u><u>536,931,015</u></u>

The annexed notes from 1 to 31 form an integral part of these financial statements.


SECRETARY


HONORARY TREASURER


ASSISTANT DIRECTOR ACCOUNTS &
FINANCE



**PAKISTAN RED CRESCENT SOCIETY
PUNJAB PROVINCIAL BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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 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

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

Depreciation on fixed assets is charged using the reducing balance method at the rates specified in Note 4. Full year depreciation is provided on assets in year of purchase, while no depreciation is provided for the year of disposal.

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.

Note 3, Significant Accounting Policies - Continued ...

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 and hospital management system. The intangible assets are 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 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.

3.8 Cash and cash equivalents

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

3.9 Receivables

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

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.

Note 3, Significant Accounting Policies - Continued...

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.
- 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.

3.16 Taxation

The income of the Society is clubbed into income of Pakistan Red Crescent Society and is taxable at National level. Therefore, no impact of is has been incorporated in these financial statements.

Note 4
Operating Fixed Assets - Written Down Value

Particulars	Note	Written Down Value			Depreciation		Adjustment	As at December 31, 2020
		As at January 01, 2020	Additions	As At 2020	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	4.1	3,287,370	-	3,287,370	5	164,369	-	3,123,001
R.C Training Centre, Murree on leasehold land	4.2	1,455,193	-	1,455,193	5	72,760	-	1,382,433
R.C House Shahalam Market on freehold land		475,598	-	475,598	5	23,780	-	451,818
Red Crescent Medical and Dental College		132,239,315	279,625,471	411,864,786	5	20,593,239	-	391,271,547
R.C.B.D.C - Thallasimia centre		25,124,774	-	25,124,774	5	1,256,239	-	23,868,535
Plant and equipment								
Electric installation		285,257	-	285,257	10	28,526	-	256,731
Computers and accessories		2,592,067	146,700	2,738,767	30	821,630	-	1,917,137
Office equipment		3,306,315	21,622	3,327,937	10	332,794	-	2,995,143
Blood donor service		28,488,109	-	28,488,109	10	2,848,811	-	25,639,298
Clinical laboratory		18,870	-	18,870	5	18,870	-	-
Maternity hospital		198,236	-	198,236	10	19,824	-	178,412
Eye department		102,597	-	102,597	10	10,260	-	92,337
Red Crescent M.C.H. Centre, Murree		713,953	-	713,953	10	71,395	-	642,558
Red Crescent Thalassaemia Centre		9,538	10,560	20,098	10	2,009	-	-
Red Crescent Medical and Dental College		115,031,632	16,523,384	131,555,016	10	13,155,502	-	118,399,514
Generartor		1,291,150	-	1,291,150	15	193,673	-	1,097,477
Furniture and fixture								
Office		339,510	65,680	405,190	10	40,519	-	364,671
Blood donor service		161,092	-	161,092	10	16,109	-	144,983
Red Crescent Training Centre, Murree		60,560	-	60,560	10	6,056	-	-
Red Crescent Complex Dena Nath		5,368,967	-	5,368,967	10	536,897	-	4,832,070
Red Crescent Medical and Dental College		6,443,870	2,706,167	9,150,037	10	915,004	-	8,235,033
Library Books								
		325,500	-	325,500	15	48,825	-	276,675
Vehicles / Ambulances								
		5,670,871	-	5,670,871	20	1,134,174	-	4,536,697
Vehicle - lease assets								
		1,726,060	-	1,726,060	33.33	575,296	-	1,150,764
Total Rupees 2020		<u>366,639,929</u>	<u>299,099,584</u>	<u>665,739,513</u>		<u>42,959,154</u>	-	<u>622,780,359</u>
Total Rupees 2019		<u>323,128,860</u>	<u>73,580,222</u>	<u>396,709,082</u>		<u>30,069,153</u>	-	<u>366,639,929</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, 2020 is 46 years (2019: 47 years) for both leases.

4.2 There have been no disposals or adjustments during the year (2019: Nil)

Note 5

Capital Work in Progress

	Note	2020 Rupees	2019 Rupees
Medical College at Dena Nath	5.1	-	259,312,022
Land	5.2	13,725,000	13,725,000
		<u>13,725,000</u>	<u>273,037,022</u>

5.1 Medical College at Dena Nath

Opening balance	259,312,022	227,884,845
Additions during the year	20,313,449	31,427,177
	<u>279,625,471</u>	<u>259,312,022</u>
Transfer during the year	(279,625,471)	
Closing balance	-	259,312,022

5.2 This represents advance given to district government for purchase of land measuring 12 Kanal and 4 Marla situated at dena nath. Ownership of land was not transferred to the Society as land owner has raised objection. Resultantly, the Society has filed an application before Honorable Lahore High Court for said matter and date of hearing is not yet fixed.

