

HABIB UNIVERSITY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025



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

We have audited the annexed financial statements of Habib University (the University), which comprise the statement of financial position as at June 30, 2025, and the statement of income and expenditure and comprehensive income, the statement of changes in fund balances and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the annexed financial statements present fairly, in all material respects, the financial position of the University as at June 30, 2025, and its financial performance and its cash flows for the year then ended in accordance with the 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 Board of Governors for the Financial Statements

The Management of the University is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan, and for such internal control as Management of the University 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, Management of the University 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.

Board of Governors 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.



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 the Board of Governors 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.

The engagement partner on the audit resulting in this independent auditor's report is **Junaid Mlesia**.



A.F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: December 31, 2025
UDIN: AR2025106118HKznPgj9

HABIB UNIVERSITY
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2025

Note	June 30, 2025			June 30, 2024	
	General fund	Capital Grant Fund - Restricted fund	Total		
(Rupees in '000)					
ASSETS					
NON-CURRENT ASSETS					
Property and equipment	5	455,119	265,842	720,961	
Intangible assets	6	6,591	-	6,591	
Long term deposits and prepayments	7	12,791	-	12,791	
		474,501	265,842	740,343	
				690,917	
CURRENT ASSETS					
Office and other supplies	8	7,963	-	7,963	
Students fees receivable - net	8	15,349	-	15,349	
Advances, deposits, prepayments and other receivables	9	46,468	-	46,468	
Advance tax	9	6,921	-	6,921	
Short-term investments		-	-	200,000	
Reverse repurchase agreements	10	324,927	-	324,927	
Accrued profit	11	11,224	-	11,224	
Cash and bank balances	12	60,394	-	60,394	
		473,246	-	473,246	
				425,394	
TOTAL ASSETS		947,747	265,842	1,213,589	
				1,116,311	
FUNDS AND LIABILITIES					
FUNDS					
General fund		318,745	-	318,745	
Capital grant fund - restricted		-	265,842	265,842	
		318,745	265,842	584,587	
				579,289	
NON CURRENT LIABILITIES					
Security deposit from students		35,065	-	35,065	
Lease liabilities against right-of-use assets	13	96,859	-	96,859	
Contract liabilities	14	36,566	-	36,566	
		168,490	-	168,490	
				153,971	
CURRENT LIABILITIES					
Current portion of security deposit from students		15,105	-	15,105	
Current portion of lease liabilities against right-of-use assets	13	29,780	-	29,780	
Current portion of contract liabilities	14	66,374	-	66,374	
Trade and other payables	15	349,253	-	349,253	
		460,512	-	460,512	
				383,051	
TOTAL FUND AND LIABILITIES		947,747	265,842	1,213,589	
				1,116,311	
CONTINGENCIES AND COMMITMENTS	16				

The annexed notes from 1 to 34 form an integral part of these financial statements.

Afzal

Amna Javed

CHANCELLOR

W.S.
PRESIDENT

HABIB UNIVERSITY
STATEMENT OF INCOME AND EXPENDITURE AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2025

		June 30, 2025			
		General fund	Capital Grant Fund - Restricted fund	Total	June 30, 2024
Note ----- (Rupees in '000) -----					
INCOME					
Tuition fees	17	842,582	-	842,582	718,809
Application fees		7,319	-	7,319	5,679
Semester registration fees		42,193	-	42,193	34,346
Admission fees		27,029	-	27,029	23,037
		919,123	-	919,123	781,871
Donations					
Donations from related parties - deficit financing	18	630,625	-	630,625	525,112
Donations from related parties - tuition fees	20	1,093,809	-	1,093,809	899,468
Donation from Alumni		5,421	-	5,421	2,681
Donations from related parties - Habib University Foundation U.S. Inc.	19	81,488	-	81,488	-
Donation in kind		-	-	-	495
		1,811,343	-	1,811,343	1,427,756
Other income	21	70,898	-	70,898	42,992
Total income		2,801,364	-	2,801,364	2,252,619
LESS: EXPENDITURE					
Academic and programmatic expenses	22	2,485,562	3,241	2,488,803	1,959,206
Administrative expenses	23	286,064	-	286,064	239,971
(Reversal) / Charge for expected credit losses		(3,312)	-	(3,312)	8,715
Finance cost on lease liability against right-of-use assets		24,511	-	24,511	22,120
Total expenditure		2,792,825	3,241	2,796,066	2,230,012
Surplus / (deficit) for the year before taxation		8,539	(3,241)	5,298	22,607
Taxation	25	-	-	-	-
Net surplus / (deficit) for the year after taxation		8,539	(3,241)	5,298	22,607
Other comprehensive income for the year		-	-	-	-
Total comprehensive income / (loss) for the year		8,539	(3,241)	5,298	22,607

The annexed notes from 1 to 34 form an integral part of these financial statements.

