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# HABIB UNIVERSITY FOUNDATION

## FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2014

Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants  
Progressive Plaza, Beaumont Road  
P.O. Box 15541, Karachi 75530  
Pakistan



Building a better  
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## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Habib University Foundation** as at **30 June 2014** and the related income and expenditure account, cash flow statement and statement of changes in fund together with the notes forming part thereof, 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 fund 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 2014** and of the surplus, its cash flows and changes in fund 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).

Chartered Accountants

Audit Engagement Partner: Khurram Jameel

Date: 16 September 2014

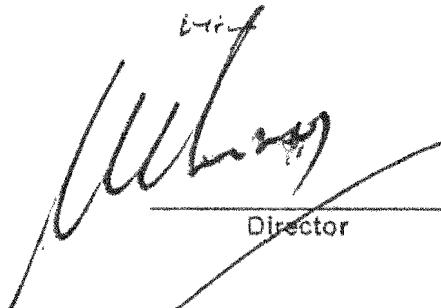
Place: Karachi

**HABIB UNIVERSITY FOUNDATION**  
**(INCORPORATED AS A COMPANY LIMITED BY GUARANTEE)**  
**BALANCE SHEET**  
**AS AT JUNE 30, 2014**

	Note	2014 Rupees	2013 Rupees
<b><u>ASSETS</u></b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	2,657,137,017	1,652,399,743
Intangible assets	6	497,883,132	279,597,340
Long term investments	7	77,009,137	68,675,799
		<b>3,232,029,286</b>	<b>2,000,672,882</b>
<b>CURRENT ASSETS</b>			
Advances	8	8,424,134	5,135,315
Deposits and prepayments	9	6,976,533	7,305,226
Accrued interest / profit		618,097	921,686
Other receivables	10	23,229,186	10,351,065
Taxation – net		9,204,552	7,977,250
Short term investments	11	243,559,708	74,423,207
Cash and bank balances	12	162,442,555	158,547,103
		<b>454,454,765</b>	<b>264,660,852</b>
<b>TOTAL ASSETS</b>		<b>3,686,484,051</b>	<b>2,265,333,734</b>
<b><u>FUND AND LIABILITIES</u></b>			
<b>FUND</b>			
General Fund		3,512,573,632	2,140,440,495
<b>NON-CURRENT LIABILITIES</b>			
Non monetary government grant	13	7,401,680	10,817,840
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	163,092,579	110,659,239
Current portion of non monetary government grant	13	3,416,160	3,416,160
		<b>166,508,739</b>	<b>114,075,399</b>
<b>COMMITMENTS</b>			
	15		
<b>TOTAL FUND AND LIABILITIES</b>		<b>3,686,484,051</b>	<b>2,265,333,734</b>

The annexed notes 1 to 26 form an integral part of these financial statements.

  
 \_\_\_\_\_  
 Chief Executive

  
 \_\_\_\_\_  
 Director

**HABIB UNIVERSITY FOUNDATION**  
**(INCORPORATED AS A COMPANY LIMITED BY GUARANTEE)**  
**INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Note	2014 Rupees	2013 Rupees
<b>INCOME</b>			
Donations	16	1,457,689,447	886,515,235
Other income	17	<u>30,257,888</u>	<u>24,272,457</u>
		<u>1,487,947,335</u>	<u>910,787,692</u>
<b>EXPENDITURE</b>			
Academic program expenses	18	<u>(61,776,288)</u>	<u>(16,094,992)</u>
Administrative and general expenses	19	<u>(44,907,674)</u>	<u>(36,244,834)</u>
Other expenses – exchange loss		<u>(131,098)</u>	<u>-</u>
		<u>(106,815,060)</u>	<u>(52,339,826)</u>
		<u>1,381,132,275</u>	<u>858,447,866</u>
Net deficit on projects	20	(3,999,138)	(12,740,552)
Surplus for the year		<u>1,372,133,137</u>	<u>845,707,314</u>

The annexed notes 1 to 26 form an integral part of these financial statements.

