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## **HABIB UNIVERSITY FOUNDATION**

### **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2022**

EY Ford Rhodes  
Chartered Accountants  
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## INDEPENDENT AUDITOR'S REPORT

### To the Members of Habib University Foundation

Report on the Audit of the Financial Statements

#### Opinion

We have audited the annexed financial statements of Habib University Foundation (the Foundation), which comprise the statement of financial position as at 30 June 2022, and income and expenditure statement, statement of comprehensive income, the statement of changes in funds, statement of cash flows, for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, income and expenditures statement, statement of comprehensive income, the statement of changes in funds and statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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 2022 and of the income and expenditure and other comprehensive income, the changes in funds and its cash flows for the year then ended.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation 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.

#### Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.



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## Responsibilities of Management and Board of Directors for the Financial Statements

Management 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 the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management 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 is responsible for assessing the Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Foundation'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 Foundation'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 Foundation'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 Foundation to cease to continue as a going concern.

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- 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 Directors 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.

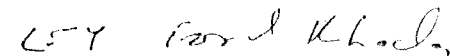
We also provide the Board of Directors with a statement that we have complied with the relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of accounts have been kept by the Foundation as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, income and expenditure statement, statement of comprehensive income, the statement of changes in funds and statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of accounts and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Foundation's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Arif Nazeer.

  
Chartered Accountants

Place: Karachi

UDIN Number: AR202210099rqcZyV8mM

Date: 05 October 2022

**HABIB UNIVERSITY FOUNDATION**  
**(INCORPORATED AS A COMPANY LIMITED BY GUARANTEE)**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2022**

	Note	-----Restricted Funds-----			2022 Total	2021 Total
		General Fund	Endowment Fund	Other Restricted Funds		
(Rupees `000)						
<b>ASSETS</b>						
<b>NON-CURRENT ASSETS</b>						
Property and equipment	6	2,311,595	-	52	2,311,647	2,396,810
Long-term investments	8	-	510,955	-	510,955	1,453,149
Long-term security deposits		2,020	-	-	2,020	2,020
		<u>2,313,615</u>	<u>510,955</u>	<u>52</u>	<u>2,824,622</u>	<u>3,851,979</u>
<b>CURRENT ASSETS</b>						
Accrued profit		472	29,092	437	30,001	31,422
Other receivable		200	-	-	200	-
Short-term investments	9	261,928	1,567,843	210,937	2,040,708	645,252
Tax receivable		3,078	734	81	3,893	3,496
Bank balances	10	23,676	47,281	201,825	272,782	363,229
		<u>289,354</u>	<u>1,644,950</u>	<u>413,280</u>	<u>2,347,584</u>	<u>1,043,399</u>
<b>TOTAL ASSETS</b>		<u>2,602,969</u>	<u>2,155,905</u>	<u>413,332</u>	<u>5,172,206</u>	<u>4,895,378</u>
<b>FUNDS AND LIABILITIES</b>						
<b>FUND BALANCES</b>						
General Fund		2,534,194	-	-	2,534,194	2,523,831
Endowment Fund - Restricted	11	-	2,153,838	-	2,153,838	2,031,787
<b>Other Restricted Funds</b>						
Scholarship Fund	12	-	-	117,821	117,821	8,858
Zakat Fund	13	-	-	92,738	92,738	67,125
Grant Fund	14	-	-	2,499	2,499	4,685
Student Loan Fund	15	-	-	84,570	84,570	116,583
Other Projects Fund	16	-	-	728	728	3,316
		-	-	298,356	298,356	200,567
		<u>2,534,194</u>	<u>2,153,838</u>	<u>298,356</u>	<u>4,986,388</u>	<u>4,756,185</u>
<b>CURRENT LIABILITY</b>						
Trade and other payables	17	68,775	2,067	114,976	185,818	139,193
<b>CONTINGENCIES AND COMMITMENTS</b>						
<b>TOTAL FUND AND LIABILITIES</b>		<u>2,602,969</u>	<u>2,155,905</u>	<u>413,332</u>	<u>5,172,206</u>	<u>4,895,378</u>

The annexed notes from 1 to 31 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)**  
**INCOME AND EXPENDITURE STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Note	-----Restricted Funds-----			2022 Total	2021 Total
		General Fund	Endowment Fund	Other Restricted Funds		
		(Rupees `000)				
<b>INCOME / CONTRIBUTIONS</b>						
Donations	19	580,600	36,000	397,847	1,014,447	908,591
Donations for other project	20	-	-	4,000	4,000	10,500
Gain on investment at fair value through profit or loss (FVTPL)	21	-	-	-	-	36,080
Other income	22	36,173	183,390	12,479	232,042	174,441
		<u>616,773</u>	<u>219,390</u>	<u>414,326</u>	<u>1,250,489</u>	<u>1,129,612</u>
<b>LESS: EXPENDITURE</b>						
Donations:						
Habib University students:						
- Scholarship		283,734	-	70,034	353,768	316,807
- Zakat		-	-	229,882	229,882	207,598
- Grants		32,376	-	2,865	35,241	37,202
Habib University-a related party		130,870	-	-	130,870	118,896
Ihsan Trust		304	-	-	304	1,693
Depreciation	6.1	154,157	-	13	154,170	165,231
Recycling on sale of investment in debt instrument carried at fair value through other comprehensive income (FVTOCI)		-	902	-	902	6,044
Amortisation	7	-	-	-	-	1,370
Administrative expenses	23	26,357	19	23	26,399	19,923
Investment management and related expenses		-	6,991	-	6,991	5,948
Expenditures on other project	20	-	-	6,707	6,707	7,996
Provision against financial guarantee for student loan	15	-	-	10,625	10,625	104,172
Loss on investment at fair value through profit or loss (FVTPL)	21	-	37,630	-	37,630	-
		<u>627,798</u>	<u>45,542</u>	<u>320,149</u>	<u>993,489</u>	<u>992,880</u>
Surplus of income / contributions over expenditure for the year		<u>(11,025)</u>	<u>173,848</u>	<u>94,177</u>	<u>257,000</u>	<u>136,732</u>

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

  
 Chief Executive

  
 Director



**HABIB UNIVERSITY FOUNDATION**  
**(INCORPORATED AS A COMPANY LIMITED BY GUARANTEE)**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	-----Restricted Funds-----			2022 Total	2021 Total
	General Fund	Endowment Fund	Other Restricted Funds		
	----- (Rupees `000) -----				
Surplus of income / contributions over expenditure for the year	(11,025)	173,848	94,177	257,000	136,732
<b>Other comprehensive income</b>					
Other comprehensive income that will be reclassified to statement of income and expenditure in subsequent periods					
Fair value loss on investments classified at fair value through OCI (FVTOCI)	-	(27,699)	-	(27,699)	(14,269)
Recycling on sale of investment in debt instrument carried at FVTOCI	-	902	-	902	6,044
	-	(26,797)	-	(26,797)	(8,225)
<b>Total comprehensive income for the year</b>	<b>(11,025)</b>	<b>147,051</b>	<b>94,177</b>	<b>230,203</b>	<b>128,507</b>