Note 6

Intangible Asset

	Note	2020 Rupees	2019 Rupees
Software	6.1	2,672,000	-
Capital work in progress	6.3	-	659,794
		<u>2,672,000</u>	<u>659,794</u>

6.1 Software

Opening balance	-	36,038
Addition	3,200,000	-
	<u>3,200,000</u>	<u>36,038</u>
Amortization	(528,000)	(36,038)
	<u>2,672,000</u>	<u>-</u>
Amortization rate	33%	33%

6.2 Detail of Softwares

Cost	3,367,000	167,000
Accumultaed deprecitaion	(695,000)	(167,000)
	<u>2,672,000</u>	<u>-</u>

6.3 Capital work in progress

Opening balance	659,794	-
Addition	2,540,206	659,794
Transfer to Intangibles	(3,200,000)	-
	<u>-</u>	<u>659,794</u>

Note 7

Long Term Investments - at cost

	2020 Rupees	2019 Rupees
Innovative Investment Bank Limited	5,500,000	38,500,000

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 anum 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. Futhermore, the Society has not incorporated any accrual for markup for the year.

Note 7, Long Term Investments - at cost - 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. During the year, the Society has recovered Rs. 33 million against this investment and remaining Rs. 5.5 million is outstanding as at reporting date. Further, the Society has not yet received interest amounting to Rs. 12.342 million nor accounted for in these financial statements.

Note 8

Stores and Spares

	2020	2019
	Rupees	Rupees
General stores and spares	13,428,522	7,194,799

Note 9

Receivables against Fees

	2020	2019
	Rupees	Rupees
College fees	1,334,117	754,167
Hostel dues	207,600	648,000
	1,541,717	1,402,167

Note 10

Advances and Other Receivables

	Note	2020	2019
		Rupees	Rupees
Advances to: (Unsecured) - considered good			
- Employees against expenses		1,532,967	285,633
- Employees against salaries		1,268,289	1,612,563
- Vendors		11,459	5,574
		2,812,715	1,903,770
Rent receivable		771,481	-
Receivable from other medical college	10.1	9,450,000	-
Other receivables		309,309	150,752
		13,343,505	2,054,522

10.1 This represents receivable from other medical colleges under student exchange program.

Note 11

Cash and Bank Balances

	2020	2019
	Rupees	Rupees
Cash in hand	-	46
Cash at banks in:		
- Current accounts	37,218,210	18,319,252
- Savings accounts	153,760,510	233,297,558
	190,978,720	251,616,856

Note 12

Trade and Other Payables

	Note	2020	2019
		Rupees	Rupees
Payable to National Headquarter Creditors		-	8,649,421
Income tax payable		3,992,955	9,901,963
Rent security		18,444,768	23,813,544
Payable to other medical colleges	12.1	678,000	668,000
Other payable		-	43,740,400
Accrued and other liabilities		3,941,733	3,622,900
		27,208,210	29,545,432
		54,265,666	119,941,660

12.1 This represents payable to other medical colleges under student exchange program.

Note 13

College Fees Received in Advance

	2020	2019
	Rupees	Rupees
Medical college tuition fee	227,050,094	197,612,022
Hostel dues	12,706,328	13,876,475
	<u>239,756,422</u>	<u>211,488,497</u>

Note 14

Deferred Income

	2020	2019
	Rupees	Rupees
Opening balance	27,872,049	30,968,943
Addition	-	-
	<u>27,872,049</u>	<u>30,968,943</u>
Amortization	(2,787,204)	(3,096,894)
Closing Balance	14.1 <u>25,084,845</u>	<u>27,872,049</u>

14.1 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 15

Liabilities Against Assets Subject to Finance Lease

	2020	2019
	Rupees	Rupees
2019 - 2020	-	912,624
2020 - 2021	912,624	912,624
2021 - 2022	456,312	456,312
	<u>1,368,936</u>	<u>2,281,560</u>
Add: Security deposits	506,200	506,200
Gross minimum lease payments	1,875,136	2,787,760
Less: Finance cost allocated to future periods	(201,365)	(513,629)
Present value of minimum lease payments	1,673,771	2,274,131
Less: Current portion	(737,682)	(600,359)
	<u>936,089</u>	<u>1,673,772</u>

