

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF GOVERNORS BEACONHOUSE NATIONAL UNIVERSITY

Opinion

We have audited the accompanying consolidated financial statements of **Beaconhouse National University** ("the University") which comprise of balance sheet as at **30 June 2017** and income and expenditure account, statement of cash flow and statement of changes in fund balance for the year then ended and a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of **Beaconhouse National University** as at **30 June 2017**, and of its financial performance, its cash flow and changes in accumulated funds for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

Basis of 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 **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements** section of our report. We are independent of the University in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants' as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Board of Governors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the approved accounting and reporting standards as applicable in Pakistan, and for such internal control as the Board of Governors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Governors are responsible for assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the University or to cease operation, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the University's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, 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 the effectiveness of the University internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the University to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

EY Ford Rhodes

Chartered Accountants
Audit Engagement Partner: Farooq Hameed
Lahore: 02 February 2018

BEACONHOUSE NATIONAL UNIVERSITY
CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2017

ASSETS	Note	2017 Rupees	2016 Rupees
NON CURRENT ASSETS			
Fixed assets	4	115,063,421	111,838,082
Intangible assets	5	105,752	157,839
Long term deposits	6	1,783,209	1,783,209
		116,952,382	113,779,130
CURRENT ASSETS			
Advances, deposits, prepayments and other receivables	7	19,988,529	27,820,090
Investments held to maturity	8	50,000,000	50,000,000
Receivable from related party	9	424,012,246	380,017,423
Cash and bank balances	10	134,981,314	84,323,840
		628,982,089	542,161,353
TOTAL ASSETS		745,934,471	655,940,483
ACCUMULATED FUND			
Capital fund	11	958,978,855	932,975,307
Endowment fund	12	50,000,000	50,000,000
Accumulated deficit		(451,524,749)	(477,629,262)
		557,454,106	505,346,045
NON CURRENT LIABILITIES			
Student security deposits	13	40,308,750	31,378,250
Security deposit	14	100,000	100,000
CURRENT LIABILITIES			
Creditors, accrued and other liabilities	15	24,321,256	29,451,497
Unearned income	16	15,703,319	11,280,691
Payable to related party	17	108,047,040	78,384,000
		148,071,615	119,116,188
TOTAL LIABILITIES		188,480,365	150,594,438
CONTINGENCIES AND COMMITMENTS	18	-	-
TOTAL FUND BALANCE AND LIABILITIES		745,934,471	655,940,483

The annexed notes from 1 to 32 form an integral part of these financial statements.


 Chairperson


 Member Board of Governors

**BEACONHOUSE NATIONAL UNIVERSITY
CONSOLIDATED INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017 Rupees	2016 Rupees
OPERATING INCOME			
Gross Student Fee	19	482,237,658	417,628,989
Less: Scholarship	20	<u>(47,780,174)</u>	<u>(35,732,104)</u>
		434,457,484	381,896,885
Other receipts from students - net	21	16,815,778	7,201,992
SAARC Receipts	22	20,935,000	21,289,075
Research revenue - net	23	-	-
		<u>472,208,262</u>	<u>410,387,952</u>
Teaching expenditure			
Teaching cost	24	<u>345,087,535</u>	<u>326,717,379</u>
Depreciation and amortization - School Specific	25	<u>11,680,626</u>	<u>11,370,918</u>
		356,768,161	338,088,297
Gross surplus from teaching activities		<u>115,440,101</u>	<u>72,299,655</u>
General Expenditure			
Student Support Activities		<u>2,502,495</u>	<u>515,274</u>
Administrative cost	26	<u>58,410,507</u>	<u>61,648,602</u>
Rent of new campus building		<u>29,663,040</u>	<u>27,984,000</u>
Depreciation and amortization - general	25	<u>19,888,634</u>	<u>19,361,294</u>
Donation to Shahid Javed Bukhari IPP	27	<u>2,915,000</u>	<u>2,915,000</u>
Auxiliary facilities - net	28	<u>5,057,963</u>	<u>2,607,052</u>
Financial cost	29	<u>221,576</u>	<u>123,552</u>
		118,659,215	115,154,774
OPERATING DEFICIT FOR THE YEAR		<u>(3,219,114)</u>	<u>(42,855,119)</u>
OTHER INCOME	30	29,323,627	17,365,327
NET SURPLUS / (DEFICIT) FOR THE YEAR		<u><u>26,104,513</u></u>	<u><u>(25,489,792)</u></u>

The annexed notes from 1 to 32 form an integral part of these financial statements.


Chairperson


Member Board of Governors