

PAKISTAN RED CRESENT SOCIETY
PUNJAB PROVISIONAL BRANCH
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022



**INDEPENDENT AUDITOR'S REPORT
TO THE MANAGEMENT COMMITTEE OF PAKISTAN RED
CRESCENT SOCIETY PUNJAB PROVINCIAL BRANCH
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

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, 2022, the income and expenditure statement, the statement of changes in accumulated funds, the statement of cash flows for the year then ended and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2022, and its financial performance, its accumulated funds and its cash flows 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 the 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 2.1 to the annexed financial statements, which describes the basis of accounting. These financial statements have been prepared to comply with requirements the Applicable Financial Reporting Requirements relevant to the Society and for reporting to the members to the Society. As a result, these financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

We draw further attention to note 7 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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Financial Reporting Requirements as stated in Note 2.1 of the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, management 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 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, 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 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 management.
- Conclude on the appropriateness of 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.

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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.

Other Matter

The financial Statements of the Society for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion with emphasis of matter paragraph on those financial Statements on March 5, 2024.

The engagement partner on the audit resulting in this independent auditor's report is Tahir Razzaque Khan.

Lahore: 24-6-2024
Dated

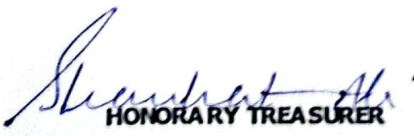

Qadeer and Company
Chartered Accountants

PAKISTAN RED CRESCENT SOCIETY
PUNJAB PROVINCIAL BRANCH
STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2022

	Note	2022 Rupees	2021 Rupees
Non current assets			
Operating fixed assets - at written down value	4	545,471,329	578,593,519
Capital work in progress	5	13,725,000	15,100,000
Intangible asset	6	560,000	1,616,000
Long term investments	7	5,500,000	5,500,000
Long term security deposits		1,571,200	2,477,400
		566,827,529	603,286,919
Current assets			
Stores and spares		4,356,561	12,094,919
Advances and other receivables	8	3,961,300	12,441,674
Cash and bank balances	9	383,362,779	149,481,348
		391,680,641	174,017,941
Current liabilities			
Trade and other payables	10	61,254,053	76,790,412
Current portion of lease liabilities	13	-	955,754
College fees received in advance	11	-	5,833,801
Rent received in advance		9,869,031	7,735,504
		(71,123,084)	(91,315,471)
Net current assets		320,557,557	82,702,470
Non current liabilities			
Deferred income	12	(20,318,724)	(22,576,360)
Liabilities against assets subject to finance lease	13	-	-
		(20,318,724)	(22,576,360)
Contingencies and commitments	14	-	-
Net assets		867,066,362	663,413,029
Represented by			
Accumulated funds		867,066,362	663,413,029

The annexed notes from 1 to 30 form an integral part of these financial statements.


SECRETARY


HONORARY TREASURER
 22-6-24


ASSISTANT DIRECTOR ACCOUNTS & FINANCE

**PAKISTAN RED CRESCENT SOCIETY
PUNJAB PROVINCIAL BRANCH
INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Note	2022 Rupees	2021 Rupees
Income			
Medical and Dental College	15	585,339,836	515,182,849
Rental income		36,868,497	37,479,290
Grant for projects	17	20,958,710	32,455,563
Medical and Dental College Teaching Hospital	18	76,906,273	53,546,181
Profit on investments and deposits		15,997,500	6,157,061
Sale of donation tickets		2,239,500	6,941,039
Amortization of deferred income		2,257,636	2,508,485
First Aid Trainings		1,147,639	-
Donations		66,802,120	1,050,740
Donation income from HILAL E AHMAR FUND			735,834
Membership fee		196,000	69,000
Other income		4,498,228	2,813,237
		813,211,939	658,939,279
Expenditures			
Medical and dental college expenses	19	363,625,653	329,503,798
Teaching hospital expenses	20	153,118,744	134,735,821
Salaries and allowances	21	22,019,268	18,824,008
Administrative expenses	22	24,330,483	18,132,080
Project expenses - First aid programme	23	26,284,436	21,791,160
Grants, relief and services	24	15,750,241	5,273,948
Other operating expenses	25	4,429,782	4,196,450
		(609,558,606)	(532,457,265)
Net Surplus for the Year		203,653,333	126,482,014