The annexed notes from 1 to 31 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)  
STATEMENT OF CHANGES IN FUND  
FOR THE YEAR ENDED JUNE 30, 2022**

	-----Other Restricted Funds-----						Sub Total	Total	
	General Fund	Endowment Fund (Note 11)	Scholarship Fund (Note 12)	Zakat Fund (Note 13)	Grant Fund (Note 14)	Student Loan Fund (Note 15)			Other Projects Fund (Note 16)
Balance as at July 01, 2020	2,596,768	1,690,103	6,585	85,197	5,786	242,545	694	340,807	4,627,678
(Deficit) / surplus of income / contributions over expenditure for the year	(94,727)	349,909 (8,225)	2,273	(18,072)	(1,101)	(104,172)	2,622	(118,450)	136,732 (8,225)
Other comprehensive loss for the year	(94,727)	341,684	2,273	(18,072)	(1,101)	(104,172)	2,622	(118,450)	128,507
Total comprehensive income for the year	28,028	-	-	-	-	(28,028)	-	(28,028)	-
Transfer from Student Loan Fund to General Fund during the year	(6,238)	-	-	-	-	6,238	-	6,238	-
Contribution from General Fund to Student Loan Fund during the year	2,523,831	2,031,787	8,858	67,125	4,685	116,583	3,316	200,567	4,756,185
Balance as on June 30, 2021	(11,025)	173,848 (26,797)	83,963	25,613	(2,186)	(10,625)	(2,588)	94,177	257,000 (26,797)
Surplus of income / contributions over expenditure for the year	(11,025)	147,051	83,963	25,613	(2,186)	(10,625)	(2,588)	94,177	230,203
Other comprehensive loss for the year	21,388	-	-	-	-	(21,388)	-	(21,388)	-
Total comprehensive income for the year	-	(25,000)	25,000	-	-	-	-	25,000	-
Transfer from Student Loan Fund to General Fund during the year	2,534,194	2,153,838	117,821	92,738	2,499	84,570	728	298,356	4,986,388
Transfer from Endowment Fund to Scholarship Fund during the year									
Balance as on June 30, 2022									

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

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Chief Executive

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Director



**HABIB UNIVERSITY FOUNDATION**  
**(INCORPORATED AS A COMPANY LIMITED BY GUARANTEE)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Note	2022 ------(Rupees in '000) -----	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus of income / contributions over expenditure for the year		257,000	136,732
<b>Adjustment for non-cash and other items</b>			
Depreciation	6.1	154,170	165,231
Amortisation	7	-	1,370
Provision against financial guarantee for student loan	15	10,625	104,172
Profit on investments classified at FVTOCI	22	(84,768)	(70,943)
Profit on investments classified at amortised cost	22	(83,253)	(73,749)
Profit on deposit accounts	22	(10,305)	(11,929)
Realised loss / (gain) on sale of investments carried at FVTPL	21	4,764	(3,914)
Unrealised loss / (gain) on investments carried at FVTPL	21	32,866	(32,166)
Recycling on sale of investment in debt instrument carried at FVTOCI		902	6,044
Gain on disposal of operating fixed assets	22	(200)	-
Dividend income	22	(24,359)	(14,877)
		442	69,239
<b>(Decrease) / increase in current assets</b>			
Short-term prepayments		-	16
Other receivables		(200)	253
		(200)	269
<b>Increase / (decrease) in current liabilities</b>			
Trade and other payables		35,993	(3,337)
<b>Cash generated from operations</b>		293,235	202,903
Tax deducted during the year – net		(397)	(45)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>		292,838	202,858
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(69,007)	(16,780)
Investments made during the year		(1,481,785)	(1,287,472)
Investments encashed during the year		1,253,283	977,008
Sale proceeds on disposal of operating fixed assets		200	-
Dividend received		24,359	14,877
Profit received on investments classified at:			
- FVTOCI		97,865	70,486
- Amortised cost		45,193	34,168
Profit received on deposit accounts		9,676	10,894
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		(120,216)	(196,819)
Net increase in cash and cash equivalents		172,622	6,039
Cash and cash equivalents at the beginning of the year		462,505	456,466
Cash and cash equivalents at the end of the year		635,127	462,505
<b>CASH AND CASH EQUIVALENTS</b>			
Bank balances	10	272,782	363,229
Short-term investments	9	362,345	99,276
		635,127	462,505

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

  
 Chief Executive

  
 Director

**HABIB UNIVERSITY FOUNDATION**  
**(INCORPORATED AS A COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

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 Act, 2017 on October 10, 2007. The Foundation is principally engaged in establishing and development of research based university focusing on Science, Engineering, Social Science and Entrepreneurship. These financials do not include the results of operations of Habib University. Further, the Foundation is also engaged in other philanthropic projects that facilitate access to quality education.

**1.1 Geographical location and address of business:**

Head Office- Habib University, Block 18, Gulistan-e-Jauhar – University Avenue, Off Shahrah-e-Faisal, Karachi – 75290, Sindh, Pakistan.

**2 STATEMENT OF COMPLIANCE**

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Accounting Standards for Not for Profit Organizations (NPOs) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Act; and
- Provisions of and directives issued under the Act.

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

**3 BASIS OF MEASUREMENT**

- 3.1** These financial statements have been prepared under the historical cost convention, except for certain long-term and short-term investments which are measured at fair value.
- 3.2** These financial statements are presented in Pakistani Rupees which is the Foundation's functional and presentation currency.

**4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of Foundation's financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amount of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Foundation's accounting policies management has made the following estimates which are significant to the financial statements:

**Estimates and assumptions**

**4.1 Depreciation of property, plant and equipment**

The Foundation reviews appropriateness of the rate of depreciation, useful life and residual values used for recording the depreciation on annual basis. Further, where applicable, an estimate of recoverable amount of assets is made for possible impairment whenever events or changes in circumstances indicate that carrying amounts may not be recoverable.

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#### 4.2 Allowance for expected credit losses of certain financial assets

The Foundation has established a provision matrix that is based on the Foundation's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. However, in certain cases, the Foundation may also consider a financial asset to be in default when internal or external information indicates that the Foundation is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Foundation. The Foundation will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. The amount of expected credit loss (ECL) is sensitive to changes in circumstances and of forecast economic conditions. The Foundation's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. Any change might affect the carrying value and amount of expected credit loss charge to statement profit or loss.

#### 4.3 Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgement as the outcome of the future events cannot be predicted with certainty. The Foundation, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future event(s).

Other areas where judgements, estimates and assumptions involved are disclosed in respective notes to these financial statements.

### 5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 5.1 New standards, amendments, improvements to approved accounting standards and the framework for financial reporting

##### 5.1.1 Adoption of amendments to approved accounting standards effective during the year

The Foundation has adopted the following amendments to International Financial Reporting Standards (IFRSs) and the framework for financial reporting which became effective for the current year:

##### Amendments to approved accounting standards

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform (Amendments)  
IFRS 16 - Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments)

The adoption of the above amendments to the approved accounting standards did not have any material impact on the Foundation's financial statements.

