



Building a better
working world

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Habib University Foundation** as at **30 June 2013** and the related income and expenditure account, cash flow statement and statement of changes in funds together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Foundation's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

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

- a) in our opinion, proper books of account have been kept by the Foundation as required by the Companies Ordinance, 1984;
- b) in our opinion :
 - i) the balance sheet and income and expenditure account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Foundation's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Foundation;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, income and expenditure account, cash flow statement and statement of changes in funds together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Foundation's affairs as at **30 June 2013** and of the surplus, its cash flows and changes in funds for the year then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants

Audit Engagement Partner: Khurram Jameel
21 September 2013
Karachi

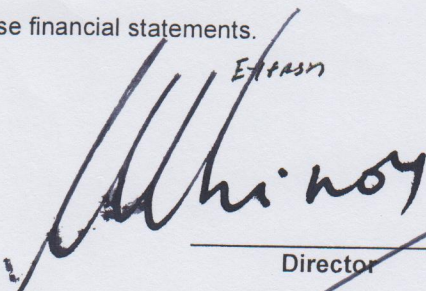
HABIB UNIVERSITY FOUNDATION
(INCORPORATED AS A COMPANY LIMITED BY GUARANTEE)
BALANCE SHEET
AS AT JUNE 30, 2013

<u>ASSETS</u>	Note	2013 Rupees	2012 Rupees
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,652,399,743	993,892,903
Intangible assets	6	279,597,340	137,141,046
Long term investments	7	68,675,799	60,343,703
		2,000,672,882	1,191,377,652
CURRENT ASSETS			
Advances	8	5,135,315	520,891
Deposits and prepayments	9	7,305,226	3,126,257
Accrued interest		921,686	591,780
Other receivables	10	10,351,065	29,318
Taxation – net		7,977,250	7,778,474
Short term investments	11	74,423,207	51,358,630
Cash and bank balances	12	158,547,103	95,679,713
		264,660,852	159,085,063
TOTAL ASSETS		2,265,333,734	1,350,462,715
FUND AND LIABILITIES			
FUND AND RESERVES			
General Fund		2,140,440,495	1,294,733,181
NON-CURRENT LIABILITIES			
Long term advances	13	343,699	343,699
Non monetary government grant	14	10,817,840	14,234,000
		11,161,539	14,577,699
CURRENT LIABILITIES			
Trade and other payables	15	110,315,540	37,735,675
Current portion of non monetary government grant	14	3,416,160	3,416,160
		113,731,700	41,151,835
CONTINGENCIES AND COMMITMENTS			
	16		
TOTAL FUND AND LIABILITIES		2,265,333,734	1,350,462,715

The annexed notes 1 to 27 form an integral part of these financial statements.



 Chief Executive

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 Director

**HABIB UNIVERSITY FOUNDATION
(INCORPORATED AS A COMPANY LIMITED BY GUARANTEE)
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2013**

	Note	2013	2012
INCOME		Rupees	Rupees
Donations	17	886,515,235	475,922,393
Other income	18	<u>24,272,457</u>	<u>17,483,402</u>
		<u>910,787,692</u>	<u>493,405,795</u>
 EXPENDITURE			
Academic program expenses	19	16,094,992	2,179,037
Administrative and general expenses	20	36,244,834	28,478,195
Other charges		-	3,174
		<u>52,339,826</u>	<u>30,660,406</u>
		<u>858,447,866</u>	<u>462,745,389</u>
Net deficit on projects	21	12,740,552	8,216,716
Surplus for the year carried to general fund		<u>845,707,314</u>	<u>454,528,673</u>

The annexed notes 1 to 27 form an integral part of these financial statements.