*Dr. Im*

  
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 Chief Executive

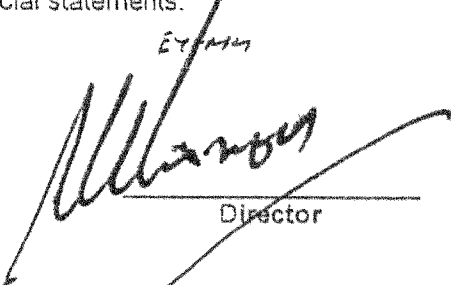
  
 \_\_\_\_\_  
 Director

**HABIB UNIVERSITY FOUNDATION**  
**(INCORPORATED AS A COMPANY LIMITED BY GUARANTEE)**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Note	2014 Rupees	2013 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus for the year		1,372,133,137	845,707,314
<b>Adjustment for non-cash items</b>			
Depreciation		12,275,884	12,145,735
Amortization		260,338	601,952
Provision for leave encashment		4,670,925	2,034,879
Amortization of non monetary government grant		(3,416,160)	(3,416,160)
Profit on deposit accounts		(10,313,901)	(9,344,487)
Profit on investments		(19,868,939)	(14,558,050)
Donation in kind		(75,923,177)	-
Gain on sale of fixed assets		(75,048)	(146,092)
		(92,390,078)	(12,682,223)
<b>Working capital changes</b>			
Increase in current liabilities		50,713,274	71,179,258
Decrease in current assets		(17,065,549)	(19,313,915)
		33,647,725	51,865,343
Payment for compensated absences		(2,950,861)	(634,272)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>		1,310,439,923	884,256,162
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(1,159,780,061)	(816,014,731)
Sale proceeds of fixed assets		219,000	2,450,000
Profit received on deposit accounts and short term investments		18,936,590	14,925,959
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		(1,140,624,471)	(798,638,772)
Net increase in cash and cash equivalents		169,815,452	85,617,390
Cash and cash equivalents at the beginning of the year		231,297,103	145,679,713
Cash and cash equivalents at the end of the year		401,112,555	231,297,103
<b>CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	12	162,442,555	158,547,103
Short-term investments	11	238,670,000	72,750,000
		401,112,555	231,297,103

The annexed notes 1 to 26 form an integral part of these financial statements.

  
 \_\_\_\_\_  
 Chief Executive

  
 \_\_\_\_\_  
 Director

HABIB UNIVERSITY FOUNDATION  
(INCORPORATED AS A COMPANY LIMITED BY GUARANTEE)  
STATEMENT OF CHANGES IN FUND  
FOR THE YEAR ENDED JUNE 30, 2014

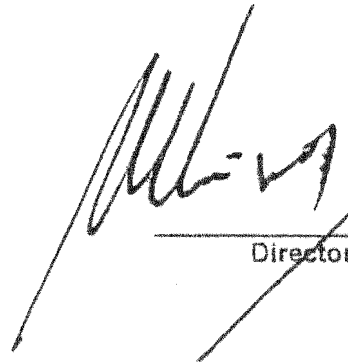
	General Fund Rupees
Balance as on June 30, 2012	1,294,733,181
Surplus for the year	845,707,314
Balance as on June 30, 2013	<u>2,140,440,495</u>
Surplus for the year	1,372,133,137
Balance as on June 30, 2014	<u><u>3,512,573,632</u></u>

The annexed notes 1 to 26 form an integral part of these financial statements.

*E. A. M.*



\_\_\_\_\_  
Chief Executive



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Director

**HABIB UNIVERSITY FOUNDATION  
(INCORPORATED AS A COMPANY LIMITED BY GUARANTEE)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**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 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 and estimates**

The preparation of the Foundation's financial statements requires management to make judgments and estimates 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 judgments 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. Significant accounting judgments and estimates are disclosed in the respective notes to the financial statements.

**4.2 Property, plant and equipment**

**Operating fixed assets**

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

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. 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.

#### **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 and expenditure account 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.

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

**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	2014 Rupees	2013 Rupees
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	558,545,675	565,072,530
Capital work-in-progress	5.2	2,098,591,342	1,087,327,213
		<u>2,657,137,017</u>	<u>1,652,399,743</u>

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## 5.1 Operating fixed assets