##### 5.1.2 Standards, amendments and improvements to approved accounting standards that are not yet effective

The following amendments and improvements to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective amendment or improvements:

Amendment or Improvement		Effective date (annual periods beginning on or after)
IFRS 3	Reference to the Conceptual Framework (Amendments)	January 01, 2022
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)	January 01, 2022
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	January 01, 2022
IAS 1	Classification of Liabilities as Current or Non-current (Amendments)	January 01, 2023

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Amendment or Improvement		Effective date (annual periods beginning on or after)
IAS 1	Disclosure of Accounting Policies (Amendments)	January 01, 2023
IAS 8	Definition of Accounting Estimates (Amendments)	January 01, 2023
IAS 12	Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments)	January 01, 2023
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised
<b>Improvements to accounting standards issued by the IASB (2018-2020 cycle)</b>		
IFRS 9	Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities	January 01, 2022
IAS 41	Agriculture – Taxation in fair value measurements	January 01, 2022
IFRS 16	Leases: Lease incentives	January 01, 2022

The above amendments and improvements are not expected to have any material impact on the Foundation's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan and are not expected to have any material impact on the Foundation's financial statements in the period of initial application.

Standard		IASB Effective date (annual periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards	01 January 2004
IFRS 17	Insurance Contracts	01 January 2023

## 5.2 Property, plant and equipment

### Operating fixed assets

These are stated at cost less accumulated depreciation and accumulated impairment.

Maintenance and normal repairs are charged to income and expenditure statement 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 Foundation.

Depreciation is charged to income and expenditure statement using straight line method of the assets over their estimated useful lives at the rates specified in note 6.1 to these financial statements. Depreciation on additions is charged from the month when the asset is available for use and on disposal up to 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.

An item of operating fixed assets 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 statement in the period in which they arise.

The carrying values of operating fixed assets are assessed 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.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the property and equipment recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the property and equipment does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the property, plant and equipment in prior years. Such reversal is recognised in the income and expenditure statement.

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### Capital work-in-progress

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

### 5.3 Intangible assets

Intangible assets are recognised when it is probable that the expected future economic benefits will flow to the Foundation and the cost of the asset can be measured reliably. Cost of the intangible asset (i.e. computer software) includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Project development cost comprises of cost in relation to development of academic planning and modelling and networking and partnership frameworks. Following initial recognition of the development expenditure as an asset, the cost model was applied requiring the amount to be carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Costs incurred on the acquisition of computer software are capitalised and are amortised on straight line basis over their estimated useful life. Amortisation is charged from the month the asset is available for use at the rates stated in note 7 to the financial statements.

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

The carrying value of intangible assets is assessed 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.

### 5.4 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### 5.4.1 Financial assets

##### a) Initial recognition and measurement

Financial assets are classified at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair through profit and loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Foundation's business model for managing them. With the exception of trade receivables, the Foundation initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or FVTOCI, it needs to give rise to cash flows that are SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Foundation's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVTOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Foundation commits to purchase or sell the asset.

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## b) Subsequent measurement

For purposes of subsequent measurement, the Foundation classifies its financial assets into following categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at FVTOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at FVTPL.

### Financial assets at amortised cost (debt instruments)

The Foundation measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in income and expenditure statement when the asset is derecognised, modified or impaired.

### Financial assets designated at FVTOCI (debt instruments)

For debt instruments at FVTOCI, interest income and impairment losses or reversals are recognised in the income and expenditure statement and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to income and expenditure.

The Foundation's debt instruments at FVTOCI are investments in Pakistan Investment Bonds included under long-term investments.

### Financial assets designated at FVTOCI (equity instruments)

Upon initial recognition, the Foundation can elect to classify irrevocably its equity investments as equity instruments designated at FVTOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to income and expenditure. Dividends are recognised as other income in income and expenditure when the right of payment has been established, except when the Foundation benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVTOCI are not subject to impairment assessment.

### Financial assets at FVTPL

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVTOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in income and expenditure statement and other comprehensive income.

This category relates to investments in listed equity which the Foundation had not irrevocably elected to classify at FVTOCI. Dividends on listed equity investments are also recognised as other income in income and expenditure when the right of payment has been established.

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### c) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Foundation's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Foundation has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Foundation has transferred substantially all the risks and rewards of the asset, or (b) the Foundation has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Foundation has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Foundation continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Foundation also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Foundation has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at lower of the original carrying amount of the asset and the maximum amount of consideration that the Foundation could be required to repay.

## 5.4.2 Financial liabilities

### a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, trade payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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.

### b) Subsequent measurement

#### Financial liabilities at FVTPL

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

#### Financial liabilities at amortised cost

After initial recognition, borrowings and trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in income and expenditure statement 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 income and expenditure statement and other comprehensive income.

Borrowings are classified as current liabilities unless the Foundation has an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date. Exchange gains and losses arising in respect of borrowings in foreign currency are added to the carrying amount of the borrowing.

### c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in income and expenditure statement and other comprehensive income.

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### c) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Foundation's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Foundation has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Foundation has transferred substantially all the risks and rewards of the asset, or (b) the Foundation has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Foundation has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Foundation continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Foundation also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Foundation has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at lower of the original carrying amount of the asset and the maximum amount of consideration that the Foundation could be required to repay.

## 5.4.2 Financial liabilities

### a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, trade payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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.

### b) Subsequent measurement

#### Financial liabilities at FVTPL

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

#### Financial liabilities at amortised cost

After initial recognition, borrowings and trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in income and expenditure statement 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 income and expenditure statement and other comprehensive income.

Borrowings are classified as current liabilities unless the Foundation has an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date. Exchange gains and losses arising in respect of borrowings in foreign currency are added to the carrying amount of the borrowing.

### c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in income and expenditure statement and other comprehensive income.

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### 5.4.3 Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements only when the Foundation has a legally enforceable right to set off and the Foundation intends to either settle on a net basis, or to realize the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also offset and the net amount is reported in the financial statements.

## 5.5 Impairment

### - Impairment of financial assets

The Foundation recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Foundation expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. However, in certain cases, the Foundation may also consider a financial asset to be in default when internal or external information indicates that the Foundation is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Foundation.

For debt instruments and bank balances, the Foundation measures expected credit losses using the probability of default (PD) and loss given default (LGD) estimates using the available information about these risk parameters.

For trade and other receivable the Foundation uses the standard's simplified approach and calculates ECL based on life time ECL on its financial assets. The Foundation has established a provision matrix that is based on the Foundation's historical credit loss experience, adjusted for forward-looking factors specific to the financial assets and the economic environment.

At each reporting date, the Foundation assesses whether financial assets are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the respective asset.

### - Impairment of non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised, as an expense in income and expenditure statement. The recoverable amount is the higher of an asset's fair value less cost to disposal and value in use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets for which the estimate of future cash flow have not been adjusted. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Reversal of an impairment loss is recognised immediately in income and expenditure statement.