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Chief Executive

Director

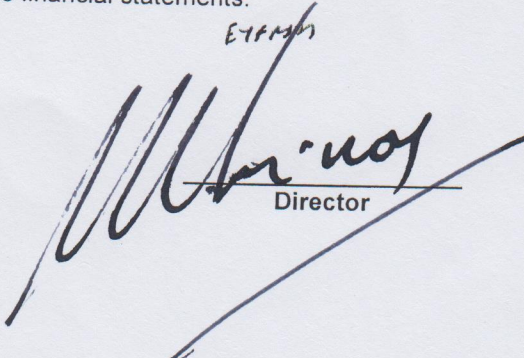
HABIB UNIVERSITY FOUNDATION
(INCORPORATED AS A COMPANY LIMITED BY GUARANTEE)
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013 Rupees	2012 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		845,707,314	454,528,673
Adjustment for non-cash items			
Depreciation		12,145,735	10,519,346
Amortization		601,952	541,590
Provision for leave encashment		2,034,879	2,866,082
Amortization of non monetary government grant		(3,416,160)	(3,416,160)
Profit on deposit accounts		(9,344,487)	(3,003,380)
Profit on investments		(14,558,050)	(14,189,473)
Gain on sale of fixed assets		(146,092)	(290,549)
		(12,682,223)	(6,972,544)
Working capital changes			
Increase in trade and other payables		71,179,258	17,355,510
(Increase) / decrease in current assets		(19,313,915)	705,855
		51,865,343	18,061,365
Payment for compensated absences		(634,272)	(1,420,054)
Long term advances		-	58,884
		(634,272)	(1,361,170)
NET CASH GENERATED FROM OPERATING ACTIVITIES		884,256,162	464,256,324
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(816,014,731)	(392,687,693)
Sale proceeds of fixed assets		2,450,000	1,522,917
Profit received on deposit accounts and short term investments		14,925,959	8,410,178
NET CASH USED IN INVESTING ACTIVITIES		(798,638,772)	(382,754,598)
Net increase in cash and cash equivalents		85,617,390	81,501,726
Cash and cash equivalents at the beginning of the year		145,679,713	64,177,987
Cash and cash equivalents at the end of the year		231,297,103	145,679,713
CASH AND CASH EQUIVALENTS			
Cash and bank balances	12	158,547,103	95,679,713
Short-term investments	11	72,750,000	50,000,000
		231,297,103	145,679,713

The annexed notes 1 to 27 form an integral part of these financial statements.



 Chief Executive

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 Director

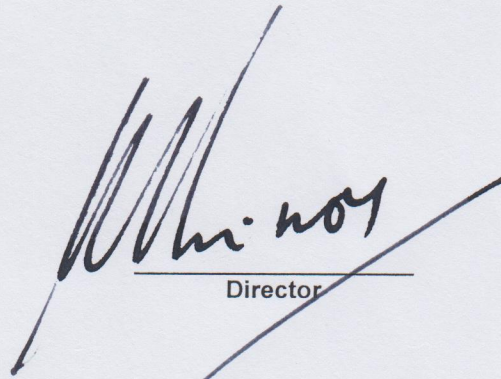
HABIB UNIVERSITY FOUNDATION
(INCORPORATED AS A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund
	Rupees
Balance as on June 30, 2011	840,204,508
Surplus for the year	454,528,673
Balance as on June 30, 2012	<u>1,294,733,181</u>
Surplus for the year	845,707,314
Balance as on June 30, 2013	<u><u>2,140,440,495</u></u>

The annexed notes 1 to 27 form an integral part of these financial statements.

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Chief Executive

Director

HABIB UNIVERSITY FOUNDATION
(INCORPORATED AS A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. LEGAL STATUS AND NATURE OF BUSINESS

The Habib University Foundation (the Foundation) was incorporated in Pakistan as a company limited by guarantee not having share capital under section 42 of the Companies Ordinance, 1984 on October 10, 2007. The Foundation is principally engaged in establishing a research-based university which will focus on Science, Engineering, Social Science and Entrepreneurship. Further, the Foundation is engaged in managing a vocational training institute for enhancing marketable skills for the youth to increase youth employability, and various other philanthropic projects that facilitate access to quality education. The Foundation has also undertaken various youth development projects in collaboration with Government of Sindh with an aim to improve the quality of educational programs in the country. The city campus of the university situated at Gulistan-e-Jauhar is currently under construction and it is anticipated that the university will start its first cohort from fall 2014. The main campus of the university will be situated at Superhighway, however construction at the main campus has not yet started.

