

HABIB UNIVERSITY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024



INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF HABIB UNIVERSITY

Opinion

We have audited the financial statements of **Habib University (the University)**, which comprise the statement of financial position as at June 30, 2024 and the statement of income and expenditure and comprehensive income, statement of changes in fund balances and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as at June 30, 2024, and of its financial performance and its cash flows for the year then ended in accordance with 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 University 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 Board of Governors 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 Board of Governors 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, Board of Governors is responsible for assessing the University'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 University or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the University'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.

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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 University'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 University'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 University 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.

Other Matter

The financial statements of the University for the year ended June 30, 2023, were audited by another firm of Chartered Accountants who had expressed an unmodified opinion thereon vide their report dated November 7, 2023.

A handwritten signature in blue ink, appearing to read 'A.F. Ferguson & Co.' followed by a stylized signature.

A.F. Ferguson & Co.

Chartered Accountants

Dated: November 25, 2024

Karachi

Engagement Partner: **Junaid Mesia**

UDIN: AR202410611e7Ky4zOvH

HABIB UNIVERSITY
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

| | | June 30, 2024 | | | June 30, 2023 | |
|--------------------------------|--|--------------------------------------|-----------------------|-----------------------|-------------------------|-----------------------|
| Note | General fund | Capital Grant Fund - Restricted fund | Total | | | |
| ------(Rupees in '000)----- | | | | | | |
| ASSETS | | | | | | |
| NON-CURRENT ASSETS | | | | | | |
| | Property and equipment | 5 | 400,089 | 269,083 | 669,172 | 548,304 |
| | Intangible assets | 6 | 7,218 | - | 7,218 | 13,356 |
| | Long term deposits and prepayments | 7 | 14,527 | - | 14,527 | 13,713 |
| | | | <u>421,834</u> | <u>269,083</u> | <u>690,917</u> | <u>575,373</u> |
| CURRENT ASSETS | | | | | | |
| | Office and other supplies | | 12,370 | - | 12,370 | 8,715 |
| | Students fees receivable - net | 8 | 10,077 | - | 10,077 | 12,230 |
| | Advances, deposits, prepayments and other receivables | 9 | 41,927 | - | 41,927 | 26,085 |
| | Advance tax | | 6,052 | - | 6,052 | 6,052 |
| | Short-term investments | 10 | 200,000 | - | 200,000 | 229,106 |
| | Accrued profit | | 3,178 | - | 3,178 | 3,026 |
| | Cash and bank balances | 11 | 151,790 | - | 151,790 | 61,013 |
| | | | <u>425,394</u> | <u>-</u> | <u>425,394</u> | <u>346,227</u> |
| | TOTAL ASSETS | | <u><u>847,228</u></u> | <u><u>269,083</u></u> | <u><u>1,116,311</u></u> | <u><u>921,600</u></u> |
| FUNDS AND LIABILITIES | | | | | | |
| FUNDS | | | | | | |
| | General fund | | 310,206 | - | 310,206 | 284,410 |
| | Capital grant fund - restricted | | - | 269,083 | 269,083 | 272,272 |
| | | | <u>310,206</u> | <u>269,083</u> | <u>579,289</u> | <u>556,682</u> |
| NON CURRENT LIABILITIES | | | | | | |
| | Security deposit from students | | 30,275 | - | 30,275 | 21,675 |
| | Lease liabilities against right-of-use assets | 12 | 92,845 | - | 92,845 | 31,902 |
| | Contract liabilities | 13 | 30,851 | - | 30,851 | 26,514 |
| | | | <u>153,971</u> | <u>-</u> | <u>153,971</u> | <u>80,091</u> |
| CURRENT LIABILITIES | | | | | | |
| | Current portion of security deposit from students | | 14,068 | - | 14,068 | 18,818 |
| | Current portion of lease liabilities against right-of-use assets | 12 | 19,333 | - | 19,333 | 17,476 |
| | Current portion of contract liabilities | 13 | 65,558 | - | 65,558 | 53,409 |
| | Trade and other payables | 14 | 284,092 | - | 284,092 | 195,124 |
| | | | <u>383,051</u> | <u>-</u> | <u>383,051</u> | <u>284,827</u> |
| | TOTAL FUND AND LIABILITIES | | <u><u>847,228</u></u> | <u><u>269,083</u></u> | <u><u>1,116,311</u></u> | <u><u>921,600</u></u> |
| | CONTINGENCIES AND COMMITMENTS | 15 | | | | |

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

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HABIB UNIVERSITY
STATEMENT OF INCOME AND EXPENDITURE AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2024

| | June 30, 2024 | | | June 30, 2023 | |
|---|---------------|--------------------------------------|-----------------------|----------------------|-----------------------|
| | General fund | Capital Grant Fund - Restricted fund | Total | | |
| Note -----(Rupees in '000)----- | | | | | |
| INCOME | | | | | |
| Tuition fees | 16 | 718,809 | - | 718,809 | 589,451 |
| Application fees | | 5,679 | - | 5,679 | 5,551 |
| Semester registration fees | | 34,346 | - | 34,346 | 22,444 |
| Admission fees | | 23,037 | - | 23,037 | 19,480 |
| | | 781,871 | - | 781,871 | 636,926 |
| Donations | | | | | |
| Donations from related parties - deficit financing | 17 | 525,112 | - | 525,112 | 438,051 |
| Donations from related parties - tuition fees | 18 | 899,468 | - | 899,468 | 735,998 |
| Sindh Endowment fund | | - | - | - | 1,000 |
| Donation from Alumni | | 2,681 | - | 2,681 | 2,405 |
| Donation in kind | | 495 | - | 495 | 20,341 |
| | | 1,427,756 | - | 1,427,756 | 1,197,795 |
| Other income | 19 | 42,992 | - | 42,992 | 48,250 |
| Total income | | <u>2,252,619</u> | <u>-</u> | <u>2,252,619</u> | <u>1,882,971</u> |
| LESS: EXPENDITURE | | | | | |
| Academic and programmatic expenses | 20 | 1,956,017 | 3,189 | 1,959,206 | 1,562,685 |
| Administrative expenses | 21 | 239,971 | - | 239,971 | 195,952 |
| Allowance for expected credit losses | | 8,715 | - | 8,715 | 3,930 |
| Finance cost on lease liability against right-of-use assets | | 22,120 | - | 22,120 | 3,859 |
| Total expenditure | | <u>2,226,823</u> | <u>3,189</u> | <u>2,230,012</u> | <u>1,766,426</u> |
| Surplus / (deficit) for the year before taxation | | <u>25,796</u> | <u>(3,189)</u> | <u>22,607</u> | <u>116,545</u> |
| Taxation | 23 | - | - | - | - |
| Net surplus / (deficit) for the year after taxation | | <u>25,796</u> | <u>(3,189)</u> | <u>22,607</u> | <u>116,545</u> |
| Other comprehensive income for the year | | - | - | - | - |
| Total comprehensive income / (loss) for the year | | <u><u>25,796</u></u> | <u><u>(3,189)</u></u> | <u><u>22,607</u></u> | <u><u>116,545</u></u> |

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

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HABIB UNIVERSITY
 STATEMENT OF CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2024

| | General fund | Capital Grant Fund - Restricted fund | Total |
|--------------------------------------|-----------------------|--------------------------------------|-----------------------|
| | (Rupees in '000) | | |
| Balance as on July 1, 2022 | 165,235 | 274,902 | 440,137 |
| Net surplus / (deficit) for the year | 119,175 | (2,630) | 116,545 |
| Balance as on June 30, 2023 | <u>284,410</u> | <u>272,272</u> | <u>556,682</u> |
| Net surplus / (deficit) for the year | 25,796 | (3,189) | 22,607 |
| Balance as on June 30, 2024 | <u><u>310,206</u></u> | <u><u>269,083</u></u> | <u><u>579,289</u></u> |