## 5.6 Prepayments

This is stated at cost less provision for doubtful balances, if any.

## 5.7 Other receivables

These are recognized and carried at original invoice amount being the fair value and subsequently measured at amortised cost. Provision is made on the basis of lifetime ECLs that result from all possible default events over the expected life of these receivables. Bad debts are written off when considered irrecoverable.

Exchange gains or losses, if any, arising in respect of these receivables in foreign currency are added to their respective carrying amounts.

## 5.8 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposit and current accounts maintained with banks. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investments and other purposes.

## 5.9 General Fund

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

## 5.10 Restricted Funds

The Foundation follows restricted fund method of accounting. Under which, endowment contributions are accumulated in the endowment fund balance. Other internally and externally restricted contributions are accumulated in the statement of financial position as part of the appropriate restricted fund balance. The restricted funds present income and expenses related to restricted resources. Endowment contributions are presented in the endowment fund.

### 5.10.1 Endowment Fund

The Foundation has established an Endowment Fund restricted for Habib University to support its operations and ensure continued growth and sustainability. The Fund is strengthened by transfer from General Fund and contributions received from donors. In accordance with Endowment Fund rules, only the income derived from the Fund shall be applied towards meeting the expenses of Habib University or as recommended by the Board of Directors.

### 5.10.2 Scholarship Fund

This is a form of a restricted fund utilized for providing scholarships to students and carrying out activities under different scholarship programs of Habib University including Habib University Talent, Outreach, Promotion and Support. The Fund is credited when the contributions are received and debited at the time of disbursement to Habib University students.

### 5.10.3 Zakat Fund

The Foundation has established a Zakat Fund restricted for providing financial assistance to the deserving students of Habib University. Zakat Fund is credited at the time of receipt of zakat from donor and is debited at the time of disbursement to Habib University students.

### 5.10.4 Grant Fund

This is a form of a restricted fund utilized for providing grants to the deserving students of Habib University. The Fund is credited when the contributions are received and debited at the time of disbursement to Habib University students.

### 5.10.5 Student Loan Fund

The Foundation has provided guarantee against loans issued by a commercial bank to Habib University students by creating lien on a current account. The account is credited by an amount equivalent to the amount of loan disbursed by the bank to a student during the year and is debited when the loan is repaid by the students.

## 5.11 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.

## 5.12 Taxation

The Foundation is entitled to tax credit under section 100C of the Income Tax Ordinance, 2001 (the Ordinance). The Foundation received its recognition as a Non-Profit Organization (NPO) under section 2(36)(c) of the Ordinance from the Commissioner Inland Revenue. Further, the name of Foundation was included under Clause (66) of Part I of Second Schedule to the Income Tax Ordinance, 2001 vide Finance Act, 2018, as a tax-exempt entity.

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The Foundation is also exempt from minimum tax under section 113 of the Income Tax Ordinance 2001, 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.

### 5.13 Provisions

Provisions are recognized when the Foundation 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.

### 5.14 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 income and expenditure statement currently.

### 5.15 Income

#### Donation

Unrestricted donations in cash are recognized as income as and when received. Unrestricted 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.

### 5.16 Other Income

Other income is recognised to the extent it is probable that the economic benefits will flow to the Foundation and amount can be measured reliably. Other income is measured at the fair value of the consideration received or receivable and is recognised on the following basis:

- Profit on investments in Defence Saving Certificates, Pakistan Investment Bonds, Term Deposit Receipts, Izafa Certificates and Treasury Bills is recognised on a constant rate of return to maturity.
- Profit on deposit accounts and Regular Income Certificates are recognized on accrual basis.
- Dividend income is recognised when the right to receive the dividend is established.
- Gain or loss on sale of investments is recognized in income and expenditure statement in the year in which it arises.

### 5.17 Contingencies

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Foundation; or
- there is a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measure with sufficient reliability.

### 5.18 Other projects

#### 5.18.1 Receipts

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

#### 5.18.2 Expenditures

Expenditures are recognized as and when incurred.

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	Note	2022 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
6 PROPERTY AND EQUIPMENT			
Operating fixed assets	6.1	2,233,268	2,387,401
Capital work-in-progress	6.2	78,379	9,409
		<u>2,311,647</u>	<u>2,396,810</u>

## 6.1 Operating fixed assets

	----- Cost -----			----- Accumulated Depreciation -----				Book Value		Depreciation Rates %
	As at June 30, 2021	Additions	Disposals	As at June 30, 2022	As at June 30, 2021	Disposals	Charge for for the year	As at June 30, 2022	As at June 30, 2022	
Freehold land										
-- city campus	529,615	-	-	529,615	-	-	-	-	529,615	-
Building on freehold land	1,782,978	-	-	1,782,978	264,229	-	44,520	308,749	1,474,229	2.5
Machinery and electrical works	617,374	-	-	617,374	387,997	-	61,691	449,688	167,686	10
Motor vehicles	1,213	-	-	1,213	1,097	-	116	1,213	-	20
Office equipment	171,542	37	(30)	171,549	164,748	(30)	6,073	170,791	758	20
Lab equipment	135,977	-	-	135,977	95,973	-	11,344	107,317	28,660	20
Furniture and fixtures	298,702	-	-	298,702	240,229	-	27,843	268,072	30,630	14.3 to 20
Library books	15,753	-	-	15,753	15,190	-	563	15,753	-	20
Computers and multimedia 2022	151,928	-	(13,786)	138,142	148,218	(13,786)	2,020	136,452	1,690	33
	<u>3,705,082</u>	<u>37</u>	<u>(13,816)</u>	<u>3,691,303</u>	<u>1,317,681</u>	<u>(13,816)</u>	<u>154,170</u>	<u>1,458,035</u>	<u>2,233,268</u>	

	----- Cost -----			----- Accumulated Depreciation -----				Book Value		Depreciation Rates %
	As at June 30, 2020	Additions	Disposals	As at June 30, 2021	As at June 30, 2020	Disposals	Charge for for the year	As at June 30, 2021	As at June 30, 2021	
Freehold land										
-- city campus	529,615	-	-	529,615	-	-	-	-	529,615	-
Building on freehold land	1,778,791	4,187	-	1,782,978	219,800	-	44,429	264,229	1,518,749	2.5
Machinery and electrical works	617,204	170	-	617,374	326,315	-	61,682	387,997	229,377	10
Motor vehicles	1,213	-	-	1,213	864	-	233	1,097	116	20
Office equipment	171,510	32	-	171,542	156,494	-	8,254	164,748	6,794	20
Lab equipment	112,821	23,156	-	135,977	85,447	-	10,526	95,973	40,004	20
Furniture and fixtures	296,409	2,293	-	298,702	203,497	-	36,732	240,229	58,473	14.3 to 20
Library books	15,753	-	-	15,753	14,618	-	572	15,190	563	20
Computers and multimedia 2021	150,268	1,660	-	151,928	145,415	-	2,803	148,218	3,710	33
	<u>3,673,584</u>	<u>31,498</u>	<u>-</u>	<u>3,705,082</u>	<u>1,152,450</u>	<u>-</u>	<u>165,231</u>	<u>1,317,681</u>	<u>2,387,401</u>	

6.1.1 Operating fixed assets include items having an aggregate cost of Rs. 505.127 million (2021: Rs. 403.239 million) which are fully depreciated and are still in use of the Foundation.