2. BASIS OF MEASUREMENT

These financial statements have been prepared on the basis of historical cost convention except for leasehold land which has been stated at fair value.

3. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of Accounting and Financial Reporting Standard for "Medium-Sized Entities (MSEs)" issued by the Institute of Chartered Accountants of Pakistan and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Significant accounting judgments, estimates and assumptions

The preparation of the Foundation's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

- Determining the residual values, useful lives and impairment of fixed assets (Note 4.2, 4.3, 5.1 & 6);
- Classification and valuation of investments (Note 4.4, 7 & 11).

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4.2 Property, plant and equipment

Operating fixed assets

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for donated land and building, stated at fair value determined by an independent valuer less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is charged to income and expenditure account using straight line method so as to write off the cost of the assets over their estimated useful lives at the rates specified in Note 5.1. Depreciation on additions is charged for the full month in which an asset is put to use and on disposal upto the month immediately preceding the disposals. Assets residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each financial year end.

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

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Gains and losses are determined by comparing proceeds with the carrying amount of the relevant assets. These are included in the Income and expenditure account in the period in which they arise.

The carrying values of property, plant and equipment are reviewed at each reporting date for indication that an asset may be impaired and carrying values may not be recovered. If such indications exist and where the carrying values exceed the estimated recoverable amounts, the assets are written down to the recoverable amounts.

Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. It consists of expenditure incurred and advances made in respect of operating assets in the course of construction, installation and borrowing costs for qualifying assets if its recognition criteria are met.

4.3 Intangible assets

Costs incurred on the acquisition of computer software are capitalized and are amortized on straight line basis over their estimated useful life. Amortization is charged in the month in which the asset is put to use at the rates stated in note 6 to the financial statements.

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

Useful lives of intangible assets are reviewed, at each financial year end and adjusted if appropriate.

The carrying value of intangible assets is reviewed for impairment at each financial year end 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.

4.4 Investments

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity.

These investments are initially recognised at fair value plus transaction costs and subsequently measured at amortized cost.

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4.5 Advances and other receivables

These are stated at cost less provision for doubtful balances, if any.

4.6 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, bank balances and short-term highly liquid investments with original maturities of six months or less and running finance under mark-up arrangements.

4.7 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in future for the goods and services received, whether or not billed to the Foundation.

4.8 Taxation

The Foundation's income is exempt from income tax under section 2(36) (c) of the Income Tax Ordinance, 2001. Consequently, no provision for taxation has been made in these financial statements.

4.9 Provisions

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

4.10 Employees' benefits

The Foundation operates an approved contributory provident fund for all eligible employees. Equal monthly contributions are made by the Foundation and the employees to the fund at the rate of 8.33% of basic salary. Contributions from Foundation are charged to income for the year.

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

4.11 Foreign currency translations

Foreign currency transactions are translated into Pak Rupees (functional currency) using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at the balance sheet 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 Income and expenditure account currently.

4.12 Revenue recognition

Donations in cash are recognized as income as and when received. Donations in kind in the form of assets with no future related costs are recognized as income of the period in which it becomes receivable / received, at fair value determined by the independent valuers.

Return on bank accounts and term deposit receipts are recognized on accrual basis.

Income related to youth development projects initiated in collaboration with Government of Sindh is recognized on a monthly basis equal to the amount of expenses incurred on behalf of the Government of Sindh.

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4.13 Government grant

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that is intended to compensate. Grants received in the form of non monetary items are recorded at fair value and recognized as deferred income and released to income and expenditure account on a straight line basis over the useful lives of asset from the date the asset is available for internal use.