The reconciliation between gross minimum lease payments and present value of minimum lease payments is as under:

Gross minimum lease payments:

- Due not later than one year	912,624	912,624
- Due later than one year but not later than five years	962,512	1,875,136
	<u>1,875,136</u>	<u>2,787,760</u>

Present value of minimum lease payments:

- Due not later than one year	737,682	600,359
- Due later than one year but not later than five years	936,089	1,673,772
	<u>1,673,771</u>	<u>2,274,131</u>

This represents lease arrangement entered into with Bank Al Habib Limited for lease of vehicle. The liability is repayable latest by June 2022 in monthly installments. Monthly lease rentals include finance cost at the rate of 20.78% (2019: 20.78%) per annum which is used as discounting factor. Taxes, repairs, replacements and insurance costs are borne by the Company. This lease is secured against security deposits and title of leased assets.

Note 16

Contingencies and Commitments

16.1 Contingencies

- Ownership of land was not transferred to the Society as land owner has raised objection as disclosed in note 5. Resultantly, the Society has filed an application before Honorable Lahore High Court for said matter and date of hearing is not yet fixed.

Note 16, Contingencies and Commitments - Continued...

- 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 Society has revived amounting to Rs. 33 million during the year.
- Bank has given bank guarantee of Rs. 50 million (2019: Nil) in favour of Pakistan Medical Council on behalf of the College.

16.2 Commitments

Capital commitment for construction of building is Nil (2019: Rs. 21.925 million).

Note 17

Medical and Dental College

	2020	2019
	Rupees	Rupees
Medical college tuition fee	318,070,987	308,572,544
Hostel rent and other service charges	28,366,640	35,899,265
Profit on deposit accounts	12,721,852	7,313,926
Prospectus and processing fee	162,000	294,000
Liabilities written back	-	2,085,631
Miscellaneous	1,253,880	1,244,500
	<u>360,575,359</u>	<u>355,409,866</u>

Note 18

Medical and Dental College Teaching Hospital

	2020	2019
	Rupees	Rupees
Prescription fees and other receipts	30,345,610	16,246,279
Donation	15,546,371	872,000
Sehat Sahulat Card	6,460,926	-
	<u>52,352,907</u>	<u>17,118,279</u>

Note 19

Medical and Dental College Expenses

	2020	2019
	Rupees	Rupees
Salaries and other benefits	226,735,440	151,957,883
Transportation	3,042,886	2,053,540
Fees and subscription	23,628,257	22,869,456
Legal and Professional	2,708,600	4,139,492
Utilities	8,688,903	5,820,558
Fuel expenses	1,889,329	1,717,564
Repairs and maintenance	5,479,264	6,217,385
Printing and stationery	2,499,870	2,009,734
Advertisement	438,045	363,956
Telephone and postage charges	162,194	54,601
IT and webhosting charges	1,192,946	-
Entertainment	1,091,981	1,313,313
Bank deductions / charges	820,719	1,051,272
Guarantee commission	-	2,321,000
Interest expense on lease liabilities	156,837	199,443
Audit fee	225,000	225,000
Other expenses	-	75,828
Balances written off	161,000	5,155,820
Depreciation	36,934,167	23,427,430
Amortization	528,000	-
	<u>316,383,438</u>	<u>230,973,275</u>

19.1 This includes amounting to Rs. 21.844 million (2019: Rs. 17.430 million) paid to University of Health Sciences

Note 20

Teaching Hospital Expenses

	2020	2019
	Rupees	Rupees
Salaries and other benefits	97,172,331	66,780,590
Transportation	1,304,094	880,088
Utilities	8,688,903	5,820,555
Fuel expenses	1,889,329	1,717,564
Repairs and maintenance	8,218,895	8,490,644
Printing and stationery	1,666,580	1,339,823
Medicine and laboratory expenses	28,075,653	6,960,193
Telephone and postage charges	40,548	13,650
Entertainment	281,738	328,328
Laundry	711,512	749,781
	<u>148,049,583</u>	<u>93,081,216</u>

Note 21

Salaries and Allowances

	2020	2019
	Rupees	Rupees
Staff salaries:		
- General	13,463,808	12,522,541
- Red Crescent House - General	183,150	571,800
- Pension and commutation	5,263,020	5,448,715
	<u>18,909,978</u>	<u>18,543,056</u>

