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working world**

HABIB UNIVERSITY

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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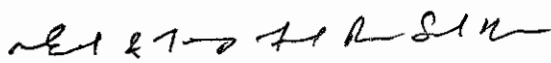
Independent Auditors' Report to the Board of Governors

We have audited the annexed balance sheet of **Habib University** (the University) as at **30 June 2014** and the related income and expenditure account, cash flow statement and statement of changes in fund together with the notes forming part thereof (hereinafter referred to as the "financial statements") for the year then ended.

It is the responsibility of the Board to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards as applicable in Pakistan. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the University as at 30 June 2014 and of the surplus, its cash flows and changes in fund for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.


Chartered Accountants
Audit Engagement Partner: Khurram Jameel
Date: 13 September 2014
Place: Karachi

**HABIB UNIVERSITY
BALANCE SHEET
AS AT JUNE 30, 2014**


| | Note | June 30, 2014 Rupees | June 30, 2013 Rupees |
|------------------------------------|------|----------------------------|----------------------------|
| <u>ASSETS</u> | | | |
| NON-CURRENT ASSETS | | | |
| Intangible assets | 5 | 19,972,704 | 9,882,084 |
| CURRENT ASSETS | | | |
| Bank balance | 6 | 3,876,007 | - |
| TOTAL ASSETS | | 23,848,711 | 9,882,084 |
| <u>FUND AND LIABILITIES</u> | | | |
| FUND | | | |
| Accumulated fund | | 21,523,711 | 9,882,084 |
| CURRENT LIABILITIES | | | |
| Advance admission fee | | 2,100,000 | - |
| Accrued expenses | | 125,000 | - |
| Due to a related party | | 2,325,000 | - |
| TOTAL FUND AND LIABILITIES | | 23,848,711 | 9,882,084 |

The annexed notes from 1 to 8 form an integral part of these financial statements.

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CHANCELLOR



PRESIDENT

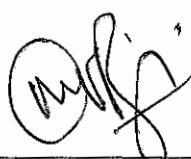
**HABIB UNIVERSITY
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2014**

| | 2014 Rupees | For the period from October 8, 2012 to June 30, 2013 Rupees |
|----------------------------------|-------------------|---|
| INCOME | | |
| Donations – from a related party | 10,115,620 | 9,882,084 |
| Other income – application fee | <u>1,676,007</u> | <u>-</u> |
| | <u>11,791,627</u> | <u>9,882,084</u> |
| EXPENDITURE | | |
| Auditors' remuneration | (150,000) | - |
| Surplus for the year | <u>11,641,627</u> | <u>9,882,084</u> |

The annexed notes from 1 to 8 form an integral part of these financial statements.



CHANCELLOR



PRESIDENT

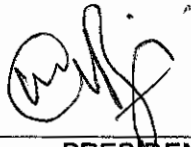
**HABIB UNIVERSITY
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014**

| | Note | 2013 Rupees | 2012 Rupees |
|---|------|-------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Surplus for the year | | 11,641,627 | 9,882,084 |
| Working capital changes | | | |
| Increase in current liability | | | |
| Advance admission fee | | 2,100,000 | - |
| Accrued expenses | | 125,000 | - |
| Due to a related party | | 100,000 | - |
| | | 2,325,000 | - |
| NET CASH GENERATED FROM OPERATING ACTIVITIES | | 13,966,627 | 9,882,084 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Additions to intangible assets | | (10,090,620) | (9,882,084) |
| Net increase in cash and cash equivalents | | 3,876,007 | - |
| Cash and cash equivalents at the end of the year | | 3,876,007 | - |

The annexed notes from 1 to 8 form an integral part of these financial statements.



CHANCELLOR

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PRESIDENT

HABIB UNIVERSITY
STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED JUNE 30, 2014

| | Accumulated Fund Rupees |
|------------------------------------|-------------------------------|
| Surplus for the period | 9,882,084 |
| Balance as on June 30, 2013 | <u>9,882,084</u> |
| Surplus for the year | 11,641,627 |
| Balance as on June 30, 2014 | <u><u>21,523,711</u></u> |

The annexed notes 1 to 8 form an integral part of these financial statements.

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CHANCELLOR



PRESIDENT

HABIB UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

1. STATUS AND NATURE OF BUSINESS

Habib University (the University) was incorporated on October 8, 2012 under the Habib University Act, 2012. The principal objectives of the University are to design, prepare and offer educational courses of international standard and to undertake, organize and promote research and dissemination of knowledge. The city campus of the University situated at Gulistan-e-Jauhar, Karachi is currently under construction and the University has started its first cohort from fall 2014. The main campus of the University will be situated at Superhighway, Karachi, however construction at the main campus has not yet started.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the guidelines for Accounting and Financial Reporting by Non-Profit Organizations as issued by the Institute of Chartered Accountants of Pakistan.

3. BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Revenue recognition

Donations are recognized as income as and when received.

4.2 Intangible assets

Project development cost comprises of cost in relation to development of academic planning & modeling and networking & partnership frameworks. Following initial recognition of the development expenditure as an asset, the cost model will be applied requiring the amount to be carried at cost less any accumulated amortization and accumulated impairment losses, if any. Capitalized development cost will be amortized on a straight-line basis over the period of expected future benefit from the date of completion / development of these assets and the asset is available for use. However, as such assets are in development phase, no amortization is being charged during the year.

4.3 Taxation

The University is exempt from taxation under Second Schedule Part-I (clause 92) to the Income Tax Ordinance, 2001. Accordingly, no provision is required for current / deferred tax in these financial statements.

5. INTANGIBLE ASSETS

Project Development Cost – academic planning & modeling

Book value at the beginning of the year
 Additions during the year

| | 2014 Rupees | 2013 Rupees |
|--|-------------------|------------------|
| | 9,882,084 | - |
| | <u>10,090,620</u> | <u>9,882,084</u> |
| | <u>19,972,704</u> | <u>9,882,084</u> |

5.1 No amortization has been charged on project development cost in accordance with the accounting policy as stated in note 4.2 to the financial statements.

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| | Note | 2014 Rupees | 2013 Rupees |
|----------------------------------|------|------------------|----------------|
| 6. BANK BALANCE | | | |
| With banks – in current accounts | 6.1 | <u>3,876,007</u> | <u>-</u> |

6.1 Includes Rs. 3,692,500/- (2013: Rs. Nil) with a related party.

7. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Governors on 13-09-14.


8. GENERAL

Figures have been rounded off to the nearest rupee.

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CHANCELLOR



PRESIDENT