Abdel

Abdel

CHANCELLOR

Wajid
PRESIDENT

HABIB UNIVERSITY
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025

	General fund	Capital Grant Fund - Restricted fund	Total
(Rupees in '000)			
Balance as on July 1, 2023	284,410	272,272	556,682
Net surplus / (deficit) for the year	25,796	(3,189)	22,607
Balance as on June 30, 2024	310,206	269,083	579,289
Net surplus / (deficit) for the year	8,539	(3,241)	5,298
Balance as on June 30, 2025	318,745	265,842	584,587

The annexed notes from 1 to 34 form an integral part of these financial statements.

Atta

mushtaq

CHANCELLOR

WMA

PRESIDENT

HABIB UNIVERSITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

	Note	June 30, 2025	June 30, 2024
		----(Rupees in '000)-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net surplus / (deficit) for the year before taxation		5,298	22,607
Adjustment for non-cash and other items			
Depreciation on operating fixed assets	5.1	124,913	97,746
Depreciation right-of-use assets	5.1	31,628	22,299
Amortisation on intangible assets	6.1	5,765	6,435
Gain on sale of operating fixed assets	21	(4,367)	(126)
Profit on savings account and term deposit receipts - accrued	21	(46,996)	(33,369)
Profit on receivable from contracts	21	(3,224)	-
Provision for leave encashment	15.1	23,288	14,888
Finance cost on lease liabilities	13	24,511	22,120
(Reversal) / Charge for expected credit losses and write off	8.3	(13,475)	8,715
		142,043	138,708
(Increase) / decrease in current assets			
Office and other supplies		4,407	(3,655)
Student fee receivable		8,203	(6,562)
Advances, deposits, prepayments & other receivables		(4,541)	(15,842)
		8,069	(26,059)
Increase / (decrease) in current liabilities			
Trade and other payables		48,263	80,128
Security deposits from students		1,037	(4,750)
Contract liabilities		6,531	16,486
		55,831	91,864
		211,241	227,120
Tax withheld		(869)	-
Leave encashment paid		(6,390)	(6,048)
Security deposits from students - net		4,790	8,600
Long-term deposits and prepayments - net		1,736	(814)
Net cash generated from operating activities		210,508	228,858
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to operating assets and capital work in progress	5.1 & 5.2	(173,339)	(173,944)
Additions to intangible assets	6	(5,138)	(297)
Proceeds from reverse repurchase agreements		227,197	-
Payments against reverse repurchase agreements		(549,952)	-
Proceeds from disposal of operating fixed assets		5,356	801
Profit received on savings account and term deposit receipts		40,002	33,217
Net cash used in investing activities		(455,874)	(140,223)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease rental paid against right-of-use assets		(46,030)	(26,964)
Net cash used in financing activities		(46,030)	(26,964)
Net increase in cash and cash equivalents		(291,396)	61,671
Cash and cash equivalents at the beginning of the year		351,790	290,119
Cash and cash equivalents at the end of the year	24	60,394	351,790

The annexed notes from 1 to 34 form an integral part of these financial statements.

Atta

.....

CHANCELLOR


PRESIDENT

HABIB UNIVERSITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

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 accounting and reporting standards as applicable in Pakistan for financial reporting. The 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).

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, 2025

There were certain amendments that became applicable for the University 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 for the following:

- Amendments to IAS 1 - Non-current liabilities with covenants:

These amendments aim to improve the information an entity provides when its right to defer the settlement of a liability is subject to compliance with covenants within twelve months after the reporting period, which affects the classification of that liability. These amendments introduce additional disclosure requirements that enable users of financial statements to understand the risk that the liability could become repayable within twelve months of the reporting period. These amendments did not have any impact on the measurement, recognition, or presentation and disclosure of any item in these financial statements.

- Disclosure detailing receipt and utilisation of Zakat:

The Institute of Chartered Accountants of Pakistan (ICAP) has issued accounting standard on 'Financial Statement Disclosure of Zakat received by an entity' through an amendment in audit technical release 17 which has been notified by Securities and Exchange Commission of Pakistan (SECP) vide SRO 240(I)/2024 to be followed by entity that receive zakat, and are required to prepare their financial statements in conformity with the financial reporting standards as applicable in Pakistan. The University has disclosed the details relating to Zakat in note 27 to these financial statements.