6.1.2 These include assets that are in possession and use of Habib University – a related party pursuant to an agreement therewith.

	2022 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
6.2 Capital work-in-progress		
Opening balance		9,409
Capital expenditure incurred	68,970	16,578
Transfer to operating fixed assets	-	(31,295)
Closing balance	<u>78,379</u>	<u>9,409</u>

## 6.2.1 Capital work-in-progress - break up

Building on freehold land	<u>78,379</u>	<u>9,409</u>
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## 7 INTANGIBLE ASSETS

	----- Cost -----		----- Accumulated amortisation -----			Book Value		Amortisation rate %
	As at July 01, 2021	Additions / transfer	As at June 30, 2022	As at July 01, 2021	Charge for the year	As at June 30, 2022	As at June 30, 2022	
	----- Rupees in '000 -----							
Computer Softwares	31,163	-	31,163	31,163	-	31,163	-	33
Project development cost								
– Academic Planning & Modeling	420,890	-	420,890	420,890	-	420,890	-	20
– Networking and Partnership	59,017	-	59,017	59,017	-	59,017	-	20
	<u>511,070</u>	<u>-</u>	<u>511,070</u>	<u>511,070</u>	<u>-</u>	<u>511,070</u>	<u>-</u>	

	----- Cost -----		----- Accumulated amortisation -----			Book Value		Amortisation rate %
	As at July 01, 2020	Additions / transfer	As at June 30, 2021	As at July 01, 2020	Charge for the year	As at June 30, 2021	As at June 30, 2021	
	----- Rupees in '000 -----							
Computer Softwares	31,163	-	31,163	29,793	1,370	31,163	-	33
Project development cost								
– Academic Planning & Modeling	420,890	-	420,890	420,890	-	420,890	-	20
– Networking and Partnership	59,017	-	59,017	59,017	-	59,017	-	20
	<u>511,070</u>	<u>-</u>	<u>511,070</u>	<u>509,700</u>	<u>1,370</u>	<u>511,070</u>	<u>-</u>	

- 7.1 Intangible assets include items having an aggregate cost of Rs. 511.070 million (2021: Rs. 511.070 million) which are fully amortised and are still in use of the Foundation.
- 7.2 These include assets that are in possession and use of Habib University – a related party pursuant to an agreement therewith.

## 8 LONG-TERM INVESTMENTS

## At amortised cost:

Defence Saving Certificates (DSC)  
Accrued profit thereon

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

Regular Income Certificates (RIC)

## Fair value through other comprehensive income:

Pakistan Investment Bonds (PIBs)  
Less: current maturity

8.1	110,100	110,100
	42,986	25,351
	<u>153,086</u>	<u>135,451</u>
8.2	220,100	220,100
8.3 & 8.4	1,031,428	1,097,598
	(893,659)	-
	<u>137,769</u>	<u>1,097,598</u>
8.5	<u>510,955</u>	<u>1,453,149</u>

- 8.1 These carry profit yield ranging from 12.47% to 13.02% (2021: 12.47% to 13.02%) per annum and will mature latest by October 2029.
- 8.2 These carry profit at ranging from 12% to 12.96% (2021: 12% to 12.96%) per annum and will mature latest by October 2024.
- 8.3 These carry profit yield ranging from 7.44% to 12.35% (2021: 7.44% to 9.37%) per annum and will mature latest by August 2031.

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8.4 The particulars of PIBs are as follows:

Issue Date	Tenor	Face Value			Balance as at 30 June		
		As at July 01, 2021	Purchased / (sold) during the year	As at June 30, 2022	Carrying value	Market Value	Appreciation / (Diminution)
----- (Rupees in '000) -----							
18 August 2011	20 years	54,300	-	54,300	67,648	54,532	(13,116)
22 August 2011	3 years	69,400	(69,400)	-	-	-	-
21 April 2016	10 years	48,400	-	48,400	50,089	42,265	(7,824)
10 December 2020	10 years	-	54,500	54,500	42,230	40,972	(1,258)
19 September 2019	3 years	906,000	-	906,000	908,442	893,659	(14,783)
2022					1,068,409	1,031,428	(36,981)
2021					1,107,780	1,097,598	(10,182)

8.5 Long-term investments have been made entirely from the Endowment Fund.

9	SHORT-TERM INVESTMENTS	Note	2022		2021	
			----- (Rupees in '000) -----			
	<b>At FVTPL</b>					
	<b>Quoted shares</b>					
	Abbott Laboratories (Pakistan) Limited			11,063		7,369
	Archroma Pakistan Limited			14,274		-
	Attock Petroleum Limited			6,266		6,260
	Colgate Palmolive (Pakistan) Limited			8,077		3,563
	Fauji Fertilizer Company Limited			20,336		17,666
	Engro Fertilizers Limited			14,785		5,973
	Engro Corporation Limited			34,707		23,480
	National Foods Limited			12,306		-
	Allied Bank Limited			22,441		13,644
	Arif Habib Dolmen Reit Management Limited			10,275		6,612
	HUB Power Company Limited			-		14,119
	ICI Pakistan Limited			9,202		11,034
	Jubilee Life Insurance Company Limited			-		7,512
	Lucky Cement Limited			15,929		29,961
	Mari Petroleum Company Limited			19,790		6,380
	Meezan Bank Limited			21,109		17,646
	MCB Bank Limited			9,629		12,515
	Oil and Gas Development Corporation Limited			-		10,596
	Pakistan Oilfields Limited			21,703		6,837
	Pakistan Petroleum Limited			-		4,346
	Searle Company Limited			-		3,832
	Shifa International Hospitals Limited			-		6,246
	FrieslandCampina Engro Pakistan Limited			4,711		7,941
	Highnoon Laboratories Limited			7,606		3,630
	Nestle Paksitan Limited			4,640		4,640
	Nimir Industries Chemical			6,748		4,647
	Glaxosmith Consumer Healthcare System Limited			9,748		8,178
				30,776		15,042
				316,121		259,669
	<b>At amortised cost</b>					
	<b>Local currency</b>					
	Term Deposit Receipts	9.1		127,580		99,276
	Accrued profit			1,649		338
				129,229		99,614
	<b>Foreign currency</b>					
	Term Deposit Receipts	9.2		234,765		-
	Accrued profit			171		-
				234,936		-
	Treasury Bills	9.3		375,726		275,549
	Accrued profit			6,201		10,420
				381,927		285,969
	NBP Mutual Fund					
	Money Market			27,219		-
	Stock Fund			57,617		-
				84,836		-
	<b>AT FVOCI</b>					
	Pakistan Investment Bonds (PIBs)	8		893,659		-
				893,659		-
				2,040,708		645,252

9.1 These carry profit yield at the rate from 11.5% to 13.25% (2021: 3.67% to 7.00%) per annum and will mature latest by August 2022. These includes certificates issued by related parties namely Habib Metropolitan Bank Limited and Habib Bank Limited.