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

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HABIB UNIVERSITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

| | Note | June 30, 2024 | June 30, 2023 |
|---|-----------|------------------|------------------|
| ------(Rupees in '000)----- | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net surplus / (deficit) for the year before taxation | | 22,607 | 116,545 |
| Adjustment for non-cash and other items | | | |
| Depreciation on operating fixed assets | 5.1 | 97,746 | 58,885 |
| Depreciation right-of-use assets | 5.1 | 22,299 | 9,003 |
| Amortisation on intangible assets | 6.1 | 6,435 | 5,419 |
| Gain on sale of operating fixed assets | 19 | (126) | (575) |
| Profit on saving accounts and term deposit receipts - accrued | 19 | (33,369) | (22,548) |
| Provision for leave encashment | 14.1 | 14,888 | 6,773 |
| Finance cost on lease liabilities | 12 | 22,120 | 3,859 |
| Allowance for expected credit losses | 8.3 | 8,715 | 3,930 |
| | | 138,708 | 64,746 |
| (Increase) / decrease in current assets | | | |
| Office and other supplies | | (3,655) | 123 |
| Student fee receivable | | (6,562) | 40,199 |
| Advances, deposits, prepayments & other receivables | | (15,842) | (3,930) |
| | | (26,059) | 36,392 |
| Increase / (decrease) in current liabilities | | | |
| Trade and other payable | | 80,128 | 76,619 |
| Security deposits from students | | (4,750) | 1,780 |
| Contract liabilities | | 16,486 | (26,911) |
| | | 91,864 | 51,488 |
| | | 227,120 | 269,171 |
| Tax withheld | | - | (500) |
| Leave encashment paid | | (6,048) | (3,829) |
| Security deposits from students - net | | 8,600 | 4,825 |
| Long-term deposits and prepayments - net | | (814) | (5,194) |
| Net cash generated from operating activities | | 228,858 | 264,473 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Additions to operating assets and capital work in progress | 5.1 & 5.3 | (173,944) | (143,927) |
| Additions to intangible assets | 6 | (297) | (15,109) |
| Proceeds from disposal of operating fixed assets | | 801 | 1,609 |
| Profit received on saving accounts and term deposit receipts | | 33,217 | 20,234 |
| Net cash used in investing activities | | (140,223) | (137,193) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Lease rental paid against right-of-use assets | | (26,964) | (13,010) |
| Net cash used in financing activities | | (26,964) | (13,010) |
| Net increase in cash and cash equivalents | | 61,671 | 114,270 |
| Cash and cash equivalents at the beginning of the year | | 290,119 | 175,849 |
| Cash and cash equivalents at the end of the year | 22 | 351,790 | 290,119 |

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


CHANCELLOR


PRESIDENT

HABIB UNIVERSITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

1 STATUS AND NATURE OF BUSINESS

Habib University (herein after referred to as 'the University') is a not-for-profit, non-commercial, degree awarding institution and has been established in Pakistan under the Habib University Act, 2012 (the Act) passed by the Sindh Assembly on October 8, 2012. The registered office of University is situated at Plot 295, Block 18, University Avenue, Gulistan-e-Johar, Karachi. The principal aims and 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 University is a not-for-profit organisation registered under section 2(36) of the Income Tax Ordinance, 2001 and its surplus, if any, is carried forward to the subsequent years, and is not available for appropriation and distribution to any of the Governors.

2 BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention, except as otherwise specifically stated in the respective notes.

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan for financial reporting. The approved accounting and reporting standards as applicable in Pakistan for financial reporting comprise of:

- International Financial Reporting Standards (IFRS Accounting Standards) issued by the International Accounting Standards Board (IASB); and
- the Accounting Standards for Not for Profit Organisations (NPOs) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Act.

Where the provisions of and directives issued under the Accounting Standards for NPOs differ from the IFRS Accounting Standards, the provisions of and directives issued under the Accounting Standards for NPOs have been followed.

2.2 Changes in accounting standards, interpretations and amendments to approved accounting and reporting standards

2.2.1 Amendments to approved accounting and reporting standards and interpretation / guidance which become effective during the year ended June 30, 2024

There were certain amendments that become applicable during the year but are not considered to be relevant or did not have any significant effect on the University's operations and have, therefore, not been disclosed in these financial statements except that during the year certain amendments to IAS 1 'Presentation of Financial Statements' have become applicable to the University which require entities to disclose their material accounting policy information rather than their significant accounting policies. These amendments to IAS 1 have been introduced to help entities improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements. These amendments have been incorporated in these financial statements with the primary impact that the material accounting policy information has been disclosed rather than the significant accounting policies.

2.2.2 New standards and amendments to approved accounting and reporting standards that are not yet effective and not early adopted by the University

There are certain new standards and amendments that will be applicable to the University for its annual accounting periods beginning on or after July 1, 2024. The new standards include IFRS 18 "Presentation and Disclosure in Financial Statements" with applicability date of January 1, 2027 as per IASB. This standard will become part of University's financial reporting framework upon adoption by SECP.

The overall amendments include those made in IFRS 7 and IFRS 9 which clarify the date of recognition and derecognition of a financial asset or financial liability which are applicable effective January 1, 2026. The University's management at present is in the process of assessing the full impact of these amendments to IFRS 7 and IFRS 9 and is expecting to complete the assessment in due course.

There are certain other amendments to the approved accounting and reporting standards that will be mandatory for the University's annual accounting periods beginning on or after July 1, 2024. However, these amendments will not have any significant impact on the financial reporting of the University and, therefore, have not been disclosed in these financial statements.

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3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements in conformity with the approved accounting and reporting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the University's accounting policies. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revision to accounting estimates are recognised in the period in which the estimate is revised and in any future periods effected. In the process of applying the University's accounting policies, management has made the following estimates and judgements which are significant to these financial statements.

- Property and equipment (notes 4.2 and 5);
- Impairment of non financial assets, intangible assets and financial assets (notes 4.2.4 , 4.3.1 and 4.4.2);
- Leases (notes 4.13.2 and 4.13.3); and
- Provisions (note 4.15).

4 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies used in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

4.1 Accounting convention

These financial statements have been prepared under the historical cost convention except as otherwise directed in respective policy notes.

4.2 Property, plant and equipment

4.2.1 Operating fixed assets

These are stated at cost less accumulated depreciation and accumulated impairment loss, if any, except for freehold lands which are stated at cost less accumulated impairment loss, if any.

Maintenance and normal repairs are charged to the statement of income and expenditure as and when incurred. Major renewals and improvements, if any, are capitalised when it is probable that respective future economic benefits will flow to the University.

Depreciation is charged to the statement of income and expenditure using the straight-line method at the rates stated in note 5.1 . Depreciation is charged on operating fixed assets from the date asset is available for use up to the date the asset is disposed off.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate. The effect of any adjustments to residual values and useful lives is recognised prospectively as a change in estimate in the statement of income and expenditure.

Assets received as donation in kind are initially recognised at fair value on the date of contribution and are subsequently carried at cost less accumulated depreciation and impairment, if any, except contributed lands which are subsequently carried at cost less accumulated impairment, if any.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the University and the cost of the item can be measured reliably.

Gain and loss on disposal or retirement of an item of property and equipment are taken to statement of income and expenditure.

4.2.2 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any and consists of expenditure incurred in the course of their construction and installation. Assets are transferred to operating fixed assets when they are available for use.

4.2.3 Right-of-use-assets

The University recognises a right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, any initial direct costs incurred less any lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

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4.2.4 Impairment of non-financial assets

The carrying amount of the University's non-financial assets are reviewed at each reporting date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the assets or group of assets may be impaired. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of value in use and fair value less cost to sell. Impairment loss is recognised in the statement of income and expenditure.

4.3 Intangible assets

These are stated at cost less accumulated amortisation and impairment loss, if any.