The annexed notes from 1 to 30 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, 2022**

	Accumulated funds - un-restricted
	Rupees
Balance as at December 31, 2020	536,931,015
Net surplus for the year	<u>126,482,014</u>
Balance as at December 31, 2021	663,413,029
Net surplus for the year	203,653,333
Balance as at December 31, 2022	<u><u>867,066,362</u></u>

The annexed notes from 1 to 30 form an integral part of these financial statements.


SECRETARY


HONORARY TREASURER

22-6-24


ASSISTANT DIRECTOR ACCOUNTS &
FINANCE

**PAKISTAN RED CRESCENT SOCIETY
PUNJAB PROVINCIAL BRANCH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Note	2022 Rupees	2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		203,653,333	126,482,014
Adjustments for:			
- Depreciation	4	44,098,174	47,727,870
- Amortization		1,056,000	1,056,000
- Balances / asset written off		-	77,886
- Interest expense on lease liabilities		-	1,204,916
- Liabilities written back		-	(3,747,036)
- Amortization of deferred income		(2,257,636)	(2,508,485)
		<u>42,896,538</u>	<u>43,811,151</u>
Operating surplus before working capital changes		246,549,871	170,293,165
Decrease in current assets			
- Stores and spares		7,738,358	1,333,603
- Advances and other receivables		8,480,374	1,160,746
Increase / (decrease) in current liabilities			
- Trade and other payables		(15,536,359)	26,271,782
- College income received in advance		(5,833,801)	(233,922,621)
- Rent received in advance		2,133,527	-
		<u>(3,017,902)</u>	<u>(205,156,490)</u>
Working Capital Changes		(3,017,902)	(205,156,490)
Net cash used in operating activities		243,531,969	(34,863,325)
Cash flow from investing activities			
Purchase of fixed assets		(11,035,984)	(3,541,030)
Capital work in progress		1,375,000	(1,375,000)
Proceed from disposal of fixed assets		60,000	-
Long term security deposits		906,200	(1,000,000)
Net cash used in investing activities		(8,694,784)	(5,916,030)
Cash flows from financing activities			
Liabilities against assets subject to finance lease - repayment		(955,754)	(718,017)
Net decrease in cash and cash equivalents		233,881,431	(41,497,372)
Cash and cash equivalents at the beginning of the year		149,481,348	190,978,720
Cash and cash equivalents at the end of the year	9	<u>383,362,779</u>	<u>149,481,348</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.

SECRETARY

Shaukat Ali
HONORARY TREASURER
22-6-22

By Muzam
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, 2022**

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 Not for profit Organizations (NPOs) issued by Institute of Chartered Accountants of Pakistan and the directives / financial manual approved by the Board Governors of the Society.

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.

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 Advances and other receivables

Advances and other receivables are initially recognized at fair value and subsequently measured at amortized cost deducting the provision for impairment, if any. A provision is established when there is objective evidence that the Society will not be able to collect all amounts due according to the original terms of the receivables. The amount of provision is charged to income and expenditure account. Advances and other receivables considered irrecoverable are written off.

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 5% 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.
- 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.

3.12 Grant income

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.

3.13 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.

3.14 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.

3.15 Financial instruments

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

3.16 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.

3.17 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and net amount is represented in statement of financial position when and only when Society has legal enforceable right to offset the amounts and intends either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

3.18 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 it has been incorporated in these financial statements.