	Cost			Rate (%)	Accumulated Depreciation / Amortization			Book value as at June 30, 2014
	As at July 1, 2013	Additions / (Disposals)	As at June 30, 2014		As at July 1, 2013	Charge for the year / (Disposals)	As at June 30, 2014	
	(Rupees)				(Rupees)			
Leasehold land & building	28,468,000	-	28,468,000	12%	14,234,000	3,416,160	17,650,160	10,817,840
Leasehold land (received as donation)	524,682,996	-	524,682,996	-	-	-	-	524,682,996
Building improvements	2,990,107	-	2,990,107	46%	2,760,098	230,009	2,990,107	-
Motor vehicles	23,647,113	55,000 (719,760)	22,982,353	20%	8,057,975	2,920,373 (575,810)	10,402,538	12,579,815
Office equipments	9,505,952	1,073,244	10,579,196	20%	5,944,289	1,279,762	7,224,031	3,355,165
Furniture and fixtures	4,082,557	23,500	4,106,057	20%	2,560,466	551,856	3,112,322	993,735
Library books	435,793	10,899	446,492	33%	429,851	6,450	436,301	10,191
Computers and multimedia	14,483,341	4,730,536 (970,079)	18,243,798	33%	9,236,570	3,871,274 (970,079)	12,137,865	6,105,933
2014	608,295,859	5,892,979 (1,689,839)	612,498,999		43,223,329	12,275,884 (1,545,889)	63,953,324	558,545,675
2013	592,052,693	20,232,458 (3,999,292)	608,295,859		32,772,978	12,145,735 (1,695,384)	43,223,329	565,072,530

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

	Note	2014 Rupees	2013 Rupees
Administrative and general expenses	19	1,882,944	1,577,351
Project expenses		4,544,242	4,918,634
Capital work in progress	5.2.2	2,106,948	2,535,939
Intangible assets	6	3,741,750	3,113,811
		<u>12,275,884</u>	<u>12,145,735</u>

*Signature*

## 5.2 Capital work-in-progress

	Civil works - University Building (Note 5.2.1)	Other directly attributable costs (Note 5.2.2)	Total 2014	Total 2013
(Rupees)				
Opening balance	1,038,720,155	48,807,058	1,087,327,213	434,603,188
Capital expenditure incurred / advances made during the year	983,064,482	28,199,647	1,011,264,129	652,724,025
Closing balance	<u>2,021,784,637</u>	<u>76,806,705</u>	<u>2,098,591,342</u>	<u>1,087,327,213</u>

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, 2013	Additions	As at June 30, 2014	As at July 01, 2013	Charge for the year	As at June 30, 2014	As at June 30, 2014	
Computer software	18,162,431	4,150,250	22,312,681	4,076,496	260,338	4,336,834	17,975,847	33
Project development cost (note 6.1)								
- Academic Planning & Modeling	223,769,014	197,120,941*	420,889,955	-	-	-	420,889,955	
- Networking & partnership	41,742,391	17,274,939	59,017,330	-	-	-	59,017,330	
2014	<u>283,673,836</u>	<u>218,546,130</u>	<u>502,219,986</u>	<u>4,076,496</u>	<u>260,338</u>	<u>4,336,834</u>	<u>497,883,132</u>	
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>	

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. 3,741,750 (2013: Rs. 3,113,811) as disclosed in note 5.1.3.

Note	2014 Rupees	2013 Rupees
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## 7. LONG-TERM INVESTMENTS

## Held to maturity

Term Deposit Receipts	50,000,000	50,000,000
Accrued profit thereon	27,009,137	18,675,799
7.1	<u>77,009,137</u>	<u>68,675,799</u>

7.1 Represents term deposits with Habib Metropolitan Bank Limited, a related party. These carry profit at the rate of 16.67% (2013: 16.67%) per annum and will mature in 2017.

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	Note	2014 Rupees	2013 Rupees
<b>8. ADVANCES - considered good</b>			
- Employees		1,817,016	3,624,246
- Suppliers		6,607,118	1,511,069
		<u>8,424,134</u>	<u>5,135,315</u>
<b>9. DEPOSITS AND PREPAYMENTS</b>			
Security deposits		3,805,807	3,949,807
Prepayments			
- Insurance	9.1	590,230	634,349
- Rent		1,875,000	2,328,000
- Others		705,496	393,070
		<u>6,976,533</u>	<u>7,305,226</u>

9.1 This includes Rs. 222,635 (2013: Rs. 2,657) paid to a related party, Habib Insurance Company Limited.

	Note	2014 Rupees	2013 Rupees
<b>10. OTHER RECEIVABLES</b>			
<b>Considered good</b>			
Due from projects		9,484,669	7,512,928
L/C Margin		-	2,000,000
Custom duty / sales tax refundable	10.1	13,123,700	-
Miscellaneous		620,817	838,137
		<u>23,229,186</u>	<u>10,351,065</u>
<b>Considered doubtful</b>			
Benazir Bhutto Shaheed Youth Development Program		602,162	602,162
Less: Provision for doubtful receivables		(602,162)	(602,162)
		<u>23,229,186</u>	<u>10,351,065</u>