Costs in relation to intangible assets are only capitalised when it is probable that future economic benefits attributable to that asset will flow to the University and the same is amortised applying the straight line method at the rates stated in note 6 to these financial statements.

Useful lives of intangible assets are reviewed, at each reporting date and adjusted if appropriate.

4.3.1 Impairment of intangible assets

The carrying value of intangible assets is assessed for impairment at each reporting date when events or changes in circumstances indicate that the carrying value may not be recoverable. If such indications exist and where the carrying values exceed the estimated recoverable amounts, the assets are written down to the recoverable amounts. Recoverable amount is the higher of value in use and fair value less cost to sell. Impairment loss is recognised in the statement of income and expenditure.

4.4 Financial instruments

4.4.1 Financial assets

(a) Classification

The University classifies its financial assets in the following three categories:

- to be measured at fair value through other comprehensive income (FVOCI);
- to be measured at fair value through profit or loss (FVPL); and
- to be measured at amortised cost.

The classification depends on the University's business model for managing the financial assets and the contractual terms of cashflows.

A financial asset is initially measured at fair value plus, for a financial asset not measured at FVPL, transaction costs that are directly attributable to its acquisition.

Transaction costs of financial assets carried at fair value through profit or loss are charged to the statement of income and expenditure.

(b) Subsequent Measurement

Amortised cost Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets, impairment loss, foreign exchange gain and loss, and gain or loss arising on derecognition are recognised directly in statement of income and expenditure.

Fair value through other comprehensive income Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in income and expenditure. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to income and expenditure.

Fair value through profit or loss Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income or assets that are designated at fair value through profit or loss using fair value option, are measured at fair value through profit or loss. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in statement of income and expenditure in the period in which it arises.

4.4.2 Impairment of financial assets

The University recognises loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortised cost and fair value through other comprehensive income.

The University measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for other receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the University considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the University's historical experience and information.

The University assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial asset. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the University is exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets whereas, for financial assets measured at fair value through other comprehensive income are deducted from the fair value of the assets.

The gross carrying amount of a financial asset is written off when the University has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The University individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The University expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the University's procedures for recovery of amounts due. The University considers student fee receivable in default when contractual payment are 240 days past due and it is subsequently written off when there is no reasonable expectation of recovering the contractual cashflows. The definition is based on the University's internal credit risk management policy.

4.4.3 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the University commits to purchase or sell the asset.

4.4.4 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the University has transferred substantially all risks and rewards of ownership. Any gain or loss arising on derecognition of financial assets is taken to the statement of income and expenditure.

4.5 Financial liabilities

Financial liabilities are recognised at the time when the University becomes a party to the contractual provisions of the instruments.

(a) Classification and subsequent measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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Financial liabilities are recognised at the time when the University becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss.

Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL. Gains or losses on liabilities held for trading are recognised in statement of income and expenditure. Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, only if the criteria in IFRS 9 are satisfied. The University has not designated any financial liability at FVPL.

After initial recognition, borrowings and trade and other payables are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in the statement of income and expenditure when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of income and expenditure and other comprehensive income.

(b) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss arising on derecognition of financial liabilities is taken to the statement of income and expenditure.

(c) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the 'Statement of Financial Position' when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4.6 Office and other supplies

These are valued at lower of cost, determined using weighted average method and Net Realisable Value (NRV), less provision for obsolete items (if any). Items in transit are valued at cost comprising purchase price, and other charges incurred thereon upto the reporting date. Provision is made for items which are obsolete and slow moving and is determined based on management estimate regarding their future usability.

4.7 Students fees receivable

These are recognised and carried at original invoice amount, being the fair value and subsequently measured at amortised cost. Allowance is made on the basis of lifetime Expected Credit Losses (ECLs) that result from all possible default events over the expected life of the student fees receivable. Bad debts are written-off when considered irrecoverable.

4.8 Advances and deposits

These are stated at cost less an allowance for uncollectible amounts, if any.

4.9 Cash and cash equivalents

Cash and cash equivalents are stated at cost. For the purpose of statement of cash flows, cash and cash equivalents comprises of cash in hand, balances with banks in current and deposit accounts and other short-term highly liquid investments with original maturities of upto three months or less.

4.10 General Fund

The General Fund represents all revenues and expenses related to unrestricted resources. The total excess of revenues over expenses in the general fund reports the change in the University's unrestricted resources in the year.

4.11 Restricted Funds

The University follows restricted fund method of accounting. The restricted funds present income and expenses related to restricted resources.

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4.12 Security deposits from students

These are stated at cost. Security deposits are refunded to students upon graduation from the University. These are derecognised fully when paid back to students.

4.13 Leases

The University assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

4.13.1 Lease liabilities

At the commencement date of the lease, the University recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less lease incentives receivable (if any), variable lease payments that depend on an index or a rate (if any), and amounts expected to be paid under residual value guarantees (if any). The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the University (if any) and payments of penalties for terminating the lease (if any), if the termination option is reasonably certain to be exercised. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments at the lease commencement date, the University uses the interest rate implicit in the lease. In case where the interest rate implicit in the lease is not readily determinable, the University uses its incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

4.13.2 Determining the lease term of contracts with renewal and termination option

The University determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The University has several lease contracts that include extension and termination options. The University applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the University reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

4.13.3 Leases - estimating the incremental borrowing cost

The University cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the University would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the University 'would have to pay', which requires estimation when no observable rates are available (such as for entities that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the entities' functional currency).

The University estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates .

4.13.4 Short-term leases

The University applies the short-term lease recognition exemption to its short-term leases of premises (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

4.14 Taxation

The University is entitled to tax credit under section 100C of the Income Tax Ordinance, 2001 (the ordinance). The University received its recognition as a Non-Profit Organization (NPO) under section 2(36)(c) of the Ordinance from the Commissioner Inland Revenue.

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The University is also exempt from minimum tax under section 113 of the Ordinance, in view of clause (11A) of Part IV of the second schedule to the Ordinance. Therefore, no current and deferred tax provision has been made in these financial statements.

4.15 Provisions

Provisions are recognised when the University has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

4.16 Foreign currency translations

Foreign currency transactions are translated into Pakistani Rupees (functional currency) using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees using the exchange rate at the statement of financial position date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to the statement of income and expenditure currently.

4.17 Staff retirement benefits

The University operates a contributory provident fund for all eligible employees. Equal monthly contributions are made by the University and the employees to the fund at the rate of 8.33% of basic salary. Contributions are charged to the statement of income and expenditure.

4.18 Employee compensated absences

The University accounts for employees' leave encashment on the basis of un-availed earned leave balance of each employee at the end of the year.

4.19 Revenue recognition

The University designs, prepares and provides education courses to different levels of students. The services provided by the University to students includes tuition / education, hostel, lab / studio and transportation facilities. The University has assessed that significant performance obligations in a contract with students are closely related and therefore are discharged over the period of a semester. However, any variation or reduction in fee which are expected at the time of admission is adjusted at the time of recognizing revenue.

- Tuition fee is recognised as income when the services are performed.
- Admission fee and semester registration fee are recognised as income over a period of time.
- Application fee income is recognised on receipt basis.
- Donations are recognised as income as and when received.

4.20 Fee Discount

Early payment discount is allowed to students paying entire tuition fees at the start of the semester. The discount is recognised when the payment is made.