PAKISTAN RED CRESCENT SOCIETY (PUNJAB PROVINCIAL BRANCH)

Notes to and forming part of the financial statements
for the year ended December 31, 2022

Note 4
Operating Fixed Assets - Written Down Value

Particulars	Note	Written Down Value			Depreciation		As at December 31, 2022	
		As at January 01, 2022	Additions	Disposals	As at December 31, 2022	Rate		Charge for the year
		Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees
Owned Assets:								
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	2,966,851	-	-	2,966,851	5	148,343	2,818,508
R.C Training Centre, Murree on leasehold land	4.1	1,313,311	-	-	1,313,311	5	65,666	1,247,645
R.C House Shahalam Market on freehold land	4.2	429,227	-	-	429,227	5	21,461	407,766
Red Crescent Medical and Dental College	4.3	371,707,970	-	-	371,707,970	5	18,585,399	353,122,572
R.C B.D.C - Thallasimia centre		22,675,108	-	-	22,675,108	5	1,133,755	21,541,353
Plant and equipment								
Electric installation		218,221	-	-	218,221	15	32,733	185,488
Computers and accessories		1,394,006	518,424	60,000	1,852,430	30	555,729	1,296,701
Office equipment		2,695,629	47,770	-	2,743,399	10	274,340	2,469,059
Blood donor service		21,802,210	-	-	21,802,210	15	3,270,332	18,531,879
Maternity hospital		151,650	-	-	151,650	15	22,748	128,903
Eye department		78,486	-	-	78,486	15	11,773	66,713
Red Crescent M.C.H. Centre, Murree		546,174	-	-	546,174	15	81,926	464,248
Red Crescent Medical and Dental College	4.3	101,393,749	3,215,335	-	104,609,084	15	15,691,364	88,917,720
Generator		3,091,413	6,571,055	-	9,662,468	15	1,449,370	8,213,098
Sports and Gym equipment		-	102,680	-	102,680	15	15,402	87,278
Furniture and fixture								
Office		309,970	55,350	-	365,320	15	54,798	310,522
Blood donor service		123,236	-	-	123,236	15	18,485	104,751
Red Crescent Complex Dena Nath	4.3	4,107,259	-	-	4,107,259	15	616,089	3,491,170
Red Crescent Medical and Dental College		7,033,778	525,370	-	7,559,148	15	1,133,872	6,425,276
Library Books								
		235,174	-	-	235,174	15	35,276	199,898
Vehicles / Ambulances								
		3,629,358	767,214	-	4,396,572	20	879,314	3,517,258
Leased Assets:								
Vehicle - lease assets								
		767,214	-	767,214	-	33.3	-	-
Total Rupees 2022		578,593,519	11,803,198	827,214	589,569,503		44,098,174	545,471,329
Total Rupees 2021		622,780,359	3,541,030		626,321,389		47,727,870	578,593,519

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, 2022 is 44 years (2021: 45 years) for both leases.

4.2 Rental note as in DCL

4.3 These include assets provided to the teaching hospital attached with Medical and Dental College.

	Note	2022 Rupees	2021 Rupees
Note 5			
Capital Work in Progress			
Medical College at Dena Nath	5.1	-	1,375,000
Land	5.2	13,725,000	13,725,000
		<u>13,725,000</u>	<u>15,100,000</u>

5.1 This represents 50% advance given to vendor for electrical installation work.

5.2 This represents advance given to district government for purchase of land measuring 12 Kanal and 4 Marla situated at dinnath. Ownership of land was not transferred to the Society as land owner had raised an objection. Resultantly, the Society filed an application before Honorable Lahore High Court. Subsequent to the reporting date, the case has been disposed off by the Honorable Lahore High Court and the matter between the parties has been settled out of court.