	Note	2013 (Rupees)	2012 (Rupees)
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	565,072,530	559,289,715
Capital work-in-progress	5.2	1,087,327,213	434,603,188
		<u>1,652,399,743</u>	<u>993,892,903</u>

5.1 Operating fixed assets

	Cost			Rate (%)	Accumulated Depreciation / Amortization			Book value as at June 30, 2013
	As at July 1, 2012	Additions / (Disposals)	As at June 30, 2013		As at July 1, 2012	Charge for the year / (Disposals)	As at June 30, 2013	
	(Rupees)				(Rupees)			
Leasehold land & building (Note 5.1.1)	28,468,000	-	28,468,000	12%	10,817,840	3,416,160	14,234,000	14,234,000
Leasehold land (received as donation) (Note 5.1.2)	524,682,996	-	524,682,996	-	-	-	-	524,682,996
Building improvement	2,990,107	-	2,990,107	46%	1,380,049	1380,049	2,760,098	230,009
Motor vehicles	13,813,783	12,714,422 (2,881,092)	23,647,113	20%	6,673,217	2,409,222 (1,024,464)	8,057,975	15,589,138
Office equipments	8,815,908	1,808,244 (1,118,200)	9,505,952	20%	5,055,287	1559,902 (670,920)	5,944,269	3,561,683
Furniture and fixtures	3,699,399	383,158	4,082,557	20%	1,848,036	712,430	2,560,466	1,522,091
Library books	435,793	-	435,793	33%	393,775	36,076	429,851	5,942
Computers and multimedia	9,156,707	5,326,634	14,483,341	33%	6,604,774	2,631,896	9,236,670	5,246,671
2013	592,062,693	20,232,458 (3,999,292)	608,295,859		32,772,978	12,145,735 (1,695,384)	43,223,329	565,072,530
2012	585,980,273	8,029,770 (1,947,350)	592,062,693		22,968,614	10,519,346 (714,982)	32,772,978	559,289,715

5.1.1 This represents fair value of leasehold land & building received by the Foundation from City District Government Karachi (CDGK) as grant for vocational training institute for the period of ten years as referred to in note 14 to the financial statements. The valuation of leasehold land & building was carried out on May 15, 2009 by an independent valuer on the basis of their professional assessment.

5.1.2 This represents fair value of leasehold land received in the form of donation by the Foundation from Auvitronics Limited, amounting Rs.509,410,000 for construction of City Campus of University. The valuation of leasehold land was carried out on February 16, 2010 by an independent valuer on the basis of their professional assessment. Subsequently, expenses incurred on registration of land amounting to Rs. 15,272,996/- are also included in the carrying value. No amortization has been charged on the land as the lease is renewable at the option of the Foundation at the end of the lease term.

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5.1.3 Depreciation / amortization charge for the year has been allocated as under:

	Note	2013 (Rupees)	2012 (Rupees)
Administrative and general expenses	20	1,577,351	1,912,111
Project expenses		4,918,634	4,533,840
Capital work in progress	5.2.2	2,535,939	2,392,721
Intangible assets	6	3,113,811	1,680,674
		<u>12,145,735</u>	<u>10,519,346</u>

5.2 Capital work-in-progress

	Civil works - University Building (Note 5.2.1)	Advances to suppliers and contractors	Other directly attributable costs (Note 5.2.2)	Total 2013	Total 2012
----- (Rupees) -----					
Balance as at July 1	280,521,860	119,776,415	34,304,913	434,603,188	108,782,816
Capital expenditure incurred / advances made during the year	597,681,342	71,514,171	14,302,145	683,497,658	329,411,806
Transferred to civil works	-	(30,773,633)	-	(30,773,633)	(3,591,434)
Balance as at June 30	878,203,202	160,516,953	48,607,058	1,087,327,213	434,603,188

5.2.1 This represents civil works cost incurred on land at Superhighway and Gulistan-e-Johar, Karachi. The land located at Super Highway was acquired by Habib Education Trust, a related charitable trust for Foundation's use. Accordingly, cost of the said land has not been accounted for in these financial statements.

5.2.2 Other directly attributable costs include depreciation (refer note 5.1.3), vehicle running and maintenance charges, security charges, legal and professional charges and rent, rates and taxes etc.