9.2 These carry profit yield at the rate from 4.75% (2021: nil) per annum and will mature latest by September 2022. These certificates were issued by Habib Metropolitan Bank Limited, a related party.

9.3 These carry profit yield ranging from 11.3% to 14.4% (2021: 6.80% to 7.76%) per annum and will mature latest by October 2022.

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		2022	2021
	Note	------(Rupees in '000) -----	
<b>10 BANK BALANCES</b>			
Foreign currency			
- in current account		1,032	106,843
Local currency			
- in deposit accounts	10.1	71,890	37,574
- in current accounts		199,860	218,812
	10.2,10.3 & 10.4	<u>272,782</u>	<u>363,229</u>
<b>10.1</b>	These carry profit at rates ranging from 5.50% to 12.50% (2021: 3.69% to 5.75%) per annum.		
<b>10.2</b>	This includes the following restricted balances:		
		2022	2021
		------(Rupees in '000) -----	
Endowment Fund		47,281	2,772
Scholarship Fund		1,027	1,131
Zakat Fund		489	111
Grant Fund		90	4,670
Student Loan Fund		199,363	220,755
Other Projects Fund		856	3,510
		<u>249,106</u>	<u>232,949</u>
<b>10.3</b>	This includes accounts maintained with Habib Metropolitan Bank Limited, related party, having an aggregate balance of Rs. 271.292 million (2021: Rs. 358.626 million).		
<b>10.4</b>	This includes accounts maintained with Habib Bank Limited, related party, having an aggregate balance of Rs. 0.027 million (2021: Rs. 0.232 million).		
<b>11 ENDOWMENT FUND – RESTRICTED</b>		2022	2021
	Note	------(Rupees in '000) -----	
Opening balance		2,031,787	1,690,103
Donations / contribution received during the year	19	36,000	169,465
Other income	22	183,390	156,362
Unrealised loss carried on investments at FVTOCI		(27,699)	(14,269)
Recycling on sale of investment in debt instrument carried at FVTOCI			
- other comprehensive income		902	6,044
- income and expenditure		(902)	(6,044)
Investment management and related expenses		(7,010)	(5,954)
Transfer to Scholarship Fund during the year		(25,000)	-
(Loss) / gain carried on investments at FVTPL		(37,630)	36,080
Closing balance	11.1	<u>2,153,838</u>	<u>2,031,787</u>
<b>11.1 Endowment Fund</b>			
Represented by:			
Long-term investments	8	510,955	1,453,149
Accrued profit		29,092	31,022
Short-term investments		1,567,843	545,638
Tax receivable		734	687
Bank balances	10	47,281	2,772
Trade and other payables		(2,067)	(1,481)
		<u>2,153,838</u>	<u>2,031,787</u>
<b>12 SCHOLARSHIP FUND</b>			
Opening balance		8,858	6,585
Donations / contribution during the year		148,300	22,000
Other income		5,720	335
Bank charges		(23)	-
Transfer from Endowment Fund		25,000	-
Disbursement to Habib University students		(70,034)	(20,062)
Closing balance		<u>117,821</u>	<u>8,858</u>



	Note	2022 ------(Rupees in '000) -----	2021 ------(Rupees in '000) -----
<b>13 ZAKAT FUND</b>			
Opening balance		67,125	85,197
Donations / contribution during the year		249,082	185,250
Other income		6,413	4,276
Disbursement to Habib University students		<u>(229,882)</u>	<u>(207,598)</u>
Closing balance		<u>92,738</u>	<u>67,125</u>
<b>14 GRANT FUND</b>			
Opening balance		4,685	5,786
Donations / contribution during the year		465	1,030
Other income		214	210
Disbursement to Habib University students		<u>(2,865)</u>	<u>(2,341)</u>
Closing balance		<u>2,499</u>	<u>4,685</u>
<b>15 STUDENT LOAN FUND</b>			
Opening balance		116,583	242,545
Transfer from Student Loan Fund to General Fund during the year		(21,388)	(28,028)
Contribution from General Fund to Student Loan Fund during the year		-	6,238
Provision for impairment of financial guarantee	15.1	<u>(10,625)</u>	<u>(104,172)</u>
Closing balance		<u>84,570</u>	<u>116,583</u>
<b>15.1</b>			
The Foundation has booked a provision for impairment of outstanding guarantee to Habib Metropolitan Bank Limited, a related party, for providing education loans to Habib University students on the basis of expected credit loss (note 18.2).			
	Note	2022 ------(Rupees in '000) -----	2021 ------(Rupees in '000) -----
<b>16 OTHER PROJECTS FUND</b>			
Opening balance		3,316	694
Donations / contribution during the year		4,000	10,500
Other income		132	118
Disbursement for Farabi Projects		<u>(6,720)</u>	<u>(7,996)</u>
Closing balance		<u>728</u>	<u>3,316</u>
<b>17 TRADE AND OTHER PAYABLES</b>			
Payable to suppliers and contractors		32,804	32,798
Accrued liabilities		38,217	2,223
Provision against financial guarantee for student loan	15.1	<u>114,797</u>	<u>104,172</u>
		<u>185,818</u>	<u>139,193</u>
<b>18 CONTINGENCIES AND COMMITMENTS</b>			
<b>18.1 Contingencies</b>			
During the year ended June 30, 2016 Cantonment Board Faisal (CBF) raised demand against property tax amounting to Rs. 4.7 million. The Foundation has appealed in the High Court of Sindh against the decision and obtained injunction order in terms of which CBF is restrained from taking any coercive action against the Foundation. The management based on the opinion of legal advisor that the matter is expected to be decided in favour of the Foundation and accordingly no provision has been made in these financial statements.			
<b>18.2 Commitments</b>		2022 ------(Rupees in '000) -----	2021 ------(Rupees in '000) -----
<b>18.2.1 Bank guarantee</b>		<u>11,235</u>	<u>11,235</u>
<b>18.2.2</b>			
Outstanding guarantee to Habib Metropolitan Bank Limited, a related party for providing education loans to Habib University students by creating a lien on current account. The commercial bank has disbursed loans with liability balance amounting to Rs. 199.363 (2021: Rs. 220.755) million.			

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19	DONATIONS	Note	General	Endowment	Other	2022	2021
			Fund	Fund	Restricted Funds	Total	Total
			(Rupees '000)				
	From related parties	27	512,066	27,500	176,336	715,902	771,682
	Others		68,534	8,500	221,511	298,545	136,909
		19.1	<u>580,600</u>	<u>36,000</u>	<u>397,847</u>	<u>1,014,447</u>	<u>908,591</u>

19.1 Include Rs. 444.59 million (2021: Rs. 442.14 million) received as foreign donations.

## 20 DONATIONS FOR OTHER PROJECTS

Represents donations / contributions received by the Foundation from Mohamedali Habib Welfare Trust - a related party, for Farabi Project wherein the Foundation has been given the responsibility to undertake and upgrade a school owned by the Government of Sindh (GoS) pursuant to an agreement between the Foundation and GoS. Further, donations received and expenses incurred for this project are kept distinct from other funds of the Foundation.