Atif

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

New standards and amendments to published 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 periods beginning on or after July 1, 2025. The new standards include IFRS 18 Presentation and Disclosure in Financial Statements and IFRS 19 Subsidiaries without Public Accountability: Disclosures both with applicability date of July 1, 2027 as per IASB. These standards will become part of the Company's financial reporting framework upon adoption by the SECP. The overall amendments include those made to IFRS 7 and IFRS 9 which clarify the date of recognition and derecognition of a financial asset or financial liability which are applicable to the University effective July 1, 2026. The University's management at present is in the process of assessing the full impacts of these new standards and the amendments to IFRS 7 and IFRS 9 and is expecting to complete the assessment in due course.

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 4.14.2 and 4.14.3); and
- Provisions (note 4.16).

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 and equipment

4.2.1 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.

After

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.

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.

Apres

(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
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
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.

After

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 Reverse repurchase agreement

Reverse repurchase agreement is initially recognised at the disbursed amount and interest income from these agreements is accrued over the term of the transaction and recorded in the profit or loss statement, reflecting the earnings from the lending activity.

4.6 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.

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.

4.7 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.

4.8 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.

4.9 Advances and deposits

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

After

4.10 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.

4.11 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.

4.12 Restricted Funds

The University follows restricted fund method of accounting. The entity received a restricted capital grant specifically designated for the acquisition of residential property to be used as accommodation for the president. The grant has been recorded within the restricted capital grant fund.

4.13 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.

4.14 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.

4.14.1 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.

4.14.2 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).

4.14.3 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.

ATMEL

4.14.4 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.

4.15 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.

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.

4.16 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.

4.17 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.

4.18 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.

4.19 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.

4.20 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 recognising 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.
- Donations in kind are recognised as income when the related economic benefits are received.

4.21 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.

4.22 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 students. 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.

Atmel

	Note	June 30, 2025	June 30, 2024
		----(Rupees in '000)----	
5 PROPERTY AND EQUIPMENT			
Operating fixed assets	5.1	557,232	542,802
Right of use asset	5.1	99,223	94,871
Capital work-in-progress	5.2	64,506	31,499
		<u>720,961</u>	<u>669,172</u>

5.1 Operating fixed assets

	2025									
	Freehold land note (5.1.5)	Building note (5.1.5)	Computer and multimedia	Office equipment	Motor vehicle	Lab equipment	Furnitur e and fixtures	Library books	Right-of- use assets note (13)	Total
(Rupees in '000)										
As at July 01, 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	<u>165,000</u>	<u>102,853</u>	<u>186,895</u>	<u>36,532</u>	<u>25,932</u>	<u>7,250</u>	<u>13,294</u>	<u>5,046</u>	<u>94,871</u>	<u>637,673</u>
Additions including transfers from capital work-in-progress	-	-	99,569	22,136	6,086	7,515	2,530	2,496	35,980	176,312
Disposals										
Cost	-	-	1,297	-	2,200	-	-	-	-	3,497
Accumulated depreciation	-	-	(1,058)	-	(1,450)	-	-	-	-	(2,508)
	-	-	239	-	750	-	-	-	-	989
Depreciation for the year	-	(2,695)	(97,560)	(10,140)	(6,162)	(2,467)	(3,814)	(2,075)	(31,628)	(156,541)
Closing net book value	<u>165,000</u>	<u>100,158</u>	<u>188,665</u>	<u>48,528</u>	<u>25,106</u>	<u>12,298</u>	<u>12,010</u>	<u>5,467</u>	<u>99,223</u>	<u>656,455</u>
As at June 30, 2025										
Cost	165,000	107,784	495,934	73,949	46,848	19,360	20,125	17,423	162,153	1,108,576
Accumulated depreciation	-	(7,626)	(307,269)	(25,421)	(21,742)	(7,062)	(8,115)	(11,956)	(62,930)	(452,121)
Net book value	<u>165,000</u>	<u>100,158</u>	<u>188,665</u>	<u>48,528</u>	<u>25,106</u>	<u>12,298</u>	<u>12,010</u>	<u>5,467</u>	<u>99,223</u>	<u>656,455</u>
Depreciation rate %	-	2.50	33.33	10-20	20.00	20.00	20.00	20.00	20.00	20.00
2024										
Freehold land	Building	Computer and multimedia	Office equipment	Motor vehicle	Lab equipment	Furnitur e 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	<u>165,000</u>	<u>105,539</u>	<u>124,249</u>	<u>27,635</u>	<u>31,542</u>	<u>2,912</u>	<u>5,499</u>	<u>5,354</u>	<u>49,526</u>	<u>517,256</u>
Additions including transfers from capital work-in-progress	-	-	139,463	16,114	-	5,910	10,190	1,816	33,408	206,901
Adjustment of reassessment of lease term	-	-	-	-	-	-	-	-	34,236	34,236
Disposals										
Cost	-	-	1,482	-	-	-	-	-	-	1,482
Accumulated depreciation	-	-	(807)	-	-	-	-	-	-	(807)
	-	-	675	-	-	-	-	-	-	675
Depreciation for the year	-	(2,686)	(76,142)	(7,217)	(5,610)	(1,572)	(2,395)	(2,124)	(22,299)	(120,045)
Closing net book value	<u>165,000</u>	<u>102,853</u>	<u>186,895</u>	<u>36,532</u>	<u>25,932</u>	<u>7,250</u>	<u>13,294</u>	<u>5,046</u>	<u>94,871</u>	<u>637,673</u>
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	<u>165,000</u>	<u>102,853</u>	<u>186,895</u>	<u>36,532</u>	<u>25,932</u>	<u>7,250</u>	<u>13,294</u>	<u>5,046</u>	<u>94,871</u>	<u>637,673</u>
Depreciation rate %	-	2.50	33.33	10-20	20.00	20.00	20.00	20.00	20.00	20.00