6. INTANGIBLE ASSETS

	COST			ACCUMULATED AMORTIZATION			BOOK VALUE	Amortization rate %
	As at July 01, 2012	Additions	As at June 30, 2013	As at July 01, 2012	Charge for the year	As at June 30, 2013	As at June 30, 2013	
Computer software	4,058,731	14,103,700	18,162,431	3,474,544	601,952	4,076,496	14,085,935	33
Project development cost (note 6.1)								
- Academic Planning & Modeling	108,855,640	114,913,374*	223,769,014	-	-	-	223,769,014	
- Networking & partnership	27,701,219	14,041,172	41,742,391	-	-	-	41,742,391	
2013	<u>140,615,590</u>	<u>143,058,246</u>	<u>283,673,836</u>	<u>3,474,544</u>	<u>601,952</u>	<u>4,076,496</u>	<u>279,597,340</u>	
2012	<u>81,778,039</u>	<u>58,837,551</u>	<u>140,615,590</u>	<u>2,932,954</u>	<u>541,590</u>	<u>3,474,544</u>	<u>137,141,046</u>	

6.1 No amortization has been charged on project development cost in accordance with the accounting policy as stated in note 4.3 to the financial statements.

*Includes depreciation of Rs. 3,113,811 (2012: Rs. 1,680,674) as disclosed in note 5.1.3.

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Habib University Foundation

	Note	2013 (Rupees)	2012 (Rupees)
7. LONG-TERM INVESTMENTS			
Held to maturity			
Term Deposit Receipts		50,000,000	50,000,000
Accrued profit thereon		18,675,799	10,343,703
	7.1	<u>68,675,799</u>	<u>60,343,703</u>

7.1 Represents term deposits with Habib Metropolitan Bank Limited, a related party. These carry profit at the rate of 16.67% (2012: 16.67%) per annum and will mature in 2017.

	Note	2013 (Rupees)	2012 (Rupees)
8. ADVANCES - considered good			
- Employees		3,624,246	417,891
- Suppliers		1,511,069	103,000
		<u>5,135,315</u>	<u>520,891</u>

9. DEPOSITS AND PREPAYMENTS

	Note	2013 (Rupees)	2012 (Rupees)
Security deposits		3,949,807	1,579,799
Prepayments			
- Insurance	9.1	634,349	401,192
- Rent		2,328,000	1,031,951
- Others		393,070	113,315
		<u>7,305,226</u>	<u>3,126,257</u>

9.1 This includes Rs. 2,657 (2012: Rs. 20,252) paid to a related party, Habib Insurance Company Limited.

	Note	2013 (Rupees)	2012 (Rupees)
10. OTHER RECEIVABLES			
Considered good			
Due from projects		7,512,928	12,125
L/C Margin		2,000,000	-
Miscellaneous		838,137	17,193
		<u>10,351,065</u>	<u>29,318</u>
Considered doubtful			
Benazir Bhutto Shaheed Youth Development Program		602,162	602,162
Less: Provision for doubtful receivables		(602,162)	(602,162)
		<u>10,351,065</u>	<u>29,318</u>

11. SHORT-TERM INVESTMENTS

	Note	2013 (Rupees)	2012 (Rupees)
Held to maturity			
Term Deposit Receipts		72,750,000	50,000,000
Accrued profit thereon		1,673,207	1,358,630
	11.1	<u>74,423,207</u>	<u>51,358,630</u>

11.1 Represents term deposits with Habib Metropolitan Bank Limited, a related party. These carry profit at the rate of 8.5% (2012: 11.40%) per annum and have a maturity of six months.

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Habib University Foundation

	Note	2013 (Rupees)	2012 (Rupees)
12. CASH AND BANK BALANCES			
Cash in hand:		1,056,290	1,231,754
With banks:			
- in deposit accounts	12.1	125,262,006	70,507,028
- in current accounts		32,228,807	23,940,931
		157,490,813	94,447,959
		<u>158,547,103</u>	<u>95,679,713</u>

12.1 Represents deposit accounts maintained with Habib Metropolitan Bank Limited, a related party, which carries profit at the rate of 4% to 9% (2012: 5% to 9.50%) per annum.