4.21 Contract liability

A contract liability is the obligation to render services to a student for which the University has received consideration (or an amount of consideration is due) from the customer. If a student pays consideration before the University renders services to the student, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the University performs under the contract.

| | Note | June 30, 2024 | June 30, 2023 |
|-------------------------------|------|------------------|------------------|
| ------(Rupees in '000)----- | | | |
| 5 | | | |
| PROPERTY AND EQUIPMENT | | | |
| Operating fixed assets | 5.1 | 637,673 | 517,256 |
| Capital work-in-progress | 5.3 | 31,499 | 31,048 |
| | | <u>669,172</u> | <u>548,304</u> |

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5.1 Operating fixed assets

| 2024 | | | | | | | | | |
|---------------|----------|-------------------------|------------------|---------------|---------------|------------------------|---------------|---------------------|-------|
| Freehold land | Building | Computer and multimedia | Office equipment | Motor Vehicle | Lab equipment | Furniture and fixtures | Library books | Right-of-use assets | Total |

(Rupees in '000)

As at July 01, 2023

| | | | | | | | | | | |
|--------------------------|---------|---------|-----------|---------|----------|---------|---------|---------|---------|-----------|
| Cost | 165,000 | 107,784 | 259,681 | 35,699 | 42,962 | 5,935 | 7,405 | 13,111 | 58,529 | 696,106 |
| Accumulated depreciation | - | (2,245) | (135,432) | (8,064) | (11,420) | (3,023) | (1,906) | (7,757) | (9,003) | (178,850) |
| Net book value | 165,000 | 105,539 | 124,249 | 27,635 | 31,542 | 2,912 | 5,499 | 5,354 | 49,526 | 517,256 |

Additions including transfers
from capital work-in-progress

Adjustment of reassessment
of lease term

| | | | | | | | | | |
|---|---|---------|--------|---|-------|--------|-------|--------|---------|
| - | - | 139,463 | 16,114 | - | 5,910 | 10,190 | 1,816 | 33,408 | 206,901 |
| - | - | - | - | - | - | - | - | 34,236 | 34,236 |

Disposals

| | | | | | | | | | | |
|--------------------------|---|---|-------|---|---|---|---|---|---|-------|
| Cost | - | - | 1,482 | - | - | - | - | - | - | 1,482 |
| Accumulated depreciation | - | - | (807) | - | - | - | - | - | - | (807) |

Depreciation for the year

Closing net book value

| | | | | | | | | | | |
|---------|---------|----------|---------|---------|---------|---------|---------|----------|-----------|-----|
| - | - | 675 | - | - | - | - | - | - | - | 675 |
| - | (2,686) | (76,142) | (7,217) | (5,610) | (1,572) | (2,395) | (2,124) | (22,299) | (120,045) | |
| 165,000 | 102,853 | 186,895 | 36,532 | 25,932 | 7,250 | 13,294 | 5,046 | 94,871 | 637,673 | |

As at June 30, 2024

| | | | | | | | | | | |
|--------------------------|---------|---------|-----------|----------|----------|---------|---------|---------|----------|-----------|
| Cost | 165,000 | 107,784 | 397,662 | 51,813 | 42,962 | 11,845 | 17,595 | 14,927 | 126,173 | 935,761 |
| Accumulated depreciation | - | (4,931) | (210,767) | (15,281) | (17,030) | (4,595) | (4,301) | (9,881) | (31,302) | (298,088) |
| Net book value | 165,000 | 102,853 | 186,895 | 36,532 | 25,932 | 7,250 | 13,294 | 5,046 | 94,871 | 637,673 |

Depreciation rate %

| | | | | | | | | | |
|---|------|-------|-------|-------|-------|-------|-------|-------|-------|
| - | 2.50 | 33.33 | 10-20 | 20.00 | 20.00 | 20.00 | 20.00 | 20.00 | 20.00 |
|---|------|-------|-------|-------|-------|-------|-------|-------|-------|

| 2023 | | | | | | | | | |
|---------------|----------|-------------------------|------------------|---------------|---------------|------------------------|---------------|---------------------|-------|
| Freehold land | Building | Computer and multimedia | Office equipment | Motor Vehicle | Lab Equipment | Furniture and fixtures | Library books | Right-of-use assets | Total |

(Rupees in '000)

As at July 01, 2022

| | | | | | | | | | | |
|--------------------------|---|---|----------|---------|----------|---------|-------|---------|---|-----------|
| Cost | - | - | 166,326 | 11,062 | 24,291 | 5,129 | 3,673 | 11,567 | - | 222,048 |
| Accumulated depreciation | - | - | (91,270) | (4,642) | (10,936) | (1,963) | (806) | (5,723) | - | (115,340) |
| Net book value | - | - | 75,056 | 6,420 | 13,355 | 3,166 | 2,867 | 5,844 | - | 106,708 |

Additions including transfers
from capital work-in-progress

| | | | | | | | | | |
|---------|---------|--------|--------|--------|-----|-------|-------|--------|---------|
| 165,000 | 107,784 | 94,193 | 24,637 | 23,245 | 806 | 3,732 | 1,544 | 58,529 | 479,470 |
|---------|---------|--------|--------|--------|-----|-------|-------|--------|---------|

Disposals

| | | | | | | | | | | |
|--------------------------|---|---|-------|---|---------|---|---|---|---|---------|
| Cost | - | - | 838 | - | 4,574 | - | - | - | - | 5,412 |
| Accumulated depreciation | - | - | (752) | - | (3,626) | - | - | - | - | (4,378) |

Depreciation for the year

Closing net book value

| | | | | | | | | | | |
|---------|---------|----------|---------|---------|---------|---------|---------|---------|----------|-------|
| - | - | 86 | - | 948 | - | - | - | - | - | 1,034 |
| - | (2,245) | (44,914) | (3,422) | (4,110) | (1,060) | (1,100) | (2,034) | (9,003) | (67,888) | |
| 165,000 | 105,539 | 124,249 | 27,635 | 31,542 | 2,912 | 5,499 | 5,354 | 49,526 | 517,256 | |

As at June 30, 2023

| | | | | | | | | | | |
|--------------------------|---------|---------|-----------|---------|----------|---------|---------|---------|---------|-----------|
| Cost | 165,000 | 107,784 | 259,681 | 35,699 | 42,962 | 5,935 | 7,405 | 13,111 | 58,529 | 696,106 |
| Accumulated depreciation | - | (2,245) | (135,432) | (8,064) | (11,420) | (3,023) | (1,906) | (7,757) | (9,003) | (178,850) |
| Net book value | 165,000 | 105,539 | 124,249 | 27,635 | 31,542 | 2,912 | 5,499 | 5,354 | 49,526 | 517,256 |

Depreciation rate %

| | | | | | | | | | |
|---|------|-------|-------|-------|-------|-------|-------|-------|-------|
| - | 2.50 | 33.33 | 10-20 | 20.00 | 20.00 | 20.00 | 20.00 | 20.00 | 33.33 |
|---|------|-------|-------|-------|-------|-------|-------|-------|-------|

Note

June 30,
2024June 30,
2023

----- (Rupees in '000) -----

5.1.1 Depreciation charge for the year has been allocated as follows:

| | | | |
|------------------------------------|----|----------------|---------------|
| Academic and programmatic expenses | 20 | 100,496 | 56,111 |
| Administrative expenses | 21 | 19,549 | 11,777 |
| | | <u>120,045</u> | <u>67,888</u> |

5.1.2 Depreciation amounting to Rs. 3.19 million (June 30, 2023: Rs. 2.63 million) pertains to property and equipment appropriated in restricted fund.