	Note	June 30, 2025	June 30, 2024
		----(Rupees in '000)----	
5.1.1 Depreciation charge for the year has been allocated as follows:			
Academic and programmatic expenses	22	131,558	100,496
Administrative expenses	23	24,983	19,549
		<u>156,541</u>	<u>120,045</u>

17/01

5.1.2 Depreciation amounting to Rs. 3.24 million (June 30, 2024: Rs. 3.19 million) pertains to property and equipment appropriated in restricted fund.

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 During the year there were no disposal of the fixed assets having individual net book value exceeding Rs 500,000.

5.1.5 Freehold land and building pertains to the property which is in use of the president amounting to Rs. 165 million (2024: Rs. 165 million) held as freehold land, Rs. 100.158 million (2024: Rs. 102.852 million) as building, Rs. 0.134 million (2024: Rs. 0.077 million) as computer accessories & multimedia and Rs. 0.788 million (2024: Rs. 1.154 million) as office equipment. These assets have been classified under "Capital Grant Fund - Restricted Fund".

5.1.6 Operating fixed assets include items having an aggregate cost of Rs.186.94 million (2024: Rs.117.67 million) which are fully depreciated and are still in use of the University.

	Note	June 30, 2025	June 30, 2024
		-----(Rupees in '000)-----	
5.2 Capital work-in-progress			
Opening book value		31,499	31,048
Add: Additions during the year		108,453	48,383
Less: Transfer to operating assets		(65,674)	(43,446)
Less: Reversal of asset		(9,772)	(4,486)
	5.2.1	64,506	31,499

5.2.1 Breakup of capital work in progress for the year is as follows:

Motor vehicles	6,329	5,667
Computer and multimedia	46,026	7,948
Furniture and fixture	902	-
Office equipment	5,752	11,595
Lab equipment	4,729	6,063
Library books	618	-
Software	150	226
	64,506	31,499

6 INTANGIBLE ASSETS

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

	Note	June 30, 2025	June 30, 2024
		-----(Rupees in '000)-----	
Net book value at July 1, 2024 / 2023		7,218	13,356
Additions		5,138	297
Amortisation		(5,765)	(6,435)
Net book value at June 30, 2025 / 2024	6.1	6,591	7,218

Gross carrying value as at June 30, 2025 / 2024

Cost	55,727	50,595
Accumulated amortisation	(49,136)	(43,377)
Net book value	6,591	7,218

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	22	4,612	5,148
Administrative expenses	23	1,153	1,287
		5,765	6,435

6.2 Intangible assets include items having aggregate cost of Rs. 35.19 million (June 30, 2024: Rs. 33.43 million) which are fully amortised and are still in use of the University.