	Note	2013 (Rupees)	2012 (Rupees)
13. LONG TERM ADVANCES			
Advance against vehicles	13.1	<u>343,699</u>	<u>343,699</u>

13.1 This represents an arrangement with employees whereby employees are required to pay 33% of original cost of vehicle under their use in monthly installments over a period of five years.

	Note	2013 (Rupees)	2012 (Rupees)
14. NON MONETARY GOVERNMENT GRANT			
Opening balance		17,650,160	21,066,320
Released to income during the year		<u>(3,416,160)</u>	<u>(3,416,160)</u>
		14,234,000	17,650,160
Current portion shown under current liabilities		<u>(3,416,160)</u>	<u>(3,416,160)</u>
		<u>10,817,840</u>	<u>14,234,000</u>

	Note	2013 (Rupees)	2012 (Rupees)
15. TRADE AND OTHER PAYABLES			
Payable to suppliers and contractors		30,538,016	18,012,168
Projects payable		7,250,367	3,931,620
Accrued expenses		42,872,540	3,198,178
Book over draft	15.1	23,104,495	7,444,194
Provision for leave encashment		6,550,122	5,149,515
		<u>110,315,540</u>	<u>37,735,675</u>

15.1 This represents current account maintained with Habib Metropolitan Bank Limited, a related party.

	2013 (Rupees)	2012 (Rupees)
15.2 Payable to Provident Fund		
15.2.1 General disclosures		
Size of the fund	16,875,095	9,729,590
Cost of investments	11,800,000	8,300,000
Fair value of investments	11,800,000	8,300,000
Percentage of investments	69.9%	85.3%

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15.2.2 Categories of investments as a percentage of total assets of provident fund:

	2013		2012	
	(Rs. in '000')	(%)	(Rs. in '000')	(%)
Bank deposits	<u>11,800,000</u>	<u>69.3%</u>	<u>8,300,000</u>	<u>84.9%</u>

15.3.3 Investments of provident fund have been made in accordance with the provisions of the section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

16. COMMITMENTS

Commitments for capital expenditure as at June 30, 2013 amounted to Rs. 574,040,544/- (2012: Rs. 901,052,822/-).

		2013 (Rupees)	2012 (Rupees)
17. DONATIONS			
In Cash			
Donations from related parties	17.1	840,545,935	451,020,493
Other corporate entities		44,769,300	21,500,000
Individuals		1,200,000	3,401,900
		<u>886,515,235</u>	<u>475,922,393</u>
17.1 Donations from related parties			
Mohammadali Habib Welfare Trust		810,592,735	440,001,257
Indus Motor Company Limited		20,000,000	2,500,000
Habib Metropolitan Bank Limited		2,500,000	2,500,000
Thal Limited		4,250,000	2,000,000
Mr. Rafiq Habib		3,203,200	4,019,236
		<u>840,545,935</u>	<u>451,020,493</u>
18. OTHER INCOME			
Profit on investments		14,558,050	14,189,473
Profit on bank accounts		9,344,487	3,003,380
Gain on sale of fixed assets		146,092	290,549
Exchange gain		223,828	-
		<u>24,272,457</u>	<u>17,483,402</u>
19. ACADEMIC PROGRAM EXPENSES			
Networking, partnership and marketing expenses		5,651,380	1,131,509
Donations to related parties	19.1	9,932,674	550,589
Capacity building		2,000	35,200
Project consultancy and development charges		233,000	461,739
School development program		275,938	-
		<u>16,094,992</u>	<u>2,179,037</u>
19.1 Donations to related parties			
Habib University		9,882,084	-
Children Foundation Trust		50,590	550,589
		<u>9,932,674</u>	<u>550,589</u>