10.1 During the year, the Foundation has received equipment amounting to Rs. 75,293,177 as donation in kind and has paid Custom Duty and Sales Tax of Rs. 13,123,700. The Federal Government through SRO 362 (1)/2000 has exempted the goods donated to non-profit making educational institutions from custom duties. Accordingly, the Foundation has filed an appeal before the Collector of Customs claiming the refund of the above custom duty and sales tax, and in view of a legal advice, is confident about the recoverability of the above amount.

	Note	2014 Rupees	2013 Rupees
<b>11. SHORT-TERM INVESTMENTS</b>			
<b>Held to maturity</b>			
Term Deposit Receipts		238,670,000	72,750,000
Accrued profit thereon		4,889,708	1,673,207
	11.1	<u>243,559,708</u>	<u>74,423,207</u>

11.1 Represents term deposits with Habib Metropolitan Bank Limited, a related party. These carry profit rate ranging from 9% to 9.5% (2013: profit rate of 8.5%) per annum and have a maturity of six months.

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Habib University Foundation

	Note	2014 Rupees	2013 Rupees
<b>12. CASH AND BANK BALANCES</b>			
Cash in hand:		1,042,170	1,056,290
With banks:			
- in deposit accounts	12.1	135,077,161	125,262,006
- in current accounts		26,323,224	32,228,807
		161,400,385	157,490,813
		162,442,555	158,547,103

12.1 Represents deposit accounts maintained with Habib Metropolitan Bank Limited, a related party, which carries profit at the rate of 5% to 8% (2013: 4% to 9%) per annum.

	Note	2014 Rupees	2013 Rupees
<b>13. NON MONETARY GOVERNMENT GRANT</b>			
Opening balance		14,234,000	17,650,160
Released to income during the year		(3,416,160)	(3,416,160)
		10,817,840	14,234,000
Current portion shown under current liabilities		(3,416,160)	(3,416,160)
		7,401,680	10,817,840

**14. TRADE AND OTHER PAYABLES**

Payable to suppliers and contractors		20,628,890	12,476,629
Retention money		62,068,997	18,061,387
Projects payable		7,180,035	7,250,367
Accrued expenses		31,782,131	42,872,540
Book over draft	14.1	32,818,639	23,104,495
Provision for leave encashment		8,270,188	6,550,122
Others		343,699	343,699
		163,092,579	110,659,239

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

	2014 Rupees	2013 Rupees
	----- (Unaudited) -----	
<b>14.2 Payable to Provident Fund</b>	-	-

**14.2.1 General disclosures**

Size of the fund	26,182,246	16,875,095
Cost of investments	22,300,000	11,800,000
Fair value of investments	22,300,000	11,800,000
Percentage of investments	85.17%	69.9%

**14.2.2 Categories of investments as a percentage of total assets of provident fund:**

	2014 ----- (Unaudited) -----		2013	
	Rupees	(%)	Rupees	(%)
Bank deposits	22,300,000	84.61%	11,800,000	69.3%

14.3.3 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.

## 15. COMMITMENTS

Commitments for capital expenditure as at June 30, 2014 amounted to Rs. 136,629,247/- (2013: Rs. 574,040,544/-).

	Note	2014 Rupees	2013 Rupees
<b>16. DONATIONS</b>			
<b>In cash</b>			
Donations from related parties	16.1	1,221,900,000	840,545,935
Other corporate entities		138,978,000	44,769,300
Individuals		20,888,270	1,200,000
		1,381,766,270	886,515,235
<b>In kind</b>			
Other corporate entities		75,923,177	-
		1,457,689,447	886,515,235
<b>16.1 Donations from related parties</b>			
Mohammadali Habib Welfare Trust		1,189,650,000	810,592,735
Indus Motor Company Limited		20,000,000	20,000,000
Habib Metropolitan Bank Limited		6,000,000	2,500,000
Thal Limited		4,250,000	4,250,000
Habib Metro Pakistan (Private) Limited		1,000,000	-
Mr. Rafiq Habib		-	3,203,200
Mr. Mohamedali Rafiq Habib		1,000,000	-
		1,221,900,000	840,545,935
<b>17. OTHER INCOME</b>			
Profit on investments		19,868,939	14,558,050
Profit on bank accounts		10,313,901	9,344,487
Gain on sale of fixed assets		75,048	146,092
Exchange gain		-	223,828
		30,257,888	24,272,457
<b>18. ACADEMIC PROGRAM EXPENSES</b>			
Networking, partnership and marketing expenses		49,482,636	5,651,380
Donations to related parties	18.1	10,152,620	9,932,674
Capacity building		13,500	2,000
Project consultancy and development charges		2,121,532	233,000
School development program		6,000	275,938
		61,776,288	16,094,992
<b>18.1 Donations to related parties</b>			
Habib University		10,115,620	9,882,084
Children Foundation Trust		37,000	50,590
		10,152,620	9,932,674