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- 5.1.3 The University land and various other operating assets are owned by Habib University Foundation, a related party, and no rentals or other compensation is charged to the University for such assets as per agreement between the Foundation and the University.
- 5.1.4 Capital grant fund is represented by amounts of Rs. 165 million held as freehold land, Rs. 102.852 million as building, Rs. 0.077 million as computer accessories & multimedia and Rs. 1.154 million as office equipment.
- 5.1.5 Operating fixed assets include items having an aggregate cost of Rs.117.67 million (2023: Rs.71.13 million) which are fully depreciated and are still in use of the University.
- 5.2 During the current year, the University has reassessed the existing lease agreements resulting in a reassessment of the lease terms of these agreements and have been accounted for in accordance with the requirements of IFRS 16, 'Leases'. The University has remeasured the lease liabilities by discounting the future lease payments using the revised discount rates and a corresponding adjustment have been recorded in right-of-use assets.

| | Note | June 30, 2024 | June 30, 2023 |
|--|------|------------------|------------------|
| ----- (Rupees in '000) ----- | | | |
| 5.3 Capital work-in-progress | | | |
| Opening book value | | 31,048 | 308,062 |
| Add: Additions during the year | | 48,383 | 45,120 |
| Less: Transfer to operating assets | | (43,446) | (322,134) |
| Less: Reversal of asset | | (4,486) | - |
| | | <u>31,499</u> | <u>31,048</u> |
| 5.3.1 Breakup of capital work in progress for the year is as follows: | | | |
| Motor vehicles | | 5,667 | - |
| Computer and multimedia | | 7,948 | 25,738 |
| Furniture and fixture | | - | 517 |
| Office equipment | | 11,595 | 4,793 |
| Lab equipment | | 6,063 | - |
| Software | | 226 | - |
| | | <u>31,499</u> | <u>31,048</u> |

6 INTANGIBLE ASSETS

The intangible assets represents various computer software and project development cost for academic planning and modeling. Movement during the year is as follows:

| | Note | June 30, 2024 | June 30, 2023 |
|--|------|------------------|------------------|
| ----- (Rupees in '000) ----- | | | |
| Net book value at 1 July | | 13,356 | 3,666 |
| Additions | | 297 | 15,109 |
| Amortisation | 6.1 | (6,435) | (5,419) |
| Net book value at 30 June | | 7,218 | 13,356 |
| Gross carrying value as at 30 June | | | |
| Cost | | 50,595 | 50,298 |
| Accumulated amortisation | | (43,377) | (36,942) |
| Net book value | | <u>7,218</u> | <u>13,356</u> |
| Amortisation rate (% per annum) | | 20.00 - 33.33 | 20.00 - 33.33 |
| 6.1 Amortisation charge for the year has been allocated as follows: | | | |
| Academic and programmatic expenses | 20 | 5,148 | 4,335 |
| Administrative expenses | 21 | 1,287 | 1,084 |
| | | <u>6,435</u> | <u>5,419</u> |

- 6.2 Intangible assets include items having aggregate cost of Rs. 33.43 million (June 30, 2023: Rs. 30.93 million) which are fully amortised and are still in use of the University.

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| | Note | June 30, 2024 | June 30, 2023 |
|--|---|------------------------------|------------------|
| 7 LONG TERM DEPOSITS AND PREPAYMENTS | | ----- (Rupees in '000) ----- | |
| Prepayments | | 2,046 | 3,212 |
| Deposits | | 12,481 | 10,501 |
| | | <u>14,527</u> | <u>13,713</u> |
| 8 STUDENTS FEES RECEIVABLE | | | |
| Students fees receivable | 8.1 & 8.2 | 32,518 | 25,956 |
| Allowance for expected credit loss | 8.3 | <u>(22,441)</u> | <u>(13,726)</u> |
| | | <u>10,077</u> | <u>12,230</u> |
| 8.1 | Includes receivable amounting to Rs. 1.98 million (June 30, 2023: Rs. 1.98 million) in respect of Student Finance Scheme from Habib Metropolitan Bank Limited, a related party. | | |
| 8.2 | Includes receivable amounting to Rs. 0.486 million (June 30, 2023: Rs. 1.28 million) which is not due as of June 30, 2024. | | |
| | Note | June 30, 2024 | June 30, 2023 |
| 8.3 | | ----- (Rupees in '000) ----- | |
| Movement - Allowance for expected credit loss (ECL) | | | |
| Opening balance | | 13,726 | 9,796 |
| Charge during the year | | 8,715 | 3,930 |
| Closing balance | | <u>22,441</u> | <u>13,726</u> |
| 9 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES | | | |
| Advances | | | |
| Employees | | 2,847 | 2,373 |
| Expenses | | 8,102 | 4,825 |
| Suppliers | | 6,852 | 2,369 |
| | | 17,801 | 9,567 |
| Deposits | | 2,000 | - |
| Prepayments | | | |
| Insurance | 9.1 | 826 | 448 |
| License and subscription | 9.2 | 19,658 | 15,479 |
| | | 20,484 | 15,927 |
| Other receivables | 9.3 | 1,642 | 591 |
| | | <u>41,927</u> | <u>26,085</u> |
| 9.1 | This includes Rs. 0.04 million (June 30, 2023: Rs. 0.06 million) paid to Habib Insurance Company Limited, a related party. | | |
| 9.2 | This represents prepayment made for various IT application software, online library subscription and firewall, which are adjusted on monthly basis against the amount of subscription paid. | | |
| 9.3 | This includes Rs. 0.08 million (June 30, 2023: 0.2 million) receivable from Habib Insurance Company Limited, a related party. | | |
| 10 SHORT-TERM INVESTMENTS | Note | June 30, 2024 | June 30, 2023 |
| | | ----- (Rupees in '000) ----- | |
| At amortised cost: | | | |
| Foreign currency | | | |
| Term deposit receipts | | - | 229,106 |
| Local currency | | | |
| Term deposit receipts | 10.1 | 200,000 | - |
| | | <u>200,000</u> | <u>229,106</u> |

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- 10.1 This carry profit yield at the rate of 17.00% (2023: Nil) per annum and will mature latest by July 28, 2024. This certificate was issued by Habib Metropolitan Bank Limited, a related party.

| | Note | June 30, 2024 | June 30, 2023 |
|----------------------------------|------|------------------|------------------|
| ----- (Rupees in '000) ----- | | | |
| 11 CASH AND BANK BALANCES | | | |
| Cash in hand | | | |
| - foreign currency | | 3,651 | 5,096 |
| - local currency | | 10 | - |
| | | 3,661 | 5,096 |
| Cash at bank | | | |
| - deposit accounts | 11.1 | 134,060 | 50,354 |
| - current accounts | | | |
| - foreign currency | | 10,685 | 3,488 |
| - local currency | | 3,384 | 2,075 |
| | | 14,069 | 5,563 |
| | 11.2 | 148,129 | 55,917 |
| | | 151,790 | 61,013 |

- 11.1 These carry profit at the rate ranging from 17% to 20.50% (June 30, 2023: 17% to 19.50%) per annum.

- 11.2 This includes Rs. 147.888 million (June 30, 2023: Rs. 55.92 million) deposited with Habib Metropolitan Bank Limited, a related party.

| | Note | June 30, 2024 | June 30, 2023 |
|--|------|------------------|------------------|
| ----- (Rupees in '000) ----- | | | |
| 12 LEASE LIABILITIES AGAINST RIGHT-OF-USE ASSETS | | | |
| Opening balance | | 49,378 | - |
| Additions during the year | | 33,408 | 58,529 |
| Adjustment upon reassessment of lease | | 34,236 | - |
| Finance cost | | 22,120 | 3,859 |
| Lease rental paid during the year | | (26,964) | (13,010) |
| Lease liabilities against right-of-use assets | 12.1 | 112,178 | 49,378 |
| Current portion of lease liabilities against right-of-use assets | | (19,333) | (17,476) |
| Non current portion of lease liabilities against right-of-use assets | | 92,845 | 31,902 |

- 12.1 Maturity analysis of lease liabilities against right-of-use assets

| | 2024 | | | 2023 | | |
|---|------------------------|-------------------|-----------------------|------------------------|-------------------|-----------------------|
| | Minimum lease payments | Financial charges | Principal outstanding | Minimum lease payments | Financial charges | Principal outstanding |
| Rupees in '000 | | | | | | |
| Not later than one year | 36,829 | 17,496 | 19,333 | 25,102 | 7,626 | 17,476 |
| Later than one year and not later than five years | 122,379 | 29,534 | 92,845 | 36,628 | 4,726 | 31,902 |
| | 159,208 | 47,030 | 112,178 | 61,730 | 12,352 | 49,378 |

| | June 30, 2024 | June 30, 2023 |
|---|------------------|------------------|
| ----- (Rupees in '000) ----- | | |
| 13 CONTRACT LIABILITIES | | |
| Tuition fees | 41,747 | 37,060 |
| Admission fees and others | 54,662 | 42,863 |
| | 96,409 | 79,923 |
| Less: current portion of contract liabilities | (65,558) | (53,409) |
| Non current portion of contract liabilities | 30,851 | 26,514 |