Atree

		Note	June 30, 2025	June 30, 2024
			----(Rupees in '000)----	
7	LONG TERM DEPOSITS AND PREPAYMENTS			
	Prepayments			2,046
	Deposits		12,791	12,481
			<u>12,791</u>	<u>14,527</u>
8	STUDENTS FEE RECEIVABLE			
	Students fees receivable	8.1 & 8.2	24,315	32,518
	Allowance for expected credit loss	8.3	(8,966)	(22,441)
			<u>15,349</u>	<u>10,077</u>
8.1	Includes receivable amounting to Rs. 1.23 million (June 30, 2024: 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. 2.323 million (June 30, 2024: Rs. 0.486 million) which is not due as of June 30, 2025.			
8.3	Movement - Allowance for expected credit loss (ECL)			
	Opening balance		22,441	13,726
	(Reversal) / charge during the year		(3,312)	8,715
	Write off during the year		<u>(10,163)</u>	<u>-</u>
	Closing balance		<u>8,966</u>	<u>22,441</u>
9	ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
	Advances			
	Employees		3,949	2,847
	Expenses		4,063	8,102
	Suppliers		1,002	6,852
			9,014	17,801
	Deposits		2,000	2,000
	Prepayments			
	Insurance	9.1	9,259	826
	License and subscription	9.2	16,590	19,658
	Prepaid expense for learn abroad program	9.3	8,506	-
			34,355	20,484
	Other receivables	9.4	1,099	1,642
			<u>46,468</u>	<u>41,927</u>
9.1	This includes Rs. 0.03 million (June 30, 2024: Rs. 0.04 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 represents the amount paid by Habib university Foundation U.S. Inc on behalf of the University for the student exchange program.			
9.4	This includes Rs. 0.08 million (June 30, 2024: 0.08 million) receivable from Habib Insurance Company Limited, a related party.			
10	REVERSE REPURCHASE AGREEMENTS			
	Reverse repurchase agreements	10.1	<u>324,927</u>	<u>-</u>
10.1	During the year, the University entered into two separate repurchase agreements with Habib Metropolitan Bank Limited (a related party) where it acquired Pakistan Investment Bonds (PIBs) on June 20, 2025, for a consideration of Rs 324.927 million with an agreement to resale on July 18, 2025 for a total consideration of Rs. 327.707 million. The difference between the value of the PIBs at the date of acquisition and their value at the date of return is			

Agree

	Note	June 30, 2025	June 30, 2024
		----(Rupees in '000)----	
11	ACCRUED PROFIT		
	Profit on deposit account	10,170	3,178
	Profit on receivable from contracts	1,054	-
		<u>11,224</u>	<u>3,178</u>

12 CASH AND BANK BALANCES

Cash in hand		3,165	3,651
- foreign currency		-	10
- local currency		3,165	3,661
 Cash at bank			
- savings accounts	12.1	51,986	134,060
- current accounts			
- foreign currency		1,252	10,685
- local currency		3,991	3,384
		5,243	14,069
	12.2	<u>57,229</u>	<u>148,129</u>
		60,394	151,790

12.1 These carry profit at the rate of 9.5% (June 30, 2024: 17% to 20.50%) per annum.

12.2 This includes Rs. 53.733 million (June 30, 2024: Rs. 147.888 million) deposited with Habib Metropolitan Bank Limited, a related party.

	Note	June 30, 2025	June 30, 2024
		----(Rupees in '000)----	
13 LEASE LIABILITIES AGAINST RIGHT-OF-USE ASSETS			
Opening balance		112,178	49,378
Additions during the year		35,980	33,408
Adjustment upon reassessment of lease		-	34,236
Finance cost		24,511	22,120
Lease rental payable / paid during the year		(46,030)	(26,964)
Lease liabilities against right-of-use assets	13.1	126,639	112,178
Current portion of lease liabilities against right-of-use assets		(29,780)	(19,333)
Non current portion of lease liabilities against right-of-use assets		<u>96,859</u>	<u>92,845</u>

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

	2025			2024		
	Minimum lease payments	Financial charges	Principal outstanding	Minimum lease payments	Financial charges	Principal outstanding
Rupees in '000						
Not later than one year	50,313	20,533	29,780	36,829	17,496	19,333
Later than one year and not later than five years	117,346	20,487	96,859	122,379	29,534	92,845
	<u>167,659</u>	<u>41,020</u>	<u>126,639</u>	<u>159,208</u>	<u>47,030</u>	<u>112,178</u>

14 CONTRACT LIABILITIES

	June 30, 2025	June 30, 2024
	----(Rupees in '000)----	
Tuition fees	40,752	41,747
Admission fees and others	62,188	54,662
Less: current portion of contract liabilities	102,940	96,409
Non current portion of contract liabilities	(66,374)	(65,558)
	<u>36,566</u>	<u>30,851</u>

