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**RAZA SIDDQUI & CO.**  
CHARTERED ACCOUNTANTS



## INDEPENDENT AUDITORS' REPORT

### TO THE MANAGEMENT COMMITTEE OF PAKISTAN RED CRESCENT SOCIETY (SINDH PROVINCIAL BRANCH)

#### Qualified Opinion

We have audited the financial statement of **Pakistan Red Crescent Society (Sindh Provincial Branch)** which comprise of the statement of financial position as at December 31<sup>st</sup> 2022, and the statement of income and expenditures, the statement of cash flows and the statement of changes in accumulated funds for the year ended December 31<sup>st</sup> 2022, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effect of the matters described in point of Basis for Qualified Opinion section of our report, and to the best of our information and according to the explanations given to us, the statement of financial position, income and expenditure accounts, the statement of cashflows and the statement of changes in accumulated funds of **Pakistan Red Crescent Society (Sindh Provincial Branch)** as at **December 31, 2022**.

#### Basis for Qualified Opinion

The Society is operating an unfunded defined benefit plan, covering all its permanent employees. The calculation on which the gratuity is based are on unjustified assumption, however, in the absence of the actuarial valuation of the employees' benefits plan, we are unable to calculate at what extent the amount will be higher or lower recognized in the deferred liability for gratuity.

We conducted our audit in accordance with 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.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statement

The Members of Managing Committee is responsible for the preparation and fair presentation of the financial statement in accordance with approved accounting standards as applicable in Pakistan, as described in note 2.1 to the financial statement, and for such internal control as the Managing Committee determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, Managing 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 Managing Committee 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 Statement

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 statement, 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 management.
- Conclude on the appropriateness of Managing Committee'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 statement 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.

  
Raza Siddiqui & Co  
Chartered Accountants  
Date: 22 AUG 2023  
UDIN: AR202210266Toj8W0kAS



**PAKISTAN RED CRESCENT SOCIETY (SINDH PROVINCIAL BRANCH)**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2022**

	Note	2022 Rupees	2021 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	4	23,826,472	25,055,968
Intangible asset	5	196,703	1,166,690
Long term investments	6	65,000,000	69,780,000
		89,023,175	96,002,658
<b>CURRENT ASSETS</b>			
Advances, deposits and prepayments	7	90,342,096	53,038,932
Accrued Income	8	1,182,960	3,463,781
Cash and bank balances	9	27,166,257	15,253,697
		118,691,313	71,756,410
		207,714,488	167,759,068
<b>LESS : CURRENT LIABILITIES</b>			
Book overdraft		23,083,592	5,142,839
With Holding Tax Payable		319,448	-
Accrued and other liabilities	10	63,142,888	40,041,860
		86,545,928	45,184,699
Contingencies and commitments	11	-	-
<b>NET ASSETS</b>		<u>121,168,560</u>	<u>122,574,369</u>
<b>REPRESENTED BY :</b>			
<b>GENERAL FUND</b>			
Accumulated surplus		112,400,130	114,405,939
<b>NON CURRENT LIABILITIES</b>			
Security deposit received from tenant	12	5,956,472	5,356,472
50% Share from Distt. Br. For Ambulance Pajero		2,811,958	2,811,958
		8,768,430	8,168,430
		<u>121,168,560</u>	<u>122,574,369</u>

The annexed notes from 1 to 25 form integrated part of this financial statement.

  
**HONORARY TREASURER**

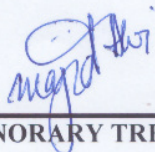
  
**PROVINCIAL SECRETARY**



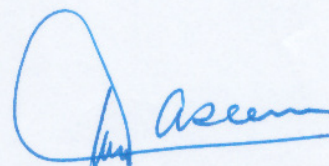
**PAKISTAN RED CRESCENT SOCIETY (SINDH PROVINCIAL BRANCH)**  
**STATEMENT OF INCOME AND EXPENDITURE**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Note	2022 Rupees	2021 Rupees
<b>Income</b>	13	94,124,762	73,840,480
<b>Expenditure</b>			
Health care expenditure	14	15,479,741	13,534,283
Ambulance services	15	8,808,441	6,770,981
Maintenance expenditure of Hilal -e- Ahmar House	16	33,282,172	28,174,096
Covid-19 (Free Corona Testing)		-	2,251,125
Other expenditure	17	22,494,740	12,247,497
		80,065,094	62,977,981
Net surplus from operation		14,059,669	10,862,499
General and administrative expenditure	18	15,827,493	13,324,246
Financial charges	19	237,984	64,858
		16,065,478	13,389,104
(Deficit)/Surplus before taxation		(2,005,809)	(2,526,605)
Taxation	21	-	-
<b>Net (deficit)/Surplus for the year after taxation</b>		<b>(2,005,809)</b>	<b>(2,526,605)</b>

The annexed notes from 1 to 25 form integrated part of this financial statement.



HONORARY TREASURER



PROVINCIAL SECRETARY