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	Note	2014 Rupees	2013 Rupees
<b>19. ADMINISTRATIVE AND GENERAL EXPENSES</b>			
Staff salaries and benefits	19.1	26,480,871	22,730,142
Office rent		2,310,000	2,115,000
Utilities		2,181,513	1,372,265
Communication		1,057,545	625,162
Travelling and conveyance		166,176	217,340
Repair and maintenance		2,186,567	620,893
Security service		608,356	490,548
Vehicle running and maintenance		1,267,610	1,148,970
Generator fuel and maintenance		261,895	109,982
Entertainment		501,565	671,102
Office expenses		2,204,074	1,673,212
Insurance expenses		453,224	439,507
Computer and networking charges		1,090,775	213,607
Printing and stationary		1,181,726	518,615
Newspaper and periodicals		207,911	437,432
Legal and professional charges		214,584	300,250
Auditors' remuneration		390,000	381,504
Depreciation	5.1.3	1,882,944	1,577,351
Amortization	6	260,338	601,952
		<u>44,907,674</u>	<u>36,244,834</u>

19.1 Includes contribution to Provident Fund of Rs. 1,772,294/- (2013: Rs. 1,568,613/-).

## 20. NET DEFICIT ON PROJECTS

	2014			2013		
	Income	Expenses	Net surplus/ (Deficit)	Income	Expenses	(Deficit)
Institute for Advancing Careers and Talents	5,001,385	(15,892,244)	(10,890,859)	6,558,175	(15,324,805)	(8,766,630)
Youth Development Programs	12,762,976	(10,871,255)	1,891,721	24,871,975	(28,846,897)	(3,973,922)
Rupees	<u>17,764,361</u>	<u>(26,763,499)</u>	<u>(8,999,138)</u>	<u>31,430,150</u>	<u>(44,170,702)</u>	<u>(12,740,552)</u>

## 21. TAXATION

The Foundation has filed its return of income up to tax year 2013. The return so filed is deemed to be an assessment order issued by the Taxation Authorities on the date the complete return is filed.

## 22. REMUNERATION OF CHIEF EXECUTIVE

	2014 Rupees	2013 Rupees
Remuneration	13,058,912	12,565,164
Retirement benefits	565,848	565,874
Medical	-	53,036
Others	738,449	446,903
	<u>14,363,209</u>	<u>13,630,977</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 / payable during the year to any Director of the Foundation.

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**23. 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:

	2014 Rupees	2013 Rupees
Investment in term deposit receipts	<u>362,270,000</u>	<u>232,750,000</u>
Encashment of term deposit receipts	<u>196,350,000</u>	<u>200,000,000</u>
Donations received	<u>1,221,900,000</u>	<u>840,545,935</u>
Donations paid	<u>10,152,620</u>	<u>9,932,674</u>
Purchase of fixed assets	<u>1,445,753</u>	<u>16,553,769</u>
Profit on bank deposits	<u>11,038,422</u>	<u>9,344,487</u>
Profit on term deposit receipts	<u>7,898,168</u>	<u>14,558,050</u>
Insurance premium	<u>1,876,953</u>	<u>472,812</u>
Contribution to staff provident fund	<u>6,009,414</u>	<u>3,705,267</u>

**24. NUMBER OF EMPLOYEES**

	2014	2013
At year end	<u>88</u>	<u>88</u>

**25. DATE OF AUTHORISATION FOR ISSUE**

These financial statements have been authorized for issue on 16-09-14 by the Board of Directors of the Foundation.

**26. GENERAL**

Figures have been rounded off to the nearest rupee.

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Chief Executive

  
Director