After

		Note	June 30, 2025	June 30, 2024
			—(Rupees in '000)—	
15	TRADE AND OTHER PAYABLES			
	Payable to suppliers and contractors		35,649	27,826
	Salaries and benefits payable	15.2 & 15.3	87,905	78,751
	Advance against UBL level up program		-	6,842
	Accrued expenses		133,265	100,226
	Provision for leave encashment	15.1	64,039	47,141
	Sales tax payable		3,758	1,600
	Payable to students		18,146	20,919
	Withholding tax payable		4,840	787
	Other payable		1,651	-
			349,253	284,092
15.1	Provision for leave encashment			
	Opening balance		47,141	38,301
	Charge for the year		23,288	14,888
	Payment made during the year		(6,390)	(6,048)
	Closing balance		64,039	47,141
15.2	This includes Rs. 63.344 million of salaries and benefits payable to president.			
16	CONTINGENCIES AND COMMITMENTS			
	There were no contingencies and commitments outstanding as at June 30, 2025 and June 30, 2024.			
17	TUITION FEES		June 30, 2025	June 30, 2024
			—(Rupees in '000)—	
	Represented by:			
	Self-funded		845,175	721,176
	Fees discount		(2,593)	(2,367)
			842,582	718,809
18	DONATIONS FROM RELATED PARTIES - DEFICIT FINANCING			
	Habib University Foundation - operational funding		630,625	505,112
	Habib University Foundation - entrepreneur program		-	20,000
			630,625	525,112
19	DONATIONS FROM RELATED PARTIES - HABIB UNIVERSITY FOUNDATION U.S. INC.			
	Learn abroad program		58,178	-
	IT softwares		23,310	-
			81,488	-
19.1	This represents the amount paid on behalf of the Habib University from Habib University Foundation U.S. Inc.			
20	DONATIONS FROM RELATED PARTIES - TUITION FEES		June 30, 2025	June 30, 2024
			—(Rupees in '000)—	
	Tuition fee funded by Habib University Foundation, a related party, through following funds:			
	- Scholarship		593,998	475,400
	- Zakat		426,074	372,107
	- Grant		73,737	51,961
			1,093,809	899,468

After

	Note	June 30,	June 30,
		2025	2024
—(Rupees in '000)—			
21	OTHER INCOME		
	Gain on sale of operating fixed assets	4,367	126
	Late payment charges	2,927	2,261
	Profit on savings accounts	42,991	32,112
	Swimming pool and gym fees	2,377	2,612
	Foreign exchange loss	(111)	(2,070)
	Library fees and penalties	53	54
	Playground income	-	1,878
	Profit on term deposit receipts	4,005	1,257
	Profit on market treasury bills	-	2,585
	Interest income on receivable from contracts	3,224	-
	Others	11,065	2,177
		<u>70,898</u>	<u>42,992</u>

22 ACADEMIC AND PROGRAMMATIC EXPENSES

Salaries and benefits	22.1	1,586,336	1,277,170
Training and professional development		9,152	9,392
Faculty research grant		21,366	17,831
Faculty and staff recruitment		16,971	9,203
Lab, studio and academic supplies		21,949	13,640
Library and other academic activities		121,522	21,002
Health, sports, wellness and counselling		17,062	15,818
Conferences, seminars and workshops		26,330	30,104
Student recruitment, admission and marketing		39,461	27,212
Resource development		27,808	25,342
Technology - license and hardware		91,774	67,609
Vehicle, supplies and others		41,844	29,387
Utilities		138,551	130,074
Building and equipment maintenance		122,831	102,060
Insurance		10,861	9,733
Safety and security		18,527	21,592
Depreciation	5.1.1	99,930	78,197
Depreciation- right of use assets	5.1.1	31,628	22,299
Amortisation		4,612	5,148
Board of Governors and president travelling		40,289	46,393
		<u>2,488,804</u>	<u>1,959,206</u>

22.1 This includes amount of Rs. 50.558 million (June 30, 2024: Rs. 40.765 million) pertains to the expense of provident fund facility provided by University to its employees.