21	(LOSS) / GAIN ON INVESTMENT AT FVTPL	2022	2021
		----- (Rupees in '000) -----	
	Realised (loss) / gain on sale of investments carried at FVTPL	(4,764)	3,914
	Unrealised (loss) / gain on sale of investments carried at FVTPL	<u>(32,866)</u>	<u>32,166</u>
		<u>(37,630)</u>	<u>36,080</u>

22	OTHER INCOME	Note	General	Endowment	Other	2022	2021
			fund	fund	Restricted Funds	Total	Total
			(Rupees '000)				
	Return on deposit account		4,942	3,248	2,115	10,305	11,929
	Profit on long-term investments classified at:						
	- Amortised cost		-	45,103	-	45,103	43,072
	- FVTOCI		-	84,768	-	84,768	70,943
	Profit on short-term investments classified at amortised cost		6,076	21,984	10,090	38,150	30,677
	Dividend income	22.1	-	28,287	-	28,287	14,877
	Exchange gain		24,955	-	274	25,229	2,943
	Gain on sale of fixed assets		200	-	-	200	-
			<u>36,173</u>	<u>183,390</u>	<u>12,479</u>	<u>232,042</u>	<u>174,441</u>

22.1 Includes dividend received from MCB Bank Limited, a related party amounting to Rs. 1.526 million (2021: Rs. 1.526 million).

23	ADMINISTRATIVE EXPENSES	Note	2022	2021
			----- (Rupees in '000) -----	
	Salaries		14,634	14,505
	Legal and professional charges		6,268	1,651
	Security charges		1,689	1,497
	Rent, rates and taxes		1,028	1,039
	Travelling		1,161	98
	Auditors' remuneration	23.1	765	708
	Others		854	425
			<u>26,399</u>	<u>19,923</u>

### 23.1 Auditors' remuneration

Audit fee	421	421
Fee for review of half yearly financial statements	228	228
Out of pocket expenses	116	59
	<u>765</u>	<u>708</u>

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## 24. FINANCIAL INSTRUMENTS BY CATEGORY

	2022								Total
	Interest / Mark-up bearing				Non-Interest / Mark-up bearing				
	No Maturity / on demand	Maturity upto one year	Maturity after one year	Subtotal	No Maturity / on demand	Maturity upto one year	Maturity after one year	Subtotal	
	(Rupees '000)								
<b>2022</b>									
<b>Financial assets</b>									
<b>Fair value through OCI</b>									
Long-term investments	-	-	137,769	137,769	-	-	-	-	137,769
Short-term investments	-	893,659	-	893,659	-	-	-	-	893,659
<b>Fair value through profit and loss</b>									
Short-term investments	27,219	-	-	27,219	373,738	-	-	373,738	400,957
<b>Amortised cost</b>									
Long-term investments	-	-	373,186	373,186	-	-	-	-	373,186
Short-term investments	129,229	381,927	-	511,156	-	-	-	-	511,156
Long-term security deposits	-	-	-	-	-	-	2,020	2,020	2,020
Accrued Profit	-	-	-	-	-	30,001	-	30,001	30,001
Other receivable	-	-	-	-	200	-	-	200	200
Bank balances	71,890	-	-	71,890	200,892	-	-	200,892	272,782
	<b>228,337</b>	<b>1,275,586</b>	<b>510,955</b>	<b>2,014,878</b>	<b>574,830</b>	<b>30,001</b>	<b>2,020</b>	<b>606,851</b>	<b>2,621,730</b>
<b>Financial liabilities</b>									
Trade and other payables	-	-	-	-	-	185,818	-	185,818	185,818
	(Rupees '000)								
	2021								
	Interest / Mark-up bearing				Non-Interest / Mark-up bearing				Total
	No Maturity / on demand	Maturity upto one year	Maturity after one year	Subtotal	No Maturity / on demand	Maturity upto one year	Maturity after one year	Subtotal	
	(Rupees '000)								
<b>2021</b>									
<b>Financial assets</b>									
<b>Fair value through OCI</b>									
Long-term investments	-	-	1,097,598	1,097,598	-	-	-	-	1,097,598
<b>Fair value through profit and loss</b>									
Short-term investments	-	-	-	-	259,669	-	-	259,669	259,669
<b>Amortised cost</b>									
Long-term investments	-	-	355,551	355,551	-	-	-	-	355,551
Short-term investments	285,969	99,614	-	385,583	-	-	-	-	385,583
Long-term security deposits	-	-	-	-	-	-	2,020	2,020	2,020
Accrued Profit	-	-	-	-	-	31,422	-	31,422	31,422
Other receivable	-	-	-	-	-	-	-	-	-
Bank balances	37,574	-	-	37,574	325,655	-	-	325,655	363,229
	<b>323,543</b>	<b>99,614</b>	<b>1,453,149</b>	<b>1,876,306</b>	<b>585,324</b>	<b>31,422</b>	<b>2,020</b>	<b>618,766</b>	<b>2,495,072</b>
<b>Financial liabilities</b>									
Trade and other payables	-	-	-	-	-	139,193	-	139,193	139,193

The effective interest / mark-up rates for the monetary financial assets and liabilities are mentioned in the respective notes to these financial statements

## 25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

**Credit risk**

25.1 Credit risk is the risk that a counterparty will not meet its obligation under a financial instrument or customer contract leading to a financial loss.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

Credit risk arises from Defence Saving Certificates, Regular Income Certificates, Pakistan Investment Bonds, Long-term security deposits, Accrued profit, Other receivable, Term Deposit Certificates, Treasury Bills and Bank balances. The Foundation seeks to minimise the credit risk exposure through having exposure only to banks considered credit worthy and short-term and long-term investments arranged with banks.

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The carrying values of financial assets which are neither past due nor impaired are as under:

	2022	2021
	----- (Rupees '000) -----	
Long-term investments	373,186	1,453,149
Long-term security deposits	2,020	2,020
Accrued profit	30,001	31,422
Other receivable	200	-
Short-term investments	511,156	385,583
Bank balances	272,782	363,229
	<u>1,189,345</u>	<u>2,235,403</u>

The credit quality of Foundation's bank balances and short-term investments can be assessed with reference to external credit ratings as follows:

	Rating agency	Rating
<b>Bank balances</b>		
Habib Metropolitan Bank Limited	PACRA	A-1+
Habib Bank Limited	JCR-VIS	A-1+
Dubai Islamic Bank	JCR-VIS	A-1+
National Bank of Pakistan	JCR-VIS	A-1+
United Bank Limited	JCR-VIS	A-1+
<b>Short-term investments</b>		
HMBL-Term Deposit Receipts	PACRA	A-1+

## 25.2 Market risk

Market risk is the risk that the value of the financial instruments may fluctuate as a result of changes in market currency rates, interest rates or the equity prices 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. There has been no change in the Foundation's exposure to market risk or the manner in which this risk is managed and measured.