Note 22

Administrative Expenses

	2020	2019
	Rupees	Rupees
Travelling	59,983	73,440
Printing and stationery	685,971	285,229
Postage and telegram	161,869	160,665
Utilities	2,070,990	1,461,423
Entertainment expenses	216,572	156,736
Repairs and maintenance	5,236,930	790,918
Fuel expenses	591,605	622,293
First aid training expenses	133,760	-
Legal charges	521,000	682,075
Transport	5,500	61,960
Miscellaneous	200,772	249,717
Depreciation	6,024,987	6,641,723
Amortization	-	36,038
	<u>15,909,939</u>	<u>11,222,217</u>

Note 23

Expenses relating to Project

	2020	2019
	Rupees	Rupees
Salaries and allowances	9,904,095	8,094,997
Travelling	1,517,115	1,752,642
Accommodation charges	416,142	870,491
Repairs and maintenance	286,721	307,714
Printing and stationery	108,217	293,734
Miscellaneous	147,760	58,700
	<u>12,380,050</u>	<u>11,378,278</u>

Note 24

Grants, Relief and Services

	2020	2019
	Rupees	Rupees
Relief to other charitable institutions	-	50,000
Services:		
- <u>Blood donor service</u>		
Salaries and allowances	849,732	2,657,361
Laboratory materials	89,500	943,381
Repairs and maintenance	74,510	78,569
	1,013,742	3,679,311
- <u>Thalassemia centre expenses</u>		
Salaries and allowances	3,290,340	945,285
Food for patients	176,045	226,630
Medicines	223,078	282,760
	3,695,463	1,454,675
- <u>Red Crescent Dispensary, PHQ, Lahore</u>		
Salaries and allowances	451,547	711,117
Medicines	10,000	29,000
	461,547	740,117
	<u>5,170,752</u>	<u>5,924,103</u>

Note 25

Other Operating Expenses

	2020	2019
	Rupees	Rupees
Audit Fee	100,000	100,000
Publicity and advertisement	160,133	84,885
Bank deductions / charges	38,605	120,488
Tax deducted at source	2,521,674	3,302,162
Settlement claim of tenant	63,812	400,000
Balances / asset written off	-	1,858,094
	<u>2,884,224</u>	<u>5,865,629</u>

Note 26

Number of Employees

	2020	2019
	Number	Number
Number of employees as at December 31,	<u>433</u>	<u>464</u>

Note 27

Key Management Personnel Remuneration

	2020	2019
	Rupees	Rupees
Salary of Secretary	<u>2,350,000</u>	<u>1,800,000</u>

Note 28

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:

	2020	2019
	Rupees	Rupees
Transactions during the year		
Pakistan Red Crescent Society, National Headquarter	10,863,815	10,087,862
Membership fee	25,000	30,000
Balance outstanding as at December 31,		
Payable to National Head Quarter	<u>-</u>	<u>8,649,421</u>

Note 29

Basic Financial Instruments by Categories

Financial Assets as at December 31, 2020

	Cash and Cash Equivalents Rupees	Loans and Receivables Rupees	Total Rupees
- Long term investment	-	5,500,000	5,500,000
- Receivable against fees	-	1,541,717	1,541,717
- Rent and other receivable	-	10,530,790	10,530,790
- Cash and cash equivalents	190,978,720	-	190,978,720
	<u>190,978,720</u>	<u>17,572,507</u>	<u>208,551,227</u>

Financial Assets as at December 31, 2019

	Cash and Cash Equivalents Rupees	Loans and Receivables Rupees	Total Rupees
- Long term investment	-	38,500,000	38,500,000
- Receivable against fees	-	1,402,167	1,402,167
- Rent and other receivable	-	150,752	150,752
- Cash and cash equivalents	251,616,856	-	251,616,856
	<u>251,616,856</u>	<u>40,052,919</u>	<u>291,669,775</u>

	2020 Rupees	2019 Rupees
- Liabilities against assets subject to finance lease	1,673,771	2,274,131
- Trade and other payables	35,820,898	96,128,116
	<u>37,494,669</u>	<u>98,402,247</u>

Note 30

Date of Authorization for Issue

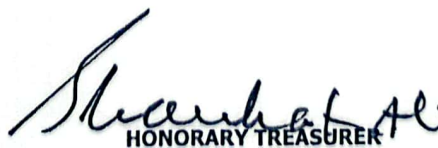
These financial statements have been authorized for issue by the Management Committee of the Society on **09 OCT 2023**

Note 31

General

Comparative figures are rearranged / reclassified for better presentation. No material rearrangement has been made in these financial statements.


SECRETARY


HONORARY TREASURER


ASSISTANT DIRECTOR ACCOUNTS
& FINANCE