	Note	June 30,	June 30,
		2025	2024
—(Rupees in '000)—			
23	ADMINISTRATIVE EXPENSES		
	Salaries and benefits	23.1	171,870
	Training and professional development		163
	Legal and professional charges		5,905
	Vehicle, supplies and others		6,619
	Utilities		34,638
	Building and equipment maintenance		30,708
	Insurance		2,715
	Safety and security		4,632
	Depreciation	5.1.1	24,983
	Amortisation		1,153
	Auditors' remuneration	23.2	2,678
			<u>286,064</u>
			<u>239,971</u>

23.1 This includes amount of Rs. 9.586 million (June 30, 2024: Rs. 8.138 million) which pertains to the expense of provident fund facility provided by University to its employees.

After.

		Note	June 30, 2025	June 30, 2024
23.2	Auditors' remuneration		----- (Rupees in '000)-----	
	Audit fee		585	450
	Half yearly review		234	180
	Out of pocket expenses		164	184
	Sindh sales tax		79	91
			1,062	905
	Other services		1,616	320
			<u>2,678</u>	<u>1,225</u>
24	CASH AND CASH EQUIVALENTS			
	Cash and bank balances	12	60,394	151,790
	Term deposit receipts		-	200,000
			<u>60,394</u>	<u>351,790</u>
25	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:

- (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.

26 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, 2025	June 30, 2024
	----- (Rupees in '000)-----		
Common directorship	Donation received - tuition fees	1,093,809	899,468
Common directorship	Donation received - deficit financing	630,625	525,112
Common directorship	Profit received on savings accounts	42,921	29,354
Common directorship	Profit received on term deposit	4,005	1,257
Common directorship	Insurance premium paid	10,681	11,999
Common directorship	Short term investment made during the year	75,000	200,000
Common directorship	Short term investment encashed during the year	275,000	227,244
Common directorship	Payment against receivable from contracts	549,955	-
Common directorship	Proceeds against receivable from contracts	227,196	-
Common directorship	Expenses paid by the University on behalf of Foundation	29,502	235,142
Common directorship	Expenses paid by Foundation on behalf of the University	3,686	17,814
Key management personnel	Remuneration	154,668	125,428

After

Details of balances with related parties as at June 30, 2025 and June 30, 2024 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.

26.1 Name of related parties and relationships

Name of related parties	Relationship
Donations received	
Habib University Foundation	Common Director
Habib University Foundation U.S. Inc. - a related party	Common Director
Banking services and receivable contracts	
Habib Metropolitan Bank Limited	Common Director
Insurance premium paid	
Habib Insurance Company Limited	Common Director
Key Management Personnel	
Mr. Wasif Rizvi	President

27 RECEIPT AND UTILISATION OF ZAKAT

	Note	June 30, 2025	June 30, 2024
		—(Rupees in '000)—	
Zakat available for utilisation			
Opening balance of zakat		1	4
Zakat received during the year	20	426,074	372,107
Other income on zakat fund invested		3	1
		426,078	372,112
Zakat utilised during the year			
Zakat utilised on providing tuition fee to students		426,074	372,107
Bank charges		1	4
		426,075	372,111
Closing balance of the zakat	27.1	3	1

27.1 Closing balance of the zakat is represented by:

Cash and bank balances related to zakat balances	3	1
	3	1

28 FINANCIAL INSTRUMENTS BY CATEGORY

	2025			
	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	12,791	-	-	12,791
Students fees receivable	15,349	-	-	15,349
Receivable from contracts	324,927	-	-	324,927
Deposits	2,000	-	-	2,000
Accrued profit	11,224	-	-	11,224
Cash and bank balances	60,394	-	-	60,394
	426,685	-	-	426,685
Financial liabilities				
Trade and other payables	340,655	-	-	340,655
Security deposit from students	50,170	-	-	50,170
Lease liabilities against right-of-use assets	126,639	-	-	126,639
	517,464	-	-	517,464

After

	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
	379,526	-	-	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	112,178	-	-	112,178
	438,226	-	-	438,226

29 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:

29.1 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.

29.1.1 Exposure to credit risk

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

	2025		2024	
	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	12,791	12,791	12,481	12,481
Students fees receivable	15,349	15,349	10,077	10,077
Advances, deposits and other receivables	2,000	2,000	2,000	2,000
Short-term investments	-	-	200,000	200,000
Accrued profit	11,224	11,224	3,178	3,178
Cash and bank balances	60,394	60,394	151,790	151,790
	101,758	101,758	379,526	379,526

The maximum exposure to credit risk before any credit enhancement as at June 30, 2025 is the carrying amount of the financial assets.