Under market risk the Foundation is exposed to currency risk, interest rate risk and other price risk (equity price risk).

### 25.2.1 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. The Foundation primarily has currency exposures in US Dollar (USD).

As at June 30, 2022, had the exchange rates of USD appreciated or depreciated against the currency with all other variables held constant, the change in income / expenditure would have been as follows:

Currency	Income / Expenditure	2022		2021	
		%	Rs. '000	%	Rs. '000
USD	lower / higher	10	23,639	10	10,684

The Foundation manages its currency risk by close monitoring of currency markets.

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### 25.2.2 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 Foundation's exposure to interest rate risk arises primarily from bank balances in deposit account and term deposit receipts.

The Foundation 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.

At June 30, 2022, had interest rates on Foundation's investments and bank balances been 1% higher / lower with all other variables held constant, surplus for the year would have been lower / higher by Rs. 18.48 million (2021: Rs.15.10 million).

### 25.2.3 Price risk

The Foundation's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities.

At the date of statement of financial position, the exposure to listed equity securities was Rs. 316.121 million (2021: Rs. 259.667 million). A decrease of 10% in the share price of these securities would have an impact of approximately Rs. 31.612 million (2021: Rs. 25.966 million) on the income and expenditure statement depending whether or not the decline is below the cost of investment. An increase of 10% in the share price of the listed security would impact income and expenditure statement with the similar amount.

### 25.2.4 Liquidity risk

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

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

The maturity profile of the Foundation's liabilities based on contractual maturities is disclosed in note 24 to these financial statements.

## 25.3 Capital risk management

The Foundation's objectives when managing capital is to maintain an optimal capital structure to reduce the cost of capital. The Foundation is currently financing majority of its operations through funds and working capital. The capital structure of the Foundation is fund-based with no financing through long-term borrowings.

## 26 FAIR VALUE OF MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

The different levels of fair valuation method have been defined as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data.

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2022	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Quoted shares	316,121	-	-	259,669
Pakistan Investment Bonds	-	1,031,428	-	1,097,598
	<u>316,121</u>	<u>1,031,428</u>	<u>-</u>	<u>1,357,267</u>
2021	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Quoted shares	259,669	-	-	259,669
Pakistan Investment Bonds	-	1,097,598	-	1,097,598
	<u>259,669</u>	<u>1,097,598</u>	<u>-</u>	<u>1,357,267</u>

There were no transfers amongst levels during the year.

The market price of quoted shares and PIBs have been obtained from Pakistan Stock Exchange and Mutual Funds Association of Pakistan respectively.

## 27 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of the directors, entities having directors in common with the Foundation, other and key management personnel. Details of transactions with related parties during the year other than those which have been disclosed elsewhere in these financial statements, are as follows:

Nature of relationship	Nature of transaction	2022	2021
		----- (Rupees '000) -----	
Common directorship	Donations received	<u>696,373</u>	<u>751,084</u>
	Investments in term deposit receipts	<u>1,715,888</u>	<u>1,331,876</u>
	Expenses paid by the Foundation on behalf of a related party	<u>15</u>	<u>171</u>
	Expenses paid by a related party on behalf of the Foundation	<u>2,245</u>	<u>669</u>
	Equity investments made during the year	<u>-</u>	<u>4,508</u>
	Equity investments disposed off during the year	<u>-</u>	<u>2,532</u>
	Encashment of term deposit receipts	<u>1,477,914</u>	<u>1,232,600</u>
	Dividend income	<u>2,035</u>	<u>1,863</u>
	Profit on bank deposits and term deposit receipts	<u>27,706</u>	<u>19,528</u>
	Director	Donations received	<u>19,108</u>
Relative of director	Donations received	<u>422</u>	<u>4</u>
Key management personnel	Donations received	<u>-</u>	<u>260</u>

The Foundation has allowed free of cost use of its property, plant and equipment to Habib University.

### 27.1 Following are the related parties of the Foundation with whom the Foundation had entered into transactions or have arrangement/ agreement in place.

Name of related parties	Basis of relationship	Nature of Transactions
The Habib University Foundation		
U.S. Inc.	Common directorship	Donation received.
Habib University Stiftung Switzerland	Common directorship	Donation received.
Habib Education Trust	Common directorship	Donation received.
Indus Motor Company Limited	Common directorship	Donation received.
Muhammad Ali Habib Welfare Trust	Common directorship	Donation received.
Soorty Enterprises (Private) Limited	Common directorship	Donation received.
Habib Metropolitan Bank Limited	Common directorship	Donation received, banking and related services.
Gul Ahmed Textile	Common directorship	Donation received.
Thal Limited	Common directorship	Donation received.

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Name of related parties	Basis of relationship	Nature of Transactions
Dawood Habib Memorial Trust	Common directorship	Donation received.
Hamid D Habib Memorial Trust	Common directorship	Donation received.
Arif Habib Corporation Limited	Common directorship	Donation received.
Hilton Pharma (Pvt.) Limited	Common directorship	Donation received.
Towfiq Chinoy	Director	Donation received.
Mohamedali Rafiq Habib	Director	Donation received.
Parvez Ghias	Director	Donation received.
Wasif A. Rizvi	Director	Donation received.
Zahida Habib	Director	Donation received.
Amber Rizvi	Relative of director	Donation received.
Nargis Shahid Soorty	Director	Donation received.
Mohammad Hyder Habib	Director	Donation received.
Arif Habib Foundation	Common directorship	Donation received.
Tariq Rafi	Director	Donation received.
Javedan Corporation Limited	Common directorship	Donation received.
Sayeda Rafiq Habib	Relative of director	Donation received.
Fatima Fertilizer Company Ltd	Common directorship	Donation received.
Arif Habib Dolmen Reit Management Limited	Common directorship	Equity investments
ICI Pakistan Limited	Common directorship	Equity investments
Lucky Cement Limited	Common directorship	Equity investments
MCB Bank Limited	Common directorship	Equity investments
Habib Bank Limited	Common directorship	Banking services

## 28 KEY MANAGEMENT PERSONNEL

28.1 No remuneration has been paid to the Chief Executive Officer.

28.2 Directors are not paid any fee for attending meetings.

28.3 The aggregate amounts charged in the financial statements in respect of remuneration, including all benefits, to the Chief Financial Officer of the University was Rs. 13.32 million (2021: Rs. 13.80) million.

## 29 NUMBER OF EMPLOYEES

Number of persons employed as at year end were 4 (2021: 5) and the average number of persons employed during the year were 4 (2021: 5).

## 30 GENERAL

Figures have been rounded off to the nearest thousand rupees.

## 31 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on 30 SEP 2022 by the Board of Directors of the Foundation.

*Signature*

*Signature*

Chief Executive

*Signature*

Director