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| | Note | June 30, 2024 | June 30, 2023 |
|--|--|-----------------------------|------------------|
| 14 TRADE AND OTHER PAYABLES | | ------(Rupees in '000)----- | |
| Payable to suppliers and contractors | | 27,826 | 36,494 |
| Salaries and benefits payable | | 78,751 | 32,827 |
| Advance against UBL level up program | | 6,842 | 8,238 |
| Accrued expenses | | 100,226 | 71,272 |
| Provision for leave encashment | 14.1 | 47,141 | 38,301 |
| Sales tax payable | | 1,600 | 3,628 |
| Payable to students | | 20,919 | 2,497 |
| Withholding tax payable | | 787 | 1,867 |
| | | <u>284,092</u> | <u>195,124</u> |
| 14.1 Provision for leave encashment | | | |
| Opening balance | | 38,301 | 35,357 |
| Charge for the year | | 14,888 | 6,773 |
| Payment made during the year | | (6,048) | (3,829) |
| Closing balance | | <u>47,141</u> | <u>38,301</u> |
| 15 CONTINGENCIES AND COMMITMENTS | | | |
| 15.1 | There were no contingencies and commitments outstanding as at June 30, 2024 and June 30, 2023. | | |
| | | June 30, 2024 | June 30, 2023 |
| 16 TUITION FEES | | ------(Rupees in '000)----- | |
| Represented by: | | | |
| Self-funded | | 721,176 | 595,497 |
| Fees discount | | (2,367) | (6,046) |
| | | <u>718,809</u> | <u>589,451</u> |
| 17 DONATIONS FROM RELATED PARTIES - DEFICIT FINANCING | | | |
| Habib University Foundation - operational funding | | 505,112 | 143,271 |
| Habib University Foundation - entrepreneur program | | 20,000 | - |
| Habib University Stiftung Switzerland | | - | 277,173 |
| Habib University Foundation U.S. Inc. - a related party | | - | 17,607 |
| | | <u>525,112</u> | <u>438,051</u> |
| 18 DONATIONS FROM RELATED PARTIES - TUITION FEES | | | |
| Tuition fee funded by Habib University Foundation, a related party, through following funds: | | | |
| - Scholarship | | 475,400 | 415,989 |
| - Zakat | | 372,107 | 270,863 |
| - Grant | | 51,961 | 49,146 |
| | | <u>899,468</u> | <u>735,998</u> |
| 19 OTHER INCOME | | | |
| Gain on sale of operating fixed assets | | 126 | 575 |
| Late payment charges | | 2,261 | 1,868 |
| Profit on savings accounts | | 32,112 | 19,376 |
| Swimming pool and gym fees | | 2,612 | 2,599 |
| Foreign exchange (loss) / gain | | (2,070) | 18,801 |
| Library fees and penalties | | 54 | 13 |
| Playground income | | 1,878 | - |
| Profit on term deposit receipts | | 1,257 | 3,172 |
| Profit on market treasury bills | | 2,585 | - |
| Others | | 2,177 | 1,846 |
| | | <u>42,992</u> | <u>48,250</u> |

After

| | Note | June 30, 2024 | June 30, 2023 |
|-----------------------------|--|------------------|------------------|
| ------(Rupees in '000)----- | | | |
| 20 | ACADEMIC AND PROGRAMMATIC EXPENSES | | |
| | Salaries and benefits | 1,277,170 | 957,883 |
| | Training and professional development | 9,392 | 7,770 |
| | Faculty research grant | 17,831 | 10,680 |
| | Faculty and staff recruitment | 9,203 | 21,856 |
| | Lab, studio and academic supplies | 13,640 | 9,177 |
| | Library and other academic activities | 21,002 | 61,363 |
| | Health, sports, wellness and counselling | 15,818 | 15,519 |
| | Conferences, seminars and workshops | 30,104 | 22,023 |
| | Student recruitment, admission and marketing | 27,212 | 28,216 |
| | Resource development | 25,342 | 32,234 |
| | Technology - license and hardware | 67,609 | 74,465 |
| | Vehicle, supplies and others | 29,387 | 27,711 |
| | Utilities | 130,074 | 86,130 |
| | Building and equipment maintenance | 102,060 | 84,604 |
| | Insurance | 9,733 | 11,018 |
| | Safety and security | 21,592 | 20,394 |
| | Depreciation | 78,197 | 47,108 |
| | Depreciation- right of use assets | 22,299 | 9,003 |
| | Amortisation | 5,148 | 4,335 |
| | Board of Governors and president travelling | 46,393 | 31,196 |
| | | <u>1,959,206</u> | <u>1,562,685</u> |
| 21 | ADMINISTRATIVE EXPENSES | | |
| | Salaries and benefits | 144,096 | 122,883 |
| | Training and professional development | 604 | 2,194 |
| | Vehicle, supplies and others | 7,347 | 6,928 |
| | Utilities | 32,519 | 21,533 |
| | Building and equipment maintenance | 25,515 | 21,150 |
| | Insurance | 2,433 | 2,754 |
| | Safety and security | 5,396 | 5,098 |
| | Depreciation | 19,549 | 11,777 |
| | Amortisation | 1,287 | 1,084 |
| | Auditors' remuneration | 21.1 | 1,225 |
| | | <u>239,971</u> | <u>195,952</u> |
| 21.1 | Auditors' remuneration | | |
| | Audit fee | 630 | 332 |
| | Half yearly review | 320 | 132 |
| | Out of pocket expenses | 184 | 43 |
| | Sindh sales tax | 91 | 44 |
| | | <u>1,225</u> | <u>551</u> |
| 22 | CASH AND CASH EQUIVALENTS | | |
| | Cash and bank balances | 11 | 151,790 |
| | Term deposit receipts | 10 | 200,000 |
| | | | <u>351,790</u> |
| | | | <u>290,119</u> |
| 23 | TAXATION | | |

The University has been approved as a non-profit organization under Section 2(36)(c) of the Income Tax Ordinance, 2001 (the Ordinance). The University is allowed tax credit equal to 100% of the tax payable including minimum tax and final taxes, under section 100C of the Ordinance. The management intends to avail a tax credit equal to 100% of the tax payable. Accordingly, no tax charge has been recorded in these financial statements.

The operations of the University fall within the purview of section 100C of the Income Tax Ordinance, 2001 and the tax credit of hundred percent is allowed under section 100C of the Income Tax Ordinance, 2001 in respect of tax payable including minimum and final taxes payable under any of the provisions of the Income Tax Ordinance, 2001, subject to the following conditions, namely:

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- (a) return has been filed;
- (b) tax required to be deducted or collected has been deducted or collected and paid;
- (c) withholding tax statements for the immediately preceding tax year have been filed;
- (d) the administrative and management expenditure does not exceed 15% of the total receipts;
- (e) approval of Commissioner has been obtained as per requirement of clause (36) of section 2;
- (f) none of the assets of trusts or welfare institutions confers, or may confer, a private benefit to the donors or family, children or author of the trust or his descendants or the maker of the institution or to any other person and where such private benefit is conferred, the amount of such benefit shall be added to the income of the donor; and
- (g) a statement of voluntary contributions and donations received in the immediately preceding tax year has been filed in the prescribed form and manner.

The University has complied with the aforementioned conditions of the Income Tax Ordinance, 2001.

24 TRANSACTIONS / BALANCES WITH RELATED PARTIES

The related parties comprise of companies / institutions in which the University's board of governors are interested, members of the key management personnel (i.e. board members) and close members of their families.

Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these financial statements are as follows:

| Nature of relationship | Nature of transactions | June 30, | June 30, |
|--------------------------|---|------------------------------|----------|
| | | 2024 | 2023 |
| | | ----- (Rupees in '000) ----- | |
| Common directorship | Donation received | 525,112 | 438,051 |
| Common directorship | Profit received on savings accounts | 30,611 | 18,596 |
| Common directorship | Insurance premium paid | 11,999 | 14,128 |
| Common directorship | Short term investment made during the year | 200,000 | 293,863 |
| Common directorship | Short term investment encashed during the year | 227,244 | 118,506 |
| Common directorship | Expenses paid by the University on behalf of Foundation | 235,142 | 141,240 |
| Common directorship | Expenses paid by Foundation on behalf of the University | 17,814 | - |
| Key management personnel | Remuneration | 125,428 | 84,979 |

Details of balances with related parties as at June 30, 2024 and June 30, 2023 are disclosed in their respective notes in these financial statements.

The Habib University Foundation, a related party, has allowed free of cost use of its property and equipment to the University. No rentals or other compensation is charged to the University for such assets.

24.1 Name of related parties and relationships

| Name of related parties | Relationship |
|---|-----------------|
| Donations received | |
| Habib University Foundation | Common Director |
| Habib University Stiftung Switzerland | Common Director |
| Habib University Foundation U.S. Inc. - a related party | Common Director |
| Banking services | |
| Habib Metropolitan Bank Limited | Common Director |
| Insurance premium paid | |
| Habib Insurance Company Limited | Common Director |

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25 FINANCIAL INSTRUMENTS BY CATEGORY

| ----- 2024 ----- | | | |
|---|--|--------------------------------------|----------------|
| At amortised cost | At fair value through other comprehensive income | At fair value through profit or loss | Total |
| (Rupees in '000) | | | |
| Financial assets | | | |
| Long term deposits | 12,481 | - | 12,481 |
| Students fees receivable | 10,077 | - | 10,077 |
| Deposits | 2,000 | - | 2,000 |
| Short-term investments | 200,000 | - | 200,000 |
| Accrued profit | 3,178 | - | 3,178 |
| Cash and bank balances | 151,790 | - | 151,790 |
| | <u>379,526</u> | <u>-</u> | <u>379,526</u> |
| Financial liabilities | | | |
| Trade and other payables | 281,705 | - | 281,705 |
| Security deposit from students | 44,343 | - | 44,343 |
| Lease liabilities against right-of-use assets | 112,178 | - | 112,178 |
| | <u>438,226</u> | <u>-</u> | <u>438,226</u> |

| ----- 2023 ----- | | | |
|---|--|--------------------------------------|----------------|
| At amortised cost | At fair value through other comprehensive income | At fair value through profit or loss | Total |
| (Rupees in '000) | | | |
| Financial assets | | | |
| Long term deposits | 10,501 | - | 10,501 |
| Students fees receivable | 12,230 | - | 12,230 |
| Deposits | - | - | - |
| Short-term investments | 229,106 | - | 229,106 |
| Accrued profit | 3,026 | - | 3,026 |
| Cash and bank balances | 61,013 | - | 61,013 |
| | <u>315,876</u> | <u>-</u> | <u>315,876</u> |
| Financial liabilities | | | |
| Trade and other payables | 189,629 | - | 189,629 |
| Security deposit from students | 40,493 | - | 40,493 |
| Lease liabilities against right-of-use assets | 49,378 | - | 49,378 |
| | <u>279,500</u> | <u>-</u> | <u>279,500</u> |

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The University's activities expose it to a variety of financial risks namely credit risk, liquidity risk and market risk. The Board of Governors review and agrees policies for managing each of these risks which are summarised below:

26.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfil their obligations.

26.1.1 Exposure to credit risk

The table below analyses the University's maximum exposure to credit risk:

Appl

| | 2024 | | 2023 | |
|--|--|---------------------------------|--|---------------------------------|
| | Balance as per statement of financial position | Maximum exposure to credit risk | Balance as per statement of financial position | Maximum exposure to credit risk |
| | ----- Rupees in '000 ----- | | | |
| Long term deposits | 12,481 | 12,481 | 10,501 | 10,501 |
| Students fees receivable | 10,077 | 10,077 | 12,230 | 12,230 |
| Advances, deposits and other receivables | 2,000 | 2,000 | - | - |
| Short-term investments | 200,000 | 200,000 | 229,106 | 229,106 |
| Accrued profit | 3,178 | 3,178 | 3,026 | 3,026 |
| Cash and bank balances | 151,790 | 151,790 | 61,013 | 61,013 |
| | <u>379,526</u> | <u>379,526</u> | <u>315,876</u> | <u>315,876</u> |

The maximum exposure to credit risk before any credit enhancement as at June 30, 2024 is the carrying amount of the financial assets.

26.1.2 Ageing analysis of student fee receivable

Note

June 30,
2024

June 30,
2023

Ageing analysis of student fee receivable is as follows:

----- (Rupees in '000) -----

| | | | |
|--------------------------------------|----------|-----------------|-----------------|
| Not due | | 486 | 1,282 |
| 01 to 30 days | | 178 | 1,097 |
| 31 to 60 days | | 838 | 1,308 |
| 61 to 90 days | | 1,372 | 1,304 |
| 91 to 120 days | | 3,801 | 4,578 |
| 121 to 150 days | | 761 | 717 |
| 151 to 180 days | | 3,021 | 2,085 |
| 181 to 210 days | | 325 | 92 |
| 211 to 240 days | | 302 | 245 |
| Past due over 240 days | 26.1.2.1 | <u>21,434</u> | <u>13,248</u> |
| Student fees receivable | | 32,518 | 25,956 |
| Allowance for expected credit losses | 8.3 | <u>(22,441)</u> | <u>(13,726)</u> |
| | | <u>10,077</u> | <u>12,230</u> |

26.1.2. Includes receivable amounting to Rs. 1.98 million (June 30, 2023: Rs. 1.98 million) in respect of Student Finance Scheme from Habib Metropolitan Bank Limited, a related party.

26.1.3 Credit quality of financial assets

The University's significant credit risk arises mainly on account of its placements in banks, investments in term deposit receipts and related profit receivable thereon. The credit rating profile of balances with banks is as follows:

| Bank | Rating | Rating agency | 2024 | 2023 |
|---------------------------------|--------|---------------|---------------------|----------------|
| | | | Total in percentage | |
| Balances with banks | | | | |
| Habib Metropolitan Bank Limited | AA+ | PACRA | 99.84% | 99.94% |
| Meezan Bank Limited | AAA | VIS | 0.02% | 0.06% |
| Bank Alfalah Limited | AAA | PACRA | 0.14% | - |
| | | | <u>100.00%</u> | <u>100.00%</u> |

Ratings of investments have been disclosed in related notes to these financial statements. Since, the assets of the University are held with credit worthy counterparties, therefore any significant credit risk is mitigated.

26.1.4 Concentration of credit risk

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the University's total credit exposure. As transactions are entered with credit worthy parties, therefore any significant concentration of credit risk is mitigated.

All financial assets of the University as at June 30, 2024 and June 30, 2023 are unsecured and are not impaired.

26.2 Liquidity risk

Liquidity risk is the risk that the University will encounter difficulties in raising funds to meet commitments associated with financial instruments. The management of the University believes that it is not exposed to any significant level of liquidity risk.

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The management forecasts the liquidity of the University on the basis of the expected cash flows considering the level of liquid assets necessary to mitigate the liquidity risk.