Note 6			
Intangible Asset			
Softwares			
Net Carrying Value			
		<u>560,000</u>	<u>1,616,000</u>
Net carrying value - Opening balance		1,616,000	2,672,000
Additions during the year		-	-
		<u>1,616,000</u>	<u>2,672,000</u>
Amortization during the year		<u>(1,056,000)</u>	<u>(1,056,000)</u>
Net carrying value as at June 30		<u>560,000</u>	<u>1,616,000</u>
Gross Carrying Value			
Cost		3,200,000	3,200,000
Accumulated amortization		<u>(2,640,000)</u>	<u>(1,584,000)</u>
Net book value		<u>560,000</u>	<u>1,616,000</u>
		<u>33%</u>	<u>33%</u>

Note 7
Long Term Investments - at cost

Innovative Investment Bank Limited	<u>5,500,000</u>	<u>5,500,000</u>
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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, the Society has not incorporated any accrual for markup for the year.

7.2 During the proceedings mentioned in Note 5.1 above, the Honorable Lahore High Court, through an order dated February 08, 2011, passed an interim decree of Rs. 50.842 million 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 previous years, the Society has recovered Rs. 33 million against this investment and remaining Rs. 5.5 million is outstanding as at reporting date which is subsequently recovered by the Society.

	Note	2022 Rupees	2021 Rupees
Note 8			
Advances and Other Receivables			
Advances to: (Unsecured) - considered good			
- Employees against expenses		598,366	2,130,395
- Employees against salaries		1,580,629	350,338
- Vendors		-	-
		<u>2,178,995</u>	<u>2,480,733</u>
Rent receivable		546,808	342,805
Receivable from other medical college	8.1	-	9,450,000
Withholding tax receivable		-	-
Other receivables		1,235,497	168,136
		<u>3,961,300</u>	<u>12,441,674</u>

8.1 This represents receivable from Watim Medical & Dental College under student exchange program. The amount has been received subsequent to the reporting date.

Note 9			
Cash and Bank Balances			
Cash in hand		247,002	247,002
Cash at banks in:			
- Current accounts		121,977,468	1,418,173
- Savings accounts		261,138,309	147,816,173
		<u>383,362,779</u>	<u>149,481,348</u>

Note 10			
Trade and Other Payables			
Creditors		6,121,039	2,096,233
Income tax payable		33,026,112	30,412,299
Rent security		1,705,000	730,000
Other payable		-	-
Accrued and other liabilities		17,873,201	42,173,130
Provident fund payable		2,528,701	1,378,750
		<u>61,254,053</u>	<u>76,790,412</u>

Note 11			
College Fees Received in Advance			
Medical college tuition fee		-	5,833,801
Hostel dues		-	-
		<u>-</u>	<u>5,833,801</u>

Note 12			
Deferred Income			
Opening balance		22,576,360	25,084,845
Addition		-	-
		<u>22,576,360</u>	<u>25,084,845</u>
Amortization		(2,257,636)	(2,508,485)
Closing Balance	12.1	<u>20,318,724</u>	<u>22,576,360</u>

12.1 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.

ote 13

Liabilities Against Assets Subject to Finance Lease

The amount of future payments and the period in which they will become due are as under:

	2022 Rupees	2021 Rupees
2020 - 2021	-	-
2021 - 2022	-	466,888
	-	466,888
Add: Security deposits	-	506,200
Gross minimum lease payments	-	973,088
Less: Finance cost allocated to future periods	-	(17,334)
Present value of minimum lease payments	-	955,754
Less: Current portion	-	(955,754)
	-	-

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	-	466,888
- Due later than one year but not later than five years	-	-
	-	466,888

Present value of minimum lease payments:

- Due not later than one year	-	449,554
- Due later than one year but not later than five years	-	-
	-	449,554

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 Kibor + 1.5% (2020: Kibor + 1.5%) 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, title of leased assets and personal guarantees of directors.