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Habib University Foundation

	Note	2013 (Rupees)	2012 (Rupees)
20. ADMINISTRATIVE AND GENERAL EXPENSES			
Staff salaries and benefits	20.1	22,730,142	17,234,682
Office rent		2,115,000	1,620,000
Utilities		1,372,265	1,060,912
Communication		625,162	283,233
Travelling and conveyance		217,340	85,345
Repair and maintenance		620,893	625,159
Security service		490,548	434,158
Vehicle running and maintenance		1,148,970	782,587
Generator fuel and maintenance		109,982	377,185
Entertainment		671,102	398,789
Office expenses		1,673,212	1,217,321
Insurance expenses		439,507	540,673
Computer and networking charges		213,607	194,131
Printing and stationary		518,615	317,003
Newspaper and periodicals		437,432	510,766
Legal and professional charges		300,250	50,000
Auditors' remuneration		381,504	292,550
Depreciation	5.1.3	1,577,351	1,912,111
Amortization	6	601,952	541,590
		<u>36,244,834</u>	<u>28,478,195</u>

20.1 Include contribution to Provident Fund of Rs. 1,568,613/- (2012: Rs. 1,273,672).

21. NET DEFICIT ON PROJECTS

	2013			2012		
	Income	Expenses	(Deficit)	Income	Expenses	(Deficit)
Institute for Advancing Careers and Talents	6,558,175	15,324,805	(8,766,630)	5,924,828	7,926,112	(2,001,284)
Youth Development Programs	24,871,975	28,845,897	(3,973,922)	27,130,460	33,345,892	(6,215,432)
Rupees	<u>31,430,150</u>	<u>44,170,702</u>	<u>(12,740,552)</u>	<u>33,055,288</u>	<u>41,272,004</u>	<u>(8,216,716)</u>

22. TAXATION

The Foundation has filed its return of income upto tax year 2012. The return so filed is deemed to be an assessment order issued by the Taxation Authorities on the date the complete return is filed.

23. REMUNERATION OF CHIEF EXECUTIVE

	2013 (Rupees)	2012 (Rupees)
Remuneration	12,565,164	11,402,559
Retirement Benefits	565,874	437,163
Medical	53,036	81,256
Others	446,903	258,876
	<u>13,630,977</u>	<u>12,179,854</u>
Number of person	<u>1</u>	<u>1</u>

The chief executive is also provided with free use of Foundation's maintained car. No remuneration has been paid during the year to any Director of the Foundation.

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24. RELATED PARTIES TRANSACTIONS

The related parties include members, entities having directors in common with the Foundation, directors and other key management personnel. Related party transactions and balances, other than those disclosed elsewhere in the financial statements, are as follows:

	2013 (Rupees)	2012 (Rupees)
Investment in term deposit receipts	<u>232,750,000</u>	<u>250,000,000</u>
Encashment of term deposit receipts	<u>200,000,000</u>	<u>200,000,000</u>
Donations received	<u>840,545,935</u>	<u>451,020,493</u>
Donations paid	<u>50,590</u>	<u>550,589</u>
Purchase of fixed assets	<u>16,553,769</u>	<u>2,529,189</u>
Profit on bank deposits	<u>9,344,487</u>	<u>3,003,380</u>
Profit on term deposit receipts	<u>14,558,050</u>	<u>14,189,473</u>
Insurance premium	<u>472,812</u>	<u>627,184</u>
Contribution to staff provident fund	<u>3,705,267</u>	<u>2,361,409</u>

25. NUMBER OF EMPLOYEES

	2013	2012
At year end	<u>88</u>	<u>57</u>

26. DATE OF AUTHORISATION FOR ISSUE

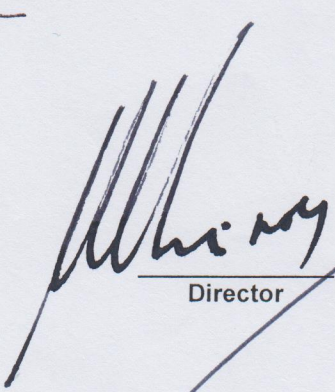
These financial statements have been authorized for issue on 21-09-2013 by the Board of Directors of the Foundation.

27. GENERAL

Figures have been rounded off to the nearest rupee.



Chief Executive



Director