The table below summaries the maturity profile of the University's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the liabilities that are payable on demand have been included in the maturity grouping of one month:

| 2024 | | | | | | |
|---|---|--|--|-------------------|--|----------------|
| Within 1 month | More than one month and upto three months | More than three months and upto one year | More than one year and upto five years | More than 5 years | Financial instruments with no fixed maturity | Total |
| Rupees in '000 | | | | | | |
| Financial liabilities | | | | | | |
| Trade and other payables | 281,705 | - | - | - | - | 281,705 |
| Security deposit from students | 8,318 | 5,750 | - | 30,275 | - | 44,343 |
| Lease liabilities against right-of-use assets | 1,773 | 2,412 | 15,148 | 92,845 | - | 112,178 |
| | <u>291,796</u> | <u>8,162</u> | <u>15,148</u> | <u>123,120</u> | <u>-</u> | <u>438,226</u> |
| 2023 | | | | | | |
| Within 1 month | More than one month and upto three months | More than three months and upto one year | More than one year and upto five years | More than 5 years | Financial instruments with no fixed maturity | Total |
| Rupees in '000 | | | | | | |
| Financial liabilities | | | | | | |
| Trade and other payables | 189,629 | - | - | - | - | 189,629 |
| Security deposit from students | 18,818 | - | - | 21,675 | - | 40,493 |
| Lease liabilities against right-of-use assets | 358 | 3,236 | 13,882 | 31,902 | - | 49,378 |
| | <u>208,805</u> | <u>3,236</u> | <u>13,882</u> | <u>53,577</u> | <u>-</u> | <u>279,500</u> |

26.3 Market risk

Market risk is the risk that the value of the financial instruments may fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Market risk comprises of three types of risks: currency risk, interest rate risk and other price risk.

26.3.1 Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises on foreign currency current accounts and short term investments. The University primarily has currency exposures in US Dollar (USD), Great Britain Pound (GBP) and

In case of 10 percent appreciation or depreciation in the exchange rates of USD, GBP and CAD against Pakistani Rupee with all other variables held constant, the net income for the year would have been higher / lower by Rs. 1.27 million (June 30, 2023: Rs. 23.61 million), Rs. 0.08 million (June 30, 2023: Nil) and Rs. 0.08 million (June 30, 2023: Rs. 0.16 million) respectively.

26.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The University's exposure to interest rate risk arises primarily from bank balances in deposit account and term deposit receipts. The University analyses its interest rate exposure on a regular basis by monitoring existing facilities against prevailing market interest rates and taking into account various other financing options available.

a) Sensitivity analysis for variable rate instruments

Presently, the University holds bank balances which expose the University to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the surplus would have been higher / lower by Rs. 1.341 million (2023: Rs 0.503 million). The analysis assumes that all other variables remain constant.

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b) Sensitivity analysis for fixed rate instruments

The University is not exposed to fixed rate risk on any of its financial instruments, hence there is no impact on the financial statements.

The composition of the University's investment portfolio, KIBOR rates and the rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2024 is not necessarily indicative of the impact on the University's surplus of future movements in profit rates.

Profit rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

The University's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2024 and June 30, 2023 can be determined as follows:

| 2024 | | | | | |
|--|-------------------------------------|---|--------------------|---|-----------|
| Effective profit rate (%) | Exposed to yield / profit rate risk | | | Not exposed to yield / profit rate risk | Total |
| | Up to three months | More than three months and up to one year | More than one year | | |
| ----- Rupees in 000 ----- | | | | | |
| Financial assets | | | | | |
| Long term deposits | - | - | - | 12,481 | 12,481 |
| Students fees receivable | - | - | - | 10,077 | 10,077 |
| Advances, deposits and other receivables | - | - | - | 2,000 | 2,000 |
| Short-term investments | 17.00 | 200,000 | - | - | 200,000 |
| Accrued profit | - | - | - | 3,178 | 3,178 |
| Cash and bank balances | 17.00- 20.50 | 134,060 | - | 17,730 | 151,790 |
| | | 334,060 | - | 45,466 | 379,526 |
| Financial liabilities | | | | | |
| Trade and other payables | - | - | - | 281,705 | 281,705 |
| Security deposit from students | - | - | - | 44,343 | 44,343 |
| Lease liabilities against right-of-use assets | 23.43 - 16.84 | - | 19,333 | 92,845 | 112,178 |
| | | - | 19,333 | 92,845 | 326,048 |
| On-balance sheet gap (a) | | 334,060 | (19,333) | (92,845) | (280,582) |
| Off-balance sheet financial instruments | | - | - | - | - |
| Off-balance sheet gap (b) | | - | - | - | - |
| Total interest rate sensitivity gap (a+b) | | 334,060 | (19,333) | (92,845) | |
| Cumulative interest rate sensitivity gap | | 334,060 | 314,727 | 221,882 | |

| 2023 | | | | | |
|--|-------------------------------------|---|--------------------|---|-----------|
| Effective profit rate (%) | Exposed to yield / profit rate risk | | | Not exposed to yield / profit rate risk | Total |
| | Up to three months | More than three months and up to one year | More than one year | | |
| ----- Rupees in 000 ----- | | | | | |
| Financial assets | | | | | |
| Long term deposits | - | - | - | 10,501 | 10,501 |
| Students fees receivable | - | - | - | 12,230 | 12,230 |
| Advances, deposits and other receivables | - | - | - | - | - |
| Short-term investments | 4.30 - 8.60 | 229,106 | - | - | 229,106 |
| Accrued profit | - | - | - | 3,026 | 3,026 |
| Cash and bank balances | 17.00 - 19.50 | 50,354 | - | 10,659 | 61,013 |
| | | 279,460 | - | 36,416 | 315,876 |
| Financial liabilities | | | | | |
| Trade and other payables | - | - | - | 189,629 | 189,629 |
| Security deposit from students | - | - | - | 40,493 | 40,493 |
| Lease liabilities against right-of-use assets | 23.43 - 16.84 | - | 17,476 | 31,902 | 49,378 |
| | | - | 17,476 | 31,902 | 230,122 |
| On-balance sheet gap (a) | | 279,460 | (17,476) | (31,902) | (193,706) |
| Off-balance sheet financial instruments | | - | - | - | - |
| Off-balance sheet gap (b) | | - | - | - | - |
| Total interest rate sensitivity gap (a+b) | | 279,460 | (17,476) | (31,902) | |
| Cumulative interest rate sensitivity gap | | 279,460 | 261,984 | 230,082 | |

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26.3.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Equity price risk is the risk that the fair value of equity instruments decreases as a result of changes in the level of equity indices and the value of individual stocks. The University does not hold any instruments that exposes it to price risk (other than those arising from profit rate risk or currency risk) as of June 30, 2024.

27 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the University is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of financial position date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the University to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2024 and June 30, 2023, the University did not hold any financial instruments measured at fair value.

28 REMUNERATION OF PRESIDENT AND GOVERNORS

The aggregate amounts charged in the financial statements in respect of remuneration, including all benefits, to the President of the University were as follows:

| | June 30, 2024 | June 30, 2023 |
|---------------------|------------------------------|------------------|
| | ----- (Rupees in '000) ----- | |
| Remuneration | 111,112 | 76,933 |
| Retirement benefits | 4,580 | 2,000 |
| Utilities | 1,800 | 1,800 |
| Others | 7,936 | 4,246 |
| | <u>125,428</u> | <u>84,979</u> |

28.1 The President of the University is provided with free of cost use of University maintained cars and accommodation.

28.2 No fee was charged by any Governor on the Board of the University.

28.3 There are 11 Governors (June 30, 2023: 11 governors) on the Board of the University.

29 NUMBER OF EMPLOYEES

| | June 30, 2024 | June 30, 2023 |
|--|----------------------|------------------|
| | ----- (Number) ----- | |
| Number of employees | <u>324</u> | <u>301</u> |
| Average number of employee during the year | <u>315</u> | <u>282</u> |

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30 GENERAL

30.1 Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

30.2 Certain prior year figures have been reclassified for the purpose of better presentation and comparison. However, the same do not include any material reclassification.

31 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on 19 OCT 2024 by the Board of Governors of the University.

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CHANCELLOR

PRESIDENT