29.1.2 Ageing analysis of student fee receivable

Note June 30, June 30,
 2025 2024
-----(Rupees in '000)-----

Ageing analysis of student fee receivable is as follows:

Not due		2,323	486
01 to 30 days		968	178
31 to 60 days		773	838
61 to 90 days		1,563	1,372
91 to 120 days		6,071	3,801
121 to 150 days		1,850	761
151 to 180 days		1,902	3,021
181 to 210 days		314	325
211 to 240 days		324	302
Past due over 240 days	29.1.2.1	8,227	21,434
Student fees receivable		24,315	32,518
Allowance for expected credit losses	8.3	(8,966)	(22,441)
		15,349	10,077

After

29.1.2.1 Includes receivable amounting to Rs. 1.23 million (June 30, 2024: Rs. 1.98 million) in respect of Student Finance Scheme from Habib Metropolitan Bank Limited, a related party.

29.1.3 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	2025	2024
			Total in percentage	
Balances with banks				
Habib Metropolitan Bank Limited	AA+	PACRA	93.89%	99.84%
Meezan Bank Limited	AAA	VIS	1.43%	0.02%
Bank Alfalah Limited	AAA	PACRA	4.68%	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.

29.1.4 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, 2025 and June 30, 2024 are unsecured and are not impaired.

29.2 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.

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:

	2025						Rupees in '000
	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	
Financial liabilities							
Trade and other payables	340,655	-	-	-	-	-	340,655
Security deposit from students	15,105	-	-	35,065	-	-	50,170
Lease liabilities against right-of-use assets	2,803	6,276	20,701	96,859	-	-	126,639
	<u>358,563</u>	<u>6,276</u>	<u>20,701</u>	<u>131,924</u>	-	-	<u>517,464</u>
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	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>2,412</u>	<u>15,148</u>	<u>123,120</u>	-	-	<u>438,226</u>

29.3 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.

Annex

29.3.1 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 Canadian Dollar (CAD).

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. 0.30 million (June 30, 2024: Rs. 1.27 million), Rs. 0.06 million (June 30, 2024: Rs. 0.08 million) and Rs. 0.08 million (June 30, 2024: Rs. 0.08 million) respectively.

29.3.2 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. 0.52 million (2024: Rs 1.341 million). The analysis assumes that all other variables remain constant.

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, 2025 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, 2025 and June 30, 2024 can be determined as follows:

Effective profit rate (%)	2025				Total	
	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk		
	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	-	-	-	12,791	12,791	
Students fees receivable	-	-	-	15,349	15,349	
Advances, deposits and other receivables	-	-	-	2,000	2,000	
Receivable from contracts	-	-	-	324,927	324,927	
Accrued profit	-	-	-	11,224	11,224	
Cash and bank balances	17.00- 20.50	51,986	-	8,408	60,394	
		51,986	-	374,699	426,685	
Financial liabilities						
Trade and other payables	-	-	-	340,655	340,655	
Security deposit from students	-	-	-	50,170	50,170	
Lease liabilities against right-of-use assets	23.43 - 16.84	29,780	96,859	-	126,639	
		29,780	96,859	390,825	517,464	
On-balance sheet gap (a)		51,986	(29,780)	(96,859)	(90,779)	
Off-balance sheet financial instruments		-	-	-	-	
Off-balance sheet gap (b)		-	-	-	-	
Total interest rate sensitivity gap (a+b)		51,986	(29,780)	(96,859)		
Cumulative interest rate sensitivity gap		51,986	22,206	(74,653)		

ME

Effective profit rate (%)	2024				Total
	Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / profit rate risk	
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	438,226
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	

29.3.3 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 expose it to price risk (other than those arising from profit rate risk or currency risk) as of June 30, 2025.

30 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, 2025 and June 30, 2024, the University did not hold any financial instruments measured at fair value.

118

31 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, 2025	June 30, 2024
	-----(Rupees in '000)-----	
Remuneration	140,055	111,112
Retirement benefits	3,876	4,580
Utilities	2,800	1,800
Others	7,937	7,936
	<u>154,668</u>	<u>125,428</u>

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

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

31.3 There are 14 Governors (June 30, 2024: 11 Governors) on the Board of the University.

	June 30, 2025	June 30, 2024
	----(Number)----	
32 NUMBER OF EMPLOYEES		
Number of employees	<u>351</u>	<u>324</u>
Average number of employee during the year	<u>346</u>	<u>315</u>

33 GENERAL

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

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

34 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on 25 OCT 2025 by the Board of Governors of the University.

Atree

— smells it

CHANCELLOR

10

PRESIDENT