ote 14

Contingencies and Commitments

4.1 Contingencies

- 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. 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.
- Bank has given bank guarantee of Rs. 50 million (2020: Rs. 50 million) in favour of Pakistan Medical Council on behalf of the College.
- Ownership of land was not transferred to the Society as land owner has raised objection as disclosed in note 5. Resultantly, the Society filed an application before Honorable Lahore High Court for said matter and date of hearing had not been fixed. Subsequent to the reporting date, the case has been disposed off by the Honorable Lahore High Court and the matter between the parties has been settled out of court.
- As mentioned in Note 7, the Society owes the decretal amount of Rs. 5.5 million from Innovative Investment Bank Limited through interim decree order issued by the Honorable Lahore High Court, Lahore.

	Note	2022 Rupees	2021 Rupees
14.2 Commitments			
There are no commitments existing as at December 31, 2022 (2021: nil).			
Note 15			
Medical and Dental College			
Medical college tuition fee		470,288,550	439,892,527
Hostel rent and other service charges		89,625,905	56,241,928
Profit on deposit accounts		17,801,804	7,027,283
Prospectus and processing fee		1,851,200	3,044,100
Liabilities written back		-	3,747,036
Rent income		5,772,377	5,229,975
		<u>585,339,836</u>	<u>515,182,849</u>
Note 16			
Grant for Projects			
Grant from IFRC		9,471,152	22,214,574
Grant from ICRC		9,010,458	8,473,999
Grant from ICRC - covid 19 activities		2,477,100	1,766,990
		<u>20,958,710</u>	<u>32,455,563</u>
Note 17			
Medical and Dental College Teaching Hospital			
Prescription fees and other receipts		46,255,339	43,649,777
Donation		822,022	2,000,000
Sehat Sahulat Card		29,828,912	7,896,404
		<u>76,906,273</u>	<u>53,546,181</u>
Note 18			
Medical and Dental College Expenses			
Salaries and other benefits		245,208,078	226,924,751
Transportation		3,519,590	3,842,580
Fees and subscription		455,218	2,749,320
UHS admission fee		33,795,405	29,298,364
Legal and Professional		905,080	333,750
Utilities		16,727,786	10,370,902
Fuel expenses		2,707,469	2,050,177
Repairs and maintenance		4,802,540	3,678,831
Printing and stationery		3,501,700	1,643,355
Advertisement		765,850	74,614
Telephone and postage charges		154,856	94,618
IT and webhosting charges		1,712,672	625,223
Entertainment		1,007,066	767,407
Bank deductions / charges		8,790,182	3,261,763
Interest expense on lease liabilities		17,418	162,044
Audit fee		200,000	225,000
Provision against advances		-	1,204,916
Balances written off		-	72,500
Depreciation		38,298,745	41,067,683
Amortization		1,056,000	1,056,000
		<u>363,625,653</u>	<u>329,503,798</u>

	Note	2022 Rupees	2021 Rupees
Note 19			
Teaching Hospital Expenses			
Salaries and other benefits		105,089,176	97,253,465
Transportation		1,508,396	1,646,820
Utilities		16,727,786	10,371,167
Fuel expenses		2,707,469	2,050,177
Repairs and maintenance		7,077,202	5,171,429
Printing and stationery		2,334,467	1,095,570
Medicine and laboratory expenses		16,043,834	16,081,205
Telephone and postage charges		38,714	23,655
Entertainment		194,811	191,852
Laundry		1,396,889	850,481
		<u>153,118,744</u>	<u>134,735,821</u>

Note 20			
Salaries and Allowances			
Staff salaries:			
- General		16,239,217	13,527,070
- Red Crescent House - General		214,265	171,989
- Pension and commutation		5,565,786	5,124,949
		<u>22,019,268</u>	<u>18,824,008</u>

Note 21			
Administrative Expenses			
Audit Fee		100,000	100,000
Travelling		2,220,940	92,910
Printing and stationery		537,322	279,190
Postage and telegram		214,149	197,311
Utilities		2,690,307	1,920,002
Entertainment expenses		685,970	277,823
Repairs and maintenance		9,612,305	7,243,512
Fuel expenses		2,036,282	1,061,700
Legal charges		15,000	105,800
Miscellaneous		418,779	193,645
Depreciation		5,799,429	6,660,187
		<u>24,330,483</u>	<u>18,132,080</u>

Note 22			
Expenses relating to Project			
Salaries and allowances		12,135,604	13,751,434
Travelling		4,417,588	4,222,443
Accommodation charges		4,190,516	1,648,334
Repairs and maintenance		349,841	441,079
Printing and stationery		1,487,745	571,672
Miscellaneous		3,703,142	1,156,198
		<u>26,284,436</u>	<u>21,791,160</u>

	2022	2021
Note	Rupees	Rupees
Note 23		
Grants, Relief and Services		
Services:		
- <u>Blood donor service</u>		
Salaries and allowances	-	382,074
Laboratory materials	2,980,504	10,500
Repairs and maintenance	54,652	77,925
	3,035,156	470,499
- <u>Thalassemia centre expenses</u>		
Salaries and allowances	5,627,711	3,703,659
Food for patients	206,100	188,720
Medicines	748,858	401,554
	6,582,669	4,293,933
- <u>Red Crescent Dispensary, PHQ, Lahore</u>		
Salaries and allowances	-	509,516
Medicines	-	-
	-	509,516
- <u>Donation of Relief Items to Akhuwat Foundation</u>		
Donation	6,132,416	-
	6,132,416	-
	15,750,241	5,273,948

Note 24		
Other Operating Expenses		
Publicity and advertisement	246,390	1,387,490
Bank deductions / charges	32,001	46,490
Tax deducted at source	4,151,391	2,757,084
Balances / asset written off	-	5,386
	4,429,782	4,196,450

Note 25		
Number of Employees		
Number of employees as at December 31,	433	433

Note 26		
Key Management Personnel Remuneration		
Salary of Secretary	2,964,850	2,475,000

Note 27		
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:		
Transactions during the year		
Pakistan Red Crescent Society, National Headquarter	20,958,710	32,455,563
Membership fee	196,000	69,000

Note 28

**Basic Financial Instruments by Categories
Financial Assets as at December 31, 2022**

Note 2022 2021
Rupees Rupees

	Cash and Cash Equivalents	Loans and Receivables	Total
	Rupees	Rupees	Rupees
- Long term investment	-	5,500,000	5,500,000
- Rent and other receivable	-	1,782,305	1,782,305
- Cash and cash equivalents	383,362,779	-	383,362,779
	<u>383,362,779</u>	<u>7,282,305</u>	<u>390,645,084</u>

Financial Assets as at December 31, 2021

	Cash and Cash Equivalents	Loans and Receivables	Total
	Rupees	Rupees	Rupees
- Long term investment	-	5,500,000	5,500,000
- Rent and other receivable	-	9,960,941	9,960,941
- Cash and cash equivalents	149,481,348	-	149,481,348
	<u>149,481,348</u>	<u>15,460,941</u>	<u>164,942,289</u>
- Liabilities against assets subject to finance lease		-	955,754
- Trade and other payables		<u>28,227,941</u>	<u>46,378,113</u>
		<u>28,227,941</u>	<u>47,333,867</u>

Note 29
General

Comparative figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. Following re-arrangements / reclassifications have been made in these financial statements for better presentation that do not have any financial impact on the financial statements:

Nature	From	To	Amount
Expense	Other Operating Expenses	Administrative Expenses	100,000
Income	Donations	Donation income from HILAL E AHMAR FUND	735,834
			<u>835,834</u>

Note 30

Date of Authorization for Issue

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

June 22, 2024.

SECRETARY

HONORARY TREASURER

ASSISTANT DIRECTOR ACCOUNTS &
FINANCE

22-6-24